HOUSE OF COMMONS DEBATES

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HOUSE OF COMMONS

Wednesday, March 9, 1983

The House met at 2 p.m.

• (1405)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

SPORTS

ROYAL CANADIAN HENLEY REGATTA

Mr. Gilbert Parent (Welland): Madam Speaker, the decision made by the executive of the Canadian Amateur Rowing Association to take the Royal Canadian Henley Regatta from St. Catharines created consternation in rowing in Canada and abroad. I understand the decision was made by the executive of CARA alone. Despite the deep significance of such a drastic change in policy and tradition, and its obvious effect on rowing in Canada, it was not allowed to be voted on by the membership of CARA at the annual meeting. The Canadian Henley Rowing Corporation has consistently registered its deep concern, but so far it has not met with any great success.

We of the Welland riding, and of the city of St. Catharines specifically, have no quarrel with the city of Montreal or the sports people who make up the rowing fraternity in that great city. We wish them well in their planning to develop a major rowing regatta for their Olympic course, and I state quite clearly that CHRC stands ready to provide its expertise and work with them in the advancement of rowing in Montreal and in Canada.

The issue here is a simple one. The title to the Royal Canadian Henley Regatta is vested in St. Catharines. No one else has any rights to this title. So, Madam Speaker, at the usual time in the summers of 1983 and 1984, and thereafter, there will be rowed in the city of St. Catharines a regatta known as the Royal Canadian Henley Regatta. I believe—

Madam Speaker: Order.

* * *

HUMAN RIGHTS

CYPRUS—CASE OF MISSING GREEK CYPRIOTS

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, since the 1974 Turkish invasion of Cyprus, a member of the Commonwealth, the invaders have consistently refused to provide information on the fate of missing persons as a result of the invasion. Indisputable evidence ascertains that 1,619 Greek Cypriots were detained by the invaders in 1974, and their whereabouts are unknown to this day. On December 9, 1982, the United Nations General Assembly approved a resolution on missing persons in Cyprus calling for a speedy solution to this humanitarian problem. On January 11 of this year the European Parliament adopted a resolution on the problem of missing persons in Cyprus, urging the committee to meet and proceed with all investigations required.

Canada's voice regarding this most tragic circumstance, Madam Speaker, has been conspicuous by its absence in its votes in the United Nations, and by refusing to add its aid to the more than 100 nations around the world in support of equitably resolving the Cypriot problem. This is not a time for fence sitting, it is a time to assert ourselves positively on the side of justice for all the people of Cyprus and their strife-torn country.

* * *

STATUS OF WOMEN

MANDATORY AFFIRMATIVE ACTION

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, mandatory affirmative action is absolutely essential if women are to achieve equality in the work place. As a major employer, the federal Government should be a role model for private employers. Instead, it has failed abysmally. Government pilot projects have no teeth, they are just window dressing. Only 4.8 per cent of management personnel in the Public Service are women. Yet in the low paying service jobs 81.6 per cent are women, many of whom earn under $10,000 a year. And this is the record of which the Minister responsible for the status of women says she is so proud.

The Government's record on voluntary affirmative action in the private sector is also an abysmall failure. Fewer than 5 per cent of all employers approached agreed to consider affirmative action, and none have actually taken action yet. Last year the Minister talked tough about requiring mandatory affirmative action, and then she backed down. We have obtained confidential information that the Cabinet is currently considering more discussion and consultation only. The recession is no excuse for this reprehensible lack of action. Mandatory affirmative action must be approved immediately so that programs can be implemented over the next few years. Women of Canada demand action now. They are tired of lip service, empty promises, and platitudes. They will not be condemned to low-paying job ghettos forever.

S.O. 21

LABOUR RELATIONS

EASTERN PROVINCIAL AIRWAYS DISPUTE

Mr. Maurice Harquail (Restigouche): Madam Speaker, I bring the attention of the House to the serious transportation problem in the Atlantic Provinces. I know from discussions with my colleagues that they share my concern about the continuing dispute involving the machinists' union as well as the pilots, with Eastern Provincial Airways. I take this opportunity to invite the Department of Transport as well as the Minister of Labour (Mr. Caccia) to join together to see if their officials cannot develop ways and means to assist the officials of this airline company and the pilots' union in determining if they cannot come to some amicable settlement.

I can tell you, Madam Speaker, that this strike, which has gone on since January of this year, is causing a very severe hardship for Canadians living in the four Atlantic Provinces. It is having an adverse effect on the economy there, and I implore the House to invite the Minister of Labour to see if there is not some way that he can have the president of that Company get a little closer to the union to bring about a settlement at the earliest possible date.

* * *

THE PRIME MINISTER

Mr. Gordon Towers (Red Deer): Madam Speaker, the word is out that the Prime Minister's (Mr. Trudeau) agents are taking legal action because a new highrise luxury apartment building is diminishing the value of his home and spoiling his view over Montreal. Could the Prime Minister tell this House whether or not he has stopped lately and counted the number of views he has spoiled for Canadians, the 1.5 million jobless, the ruined and bankrupt businesses, and for all those who have lost confidence in the Government? Can he explain why he is deserving of any consideration whatsoever at the same time that he is casting a shadow over the lives of millions of Canadians, thereby denying them their day in the sun?

* * *

• (1410)

ADMINISTRATION OF JUSTICE

PAYMENT OF CHILD SUPPORT BY PRISON INMATES

Mr. Robert Daudlin (Essex-Kent): Madam Speaker, a matter of concern has recently been brought to my attention and stems from what amounts to an injustice to Canadian taxpayers and to those families which rely on, or are dependent upon, child support payments by an ex-spouse.

Presently, persons who are required to pay child support by reason of a court order are not required by law to continue this child support when they enter prison, even though they may have earnings as an inmate. While it is recognized that the living allowance or wage earned in prison is minimal, the basic requirement to uphold their responsibility of helping to provide for their children, should not be forgone.

I would ask that the Solicitor General (Mr. Kaplan) review this situation and require inmates, who were paying child support before they entered the penitentiary system, to continue to fulfil their court ordered and social responsibilities, and pay a portion of the support, no matter how small this amount may be. Such action would remove an injustice from the system and could serve to enhance the rehabilitation process by reinforcing the concept that citizens of a society cannot participate in society by avoiding their responsibilities at the expense of the general taxpayer.

* * *

UNEMPLOYMENT INSURANCE

DENIAL OF BENEFITS DURING TRAINING COURSES

Mr. Doug Lewis (Simcoe North): Madam Speaker, the Minister of Employment and Immigration (Mr. Axworthy) recently announced that persons receiving unemployment insurance benefits will be allowed to take full-time language training if the training is required to obtain employment. This change of heart by the Government is commendable, but my purpose in rising today is to suggest a natural extension of that policy. Thousands of unemployed Canadians receiving benefits would willingly take retraining courses to improve their chances of getting a job. Many will pay their own tuition. But, as soon as they do, the Unemployment Insurance Commission cancels their right to benefits on the basis that they are not available to take a job.

I have had constituents in my riding of Simcoe North complain that these rules are illogical and unfair. The rules and regulations should be changed to encourage all unemployed Canadians to take retraining courses. While they are in full-time attendance at those courses their Unemployment Insurance benefits should not be cancelled.

* * *

THE PRIME MINISTER

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, we are aware of the intention of the Prime Minister (Mr. Trudeau) to sue those involved in the construction of a high rise apartment which obscures the view from the house in Montreal in which so many Canadians hope he will soon permanently reside. These same Canadians still dare to hope that this social and environmental injustice done to the Prime Minister by the invisible hand of the real estate market, in Montreal, will move him to action on much larger issues of a comparable nature in which the so-called virtues of free enterprise have a far greater impact on the lives of average Canadians, most of whom do not have a privileged view to defend, or the money with which to defend it.

When will we see some action on the way the marketplace has left many Canadians jobless and homeless, never mind without a view? When are we going to see action on the way free enterprise developers, in their unmitigated search for profits, have damaged the water, air, forest, and wildlife which constitute the common heritage of all Canadians and not just the private property of one person? Maybe for example, if the Norman Wells pipeline were going through the Prime Minister's background, it would be a different story.

When Canadians see the Prime Minister as concerned about these and other issues, they will be more inclined to sympathize with the plight of poor Pierre, who is having his overview of the Liberal kingdom of Montreal obscured. Until then, we can only see the fact that the Prime Minister is reported to have hired as his lawyer, Peter Blaikie, the past president of the Tories and prospective leadership contender, as the latest manifestation of the Liberal-Tory coalition in Canada, an alliance of names which I personally find unfortunate.

Madam Speaker: Order.

* * *

[*Translation*]

TRADE

UNITED STATES DECISION ON CANADIAN LUMBER EXPORTS

Mrs. Eva Côté (Rimouski-Témiscouata): Madam Speaker, yesterday, the United States Department of Commerce published a preliminary decision according to which the subsidies provided under certain programs to Canadian producers of lumber, shingles and fencing are judged to be negligible. As a result, no countervailing duty will be levied on Canadian exports to the United States. Madam Speaker, perhaps I may be allowed to offer our congratulations and sincere thanks to the industry and the federal and provincial agencies concerned for their joint efforts to convince the United States Department of Commerce that stumpage rights should not be considered a form of subsidy.

As you know, I represent a riding that has over ten sawmills, and a large part of their production is sold to our American neighbours. I would urge the Minister responsible for External Trade to continue his excellent work for the next round on May 23, when industrial assistance programs such as DREE projects and certain subsidy and loan programs will be examined by the United States Department of Commerce. In my riding of Rimouski-Témiscouata, Madam Speaker, the lumber industry alone provides thousands of jobs in the mills and in the bush.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ADMINISTRATION

CONFLICT OF INTEREST GUIDELINES

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, my question is directed to the Acting Prime Minister. Yesterday, when the Prime Minister confirmed that he was considering a review of the conflict of interest guidelines, he made it clear that he was distressed about the way in which they were interpreted. In view of the fact that the Government's concern seems to be more about the public relations aspects of the guidelines than about their substance or the behaviour of Government officials, how can Canadians be expected to have any confidence in this review?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I do not think the Hon. Member's premise to the question is correct. I do not see how he could conclude that the Government is not concerned about these guidelines. After all, the guidelines have been produced as a result of the initiative of the Prime Minister. They have been circulated, and the Prime Minister said yesterday that he was presently reflecting upon whether there is any possibility of improving these guidelines.

Mr. Beatty: Madam Speaker, the Liberals' idea of improving these guidelines is to water them down so that, if the Gillespie affair were to happen again, there would be no sanctions against officials; it would simply be a matter that no allegations could be made that the guidelines were breached.

REQUEST FOR COMMITTEE REVIEW

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, why will the Acting Prime Minister not agree that the only way to deal with an instance like this is to agree to have a parliamentary review by a parliamentary Committee of the guidelines, to ensure that they are meaningful and that they have some teeth to them?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I think we have seen the political atmosphere which has developed around these guidelines, and I doubt whether sending the guidelines to a parliamentary Committee would change or improve that political atmosphere. I doubt whether they would be considered with the objectivity which is required at the present time.

Mr. Beatty: If a Liberal were caught trying to burn down the Parliament Buildings, the Government would legalize arson.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Oral Questions

REQUEST FOR APPOINTMENT OF MONITORING OFFICER

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, will the Acting Prime Minister please give us the assurance that, in order to ensure the highest standards of probity are followed in the future, an independent officer of Parliament will be appointed who can report to Parliament, not to the Government of the day, on whether or not a breach of the guidelines has taken place?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member has asked for a parliamentary Committee. How he asks for an independent individual. I do not know what his third suggestion might be.

Mr. Beatty: Resign.

Mr. MacEachen: He seems to have a number of proposals. The Prime Minister stated yesterday that he was giving consideration to or reflecting upon the possibility of improving the guidelines, particularly to remove the possibility of the unjustified interpretations which have been placed upon these guidelines by members of the Opposition. I would be personally in favour of any process which might induce Hon. Members to read the guidelines, to understand them, and to interpret them in a just and fair way. That has not been done up to the present time.

OBSERVANCE OF GUIDELINES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, would the Deputy Prime Minister not agree that the ordinary effect of the guidelines imposed by the Prime Minister would be that they be observed to the letter of those guidelines and, if they are not, an offending Minister must resign?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, we have been over that ground a thousand times in the last two weeks. I have nothing further to add to the subject, or indeed to the question which has been raised so frequently on the other side.

Mr. Nielsen: I simply put that question to the Deputy Prime Minister because I am sure Hon. Members of the House would have been interested in what he considers to be a fair and just interpretation of the guidelines. Indeed, that is our interpretation; if the guidelines imposed by the Prime Minister are not observed, the offender should resign.

• (1420)

APPLICATION OF GUIDELINES TO MINISTERS SERVING IN SENATE

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, let me ask the Deputy Prime Minister a question concerning a press release mentioning the Andras and Gillespie cases as well as comments made by Senators Olson and Perrault. Since this question, exposed by the media, involves two sitting Ministers in the Government, and some that we cannot question in this House because they are in the other place, does the Deputy Prime Minister not feel that the House is owed an explanation as to that case, since those two Members of the Government have themselves drawn a distinction between the Andras Case and the Gillespie case?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, as I understand it, the Ministers have drawn a distinction with respect to the facts, and the facts differ in different cases.

Some Hon. Members: Oh, oh!

Mr. MacEachen: They are not the same because of the difference in the type of applicants for assistance, for example. There were a variety, as I understand it, in the case which the Hon. Member raised today. To that extent the facts differ, and obviously facts will differ with each different case.

An Hon. Member: That is a pretty weak answer.

* * *

AIR TRANSPORT

WINNIPEG AIR TRAFFIC CONTROL CENTRE—EFFECT ON FAMILIES OF PROPOSED TRANSFER

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is for the Minister of Transport. He was asked a question last week with regard to the Liberal Government's plans to move the Winnipeg air traffic control centre from Winnipeg to Edmonton and Toronto. The Minister said:

All that is being considered is a temporary relocation of controllers—

Can the Minister tell us whether he is going to move these 250 men and their families, and is the Minister going to be finding accommodation for them in Edmonton and Toronto? What are they to do with their Winnipeg homes? How long will they be away from Winnipeg, in Edmonton and Toronto? I would like a clear explanation of what is to happen to their families because that is of particular interest to the 250 controllers.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have asked for that information but I have not yet been given it. This rumour is one based on a project only, not on an actual plan. If my memory serves me well, that change would take place in 1988. Obviously we have a bit of time to think about how it will be done. May I emphasize that this is not going to happen tomorrow, next month, or the month after that.

FUTURE OF PRESENT EMPLOYEES

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I would like the Minister to make sure about that by asking his officials, because we have been through this sort of

thing in Winnipeg so many times, for instance, with the Air Canada overhaul base. We were told that was not going to be moved. We were told that we were going to get an aerospace training centre. That never materialized.

Are these 250 individuals going to be moved, are they going to be laid off, or is the Minister going to be hiring new individuals in Toronto and Edmonton?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have already said that this was a temporary action in order to remedy the asbestos danger which exists at the airport. The action being taken is for the very good health of the employees at that airport. The motivation is, of course, an excellent one. As soon as I get the information on how many people will be involved, how long the move will last and when it will take place, I will rush and communicate it to my hon. friend. I will make it a point of honour to do that as soon as I get the information.

* * *

TRADE

RESTRICTIONS ON FOREIGN OWNED BRANCH PLANTS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is for the Minister of International Trade. It concerns the tens of thousands of jobs that have been lost over the last few years. I have here with me copies of previously unreleased confidential documents which quote Government officials in the Departments of Industry and Trade, and also Canadian trade commissioners back in the 1950s and 1960s. From these documents we read that a majority of foreign-owned firms have prohibited their Canadian branch plants from exporting from this country, meaning the loss of tens of thousands of jobs. The documents quote recommendations from officials, and also recommendations from Canadian trade commissioners.

Why did the Government throughout the 1950s, 1960s, 1970s and into the 1980s, ignore the advice of its own officials and trade commissioners?

• (1425)

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, one of the real problems that I will have is answering for the Government in the 1950s and 1960s. I was in provincial government in the 1970s. However, I can say to the Hon. Member that it is certainly our desire to encourage any foreign subsidiaries that are located in Canada to participate fully in export markets. Indeed, in the few months that I have been in this portfolio, I personally have had occasion to discuss that question with some people in the private sector so that that encouragement may be made quite plain.

I think there are many foreign-owned companies that are located in Canada which play a very important part in our export statistics. There may be some that do not fully take advantage for one reason or another. If the Hon. Member has any specific instances that he wants to talk about, I would be happy to investigate them for him.

Mr. Nystrom: The Minister is now the Minister who is responsible. I remind him that, because of the lack of adequate freedom of information laws, it is difficult to get our hands on all the documents we want. I will send him the file numbers of several documents from which I am quoting today.

GOVERNMENT POSITION

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I think we want straight answers from the Minister because, in the documents I have, there is a quote, for example, from a trade commissioner who said, "Probably 75 per cent of the subsidiary companies have their exports strictly controlled by the parent." I also have a document which quotes a senior officer in the Department of Industry, Trade and Commerce who concluded that, "Foreign capital was the biggest problem facing the Department in its endeavours to expand Canada's exports."

Since that kind of advice came from Government officials and since the present Minister in charge of Treasury Board, who was the Minister of Industry, Trade and Commerce in 1980, failed to have Cabinet look at this again, why has the Government not acted to force branch plants of foreign firms to create jobs in this country and export from Canada to the world market?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I think the Hon. Member is dealing in simplifications. First, I think he would recognize that there are many companies that have invested in this country from exterior sources that are deeply involved in the export business. The Hon. Member could consider the Province that I come from, for instance. In Nova Scotia, most of the exports which we have been able to achieve in the manufacturing field have been as a consequence of companies locating in Nova Scotia and exporting into other markets, thus creating jobs in our country that otherwise would not have been there.

The situation varies according to the nature of the economy in the different parts of the country. I think it would not be wise, and in the best interests of Canada for achieving development and investment, to have absolute and over-all rule of the type the Hon. Member is suggesting. I think a better policy, and one that I would want to follow, would be to encourage most actively all companies that locate in Canada, to utilize export markets to the very highest degree possible. Again, if the Hon. Member or anyone else wants to talk to me about a specific company that is missing opportunities because of foreign ownership, I would be happy to investigate.

REQUEST THAT MINISTER FORCE BRANCH PLANTS TO EXPORT

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, the situation does not vary. I will be happy to send some

information to the Minister after Question Period so he can read for himself what the trade commissioners and government officials have been saying over the years.

Next week, McClelland & Stewart will be publishing a book by Professor Glen Williams, entitled "Not for Export". It will deal with many more of these memos and documents that have been obtained over the years which point out the restriction on the creation of jobs in this country by branch plants.

I noticed on the news last night that the Minister is now a movie critic. Perhaps he can become a book critic and tell the House, after he finishes the book, what action he plans to take to force the branch plants of the foreign multinationals to export from Canada and thus create thousands of jobs for Canadians, and not for Americans, Europeans or Japanese?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I will be quite happy to review the book for the Hon. Member and give him my best impressions of it. I do not think that he should form his final conclusions based upon the view of one author. There should be great respect for the written word, but it has its limitations.

I say again to the Hon. Member that there are some foreign companies that have better records than others in that regard. But the fact remains that Canada, as a whole, is exporting a larger proportion of our Gross National Product—over 30 per cent—than almost any other highly industrialized country.

* * *

• (1430)

CANADA POST CORPORATION

PENALTY IMPOSED ON SMALL BUSINESSES FOR NOT USING POSTAL CODES

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, my question is directed to the Minister responsible for Canada Post, but possibly, in his absence, the Parliamentary Secretary could address himself to the matter. Canada Post has exceeded itself. It has now brought in a five cent penalty for small-businesses who do not send their mail out with the proper postal code or size of envelopes. Apparently the reason is that such mail cannot be sorted in the automatic equipment and must be handsorted, which is more expensive. Canada Post has referred to this as being a disincentive to small-businessmen.

I assure you, Madam Speaker, that the small-businessmen of Canada do not need any further disincentives from the Government.

Madam Speaker: Is there a question coming?

Mr. Bradley: Yes, Madam Speaker. Because of the confusion following this foolish announcement, could the Parliamentary Secretary advise us whether the penalty will be charged to the senders such as the Medicine Hat, Alberta, Chamber of Commerce, or to the receivers, as in Grande Prairie, Alberta, and whether the penalty charge will be double the rate, as in Medicine Hat, or the single rate, as in Grande Prairie?

[*Translation*]

Mr. David Berger (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Madam Speaker, the Hon. Member knows perfectly well that the Canada Post Corporation is an independent corporation. I have noted his question and I shall try to get an answer for the Hon. Member as soon as possible.

[*English*]

REQUEST THAT PENALTY SCHEME BE HALTED

Mr. Bud Bradley (Haldimand-Norfolk): Madam Speaker, I appreciate the Parliamentary Secretary's honesty. I hope Canada Post will not ask the letter carriers to collect the penalty. They take enough abuse for the errors of senior bureaucrats.

I suppose the businessmen in Kingston, now that they have lost their automatic equipment, will be required to pay the total penalty.

Madam Speaker: Order, please. First of all, the Parliamentary Secretary noted the question. However, concerning the second question, I do not know what supplementary question can arise from a question of which notice has been taken. The Hon. Member must be brief.

Mr. MacEachen: Good point.

Some Hon. Members: Oh, oh!

Mr. Bradley: I guess, Madam Speaker, that it is Wednesday.

I wonder if the Parliamentary Secretary would also give notice to his Minister concerning a question as to whether he would be willing to ask Canada Post to drop this foolish decision, and to advise and direct it to carry out the instructions of Parliament, namely, to deliver the mail in this country.

Mr. David Berger (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Madam Speaker, I know that the President of the Post Office Corporation is holding a meeting with Members of our Party. I believe it was also in an effort to explain the Corporations policies to Hon. Members of this House that the President of the Corporation met with the Members of other Parties as well.

I am sure the Hon. Member is aware of the many steps which the Post Office Corporation has taken to improve productivity, to improve its labour relations, and basically to improve the service that it gives to the Canadian public. Once in a while it would be nice to hear him admitting some of the good things that Canada Post is doing—

Some Hon. Members: What?

Mr. Berger: —rather than always emphasizing the deficiencies.

INCREASE IN COST OF MAILING CATALOGUES

Mr. Mel Gass (Malpeque): Madam Speaker, my question is also directed to the Minister responsible for Canada Post, but in his absence I hope the Parliamentary Secretary can answer my question. Last year in Malpeque, a small business operator in the garden seed business could send his catalogues to his customers as third class mail at a cost of fourteen and a half cents per catalogue. This year the cost is 64 cents per catalogue. The result is a whopping increase in cost of over 400 per cent. Could the Parliamentary Secretary explain how the Government justifies this increase in light of its six and five guidelines?

Miss MacDonald: What guidelines?

Mr. David Berger (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Madam Speaker, as the Hon. Member is undoubtedly aware, the Post Office has also taken steps to reduce its rates in some cases, where significant economy can be achieved by working with small business operators. As far as his particular question is concerned, I will again take notice and bring it to the attention of the independent Crown corporation, that is, the Canada Post Corporation.

Mr. Gass: Madam Speaker, it might be a sleazy way of breaching the six and five guidelines.

IMPACT ON BUSINESSMAN

Mr. Mel Gass (Malpeque): Madam Speaker, the businessman in question already printed his costs in his catalogue before he sent them out. What does the Parliamentary Secretary propose that I should advise the businessman on how he is to recover his $65,000 extra in mailing costs when he does not have an accordion-type pricing policy?

Mr. David Berger (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Madam Speaker, I am sure that what the Hon. Member could do would be to ask this small business operator—

An Hon. Member: To get an accordion.

Mr. Berger: —to get in touch with the officials of the Canada Post Corporation. I am sure that they would be willing to work with him to find out—

Mr. Clark: He could call Alastair Gillespie.

Mr. Berger: —ways to deliver his mail efficiently and at a reasonable cost.

LOTTERIES

PASSAGE OF SPORTS POOL LEGISLATION

Mr. Robert Bockstael (St. Boniface): Madam Speaker, I would like to address my question to the Minister of State for International Trade.

Some Hon. Members: Aha!

Mr. Bockstael: About two weeks ago we read that the 1988 Winter Olympic Games were given a $5 million advance loan from the Government until the sports lottery could be set up. We did hear representation in the western caucus from the Mayor of Calgary who inquired if the sports pool legislation could be passed. I want to know whether the sports pool legislation could be passed very shortly because, while the Games are in 1988, preparations must be completed by 1986, and the money is badly needed. We are wondering if the Government is prepared to pass legislation in a one-day period.

Mr. Paproski: Why don't you ask Pinard?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, with regard to the sports pool legislation, it has received second reading and has had lengthy and careful examination in committee. It is now at the report stage. What is normal concerning legislation of this type is for agreement to be achieved and for it to be completed in one day because of the limited amount of House time available.

Some Hon. Members: Oh, oh!

Mr. Regan: It is my information that, while the New Democratic Party is prepared to go along with that arrangement if the Conservatives do, the—

Mr. Nielsen: Be careful!

Mr. Regan: —Official Opposition is not prepared to allow the legislation to pass in one day.

Some Hon. Members: Shame.

Mr. Regan: It is not prepared to say how much time it would require for the legislation to pass. The result is that Calgary is very hard pressed in relation to money required to finance the beginning of the facilities for the 1988 Olympics.

An Hon. Member: That's Alberta, Joe!

Mr. Regan: It is therefore very doubtful that the legislation can be passed in this session unless the Conservative Opposition changes its position and agrees to a reasonable time limit to complete this simple Bill.

Some Hon. Members: Hear, hear!

USE OF LOTTERY FUNDS

Hon. Steven E. Paproski (Edmonton North): My question is directed to the same Minister, Madam Speaker. I would like to

ask him what the Government has done with the $98 million which it has received from the Provinces in all the lottery funds.

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, the Hon. Minister—

Some Hon. Members: Hear, hear!

Mr. Regan: —the Hon. Member, the former Minister, has a very short memory, because I have answered that question for him here over the course of the last three years, back in the days when I was responsible for Fitness and Amateur Sports, a dozen times. What the hon. Minister—what the Hon. Member did, was to trade away Loto Canada, which was giving a profit of $75 million to $80 million a year, for $24 million a year from the Provinces. That money is divided between the Departments of Fitness and Amateur Sport and culture and is used for the general support of these programs as, indeed, the money from Loto Canada would have been used after the obligations to the Montreal Olympics were met.

The sports pool—

Mr. Paproski: Answer my question!

Mr. Regan: —is something else entirely. It involves the necessity of meeting—

Mr. Paproski: What have you done with the $98 million?

Mr. Regan: —the needs of up to $200 million, in 1982-83 dollars, to make it possible for western Canada to host the Winter Olympics, just the same as eastern Canada hosted the Summer Olympics.

Some Hon. Members: Hear, hear!

An Hon. Member: There he goes! Bye-bye, Gerry!

Mr. Nielsen: Get back here!

Mr. Beatty: He's going out to review a movie.

Madam Speaker: Order.

Mr. Hees: Blew himself out of the House.

* * *

SHIPBUILDING

CLOSURE OF NOVA SCOTIA BOATBUILDING FIRMS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, in the absence of the Minister of Fisheries and Oceans I will direct my question to the Deputy Prime Minister. Nova Scotia is rapidly losing most of its boatbuilding firms. Some 35 companies closed their doors last year and 20 more are expected to shut down next month, bringing the direct unemployment to approximately 700 people and an indirect loss of jobs to at least another 200 people.

• (1440)

Since the boatbuilders charge that they are being put out of business by restrictive policies regarding fishing vessel replacement, will the Deputy Prime Minister undertake to review Government policy in this field with his colleagues, in the hope that changes will be made which will be beneficial to the fishermen and to the boatbuilding industry.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I will draw this question to the attention of the Minister, and I assure my hon. friend that the matter will be considered by the Minister and myself.

INCENTIVES SOUGHT FOR FISHERMEN ORDERING NEW BOATS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, my supplementary question is directed to the Minister of Finance, if I can get his attention for a moment.

An Hon. Member: That is you, Marc, still.

Mr. Crouse: At present fishermen in Altantic Canada are using 42 foot boats in waters where, for safety's sake, they should be using boats measuring 60 feet or more in length. Will the Minister of Finance, when preparing his next budget, give consideration to including five-year investment allowances or special income tax concessions to fishermen who are desirous of building new, larger boats, thereby not only helping the fishermen to fish safely instead or risking their lives, but also assisting in reactivating the boatbuilding industry?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, as the Hon. Member knows, the Government at the present time is reviewing completely the fisheries policy on the East Coast of Canada. Obviously the fiscal aspects are important. I will take the views of my hon. friend as a representation, and give them serious consideration.

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THE ECONOMY

MINISTER'S STATEMENT ON ROLE OF PRIVATE SECTOR

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is directed to the Minister of Finance and follows the question from the Hon. Member for Yorkton-Melville concerning who has the ability to create jobs. I want to ask the Minister what I think may be the key economic question, namely, whether the Government is going to rely on private sector spending or rely on Government spending. I want to ask the Minister whether he was quoted correctly in saying, when he left the closed-door meeting in Toronto the other day, that we might see a surge in the private sector that will sharply reduce the need for Government stimulus. Was he quoted correctly, and is it the Government's policy to rely on the private sector?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I stated in my October statement that we firmly believe that the engine of growth in the Canadian economy is and has to be the private sector.

Mr. Stevens: When did you get that idea?

Mr. Lalonde: One cannot expect Governments, federal or provincial, to be the main instrument of growth in an economy like ours which is at best a mixed economy and which includes a very large private sector. This being said, government policy obviously and government spending have a significant role to play and they should not be ignored. It is not a matter of either/or, that is, leave it to the private sector or, on the other hand, as the socialists tend to think, it is all to be done by the Governments. Both have roles to play and the Government has to provide leadership in that respect, which we have provided and which we will continue to provide. So far as the specific measures are concerned, I invite my hon. friend to wait for the budget.

Mr. Waddell: Madam Speaker, socialists want jobs, and we do not see much leadership from the Government in creating jobs.

GOVERNMENT POLICY

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I want to direct this supplementary question to the Minister of Finance. After he made that statement in Toronto, a journalist interviewed some of the big employers. In an article in *The Toronto Star* under the headline, "Don't look to us for jobs most big employers say", it was reported that the President of The Bay saw no immediate plans for private hiring; the President of Alcan said the same thing, as did the President of Imperial Oil. The President of Canadian Pacific said that he was not expecting any major hiring before the end of the year.

In view of the fact that all of these major corporate presidents of some of the leading private companies in Canada have said, in effect, "Don't look to us in the immediate future to create jobs," why is the Government still sticking to the line that the main engine for creating jobs will be the private sector?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, as a good socialist my hon. friend believes that the main way of creating jobs is probably to increase the number of bureaucrats.

Mr. Waddell: I am not the Government.

Mr. Lalonde: The Government does not happen to believe that adding to the number of bureaucrats is the correct solution to the unemployment problem.

Some Hon. Members: Oh, oh!

Mr. Lalonde: I remind my hon. friend that General Motors has just recalled 3,500 workers in Ontario.

Some Hon. Members: Hear, hear!

Mr. Lalonde: That is in Oshawa, in his own Leader's riding. At least he should phone his leader and ask him what is happening in Oshawa; it might be helpful.

As far as the general question that my hon. friend raises is concerned, I want to remind him that, as a good socialist, he should also know and understand that there is a small and medium-sized business sector in this country.

An Hon. Member: What are you doing?

Mr. Lalonde: The small and medium-sized business sector has been the main employer and the main source of job creation. This has been taking place under policies initiated by this Government, and I hope that it will continue over the next while and that my budget will contain measures that will indeed help medium and small businesses to play their full role in this country.

Some Hon. Members: Hear, hear!

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THE ADMINISTRATION

CONFLICT OF INTEREST GUIDELINES—REFUSAL OF COMMITTEE STUDY

Hon. Bill Jarvis (Perth): Madam Speaker, my question is directed to the Acting Prime Minister who earlier in the Question Period refused a reference to an appropriate Committee of the House to study the ministerial conflict of interest guidelines on the basis of, to use his words, the political atmosphere.

By what right, convention or tradition is the Government now sitting in judgment on whether a committee should have a reference based on ministerial decision as to whether the political atmosphere is conducive to that Committee's study or not?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I assumed that the Hon. Member was interested in having an objective examination of a very important situation.

An Hon. Member: Absolutely.

Miss MacDonald: It will not be in the House.

Mr. MacEachen: All I am saying is that there has not been very much objectivity shown by the Opposition in this matter in the discussions we have had in the House; quite the contrary.

ROLE OF COMMITTEES

Hon. Bill Jarvis (Perth): Madam Speaker, the Deputy Prime Minister is part of a Government that ostensibly is interested in parliamentary reform, one of the tenets of which

is the improvement of the committee system. We all hope to improve Committees in terms of their efficiency and usefulness. Should we now interpret the Government's position to mean that they may fulfil or attempt to fulfil that objective of improvement only so long as Cabinet Ministers decide what the political atmosphere is before they commence their work?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): No, Madam Speaker, because the new rules provide that a large number of reports will be sent to Committees automatically, and Committees will have a new opportunity to examine matters on their own, without waiting for a reference from the Government. So my comments do not in any way detract from the important reforms that have been made.

An Hon. Member: As long as you can stonewall them.

Mr. MacEachen: The point that I have made is a simple one, although the Hon. Member may disagree. It is that the atmosphere on this particular question has been, in my view, very heated and very extreme, and it is unlikely that at the present time an objective examination could be undertaken by a parliamentary Committee—

Mr. Nielsen: Better to get Mitchell Sharp to do it.

Mr. MacEachen: —of the guidelines. That is not in any way meant to undermine the importance of the parliamentary Committees. It is to acknowledge a fact that has been very obvious in this House for the past few weeks.

GOVERNMENT POSITION

Right Hon. Joe Clark (Yellowhead): Madam Speaker, I wonder if the Acting Prime Minister would tell us if there are other subjects which the Government will not refer to parliamentary Committees because there might be a political atmosphere in those Committees?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, if the Hon. Member can think of a subject he wants to ask about, I will give him an answer.

GOVERNMENT POLICY

Right Hon. Joe Clark (Yellowhead): Madam Speaker, I am interested in knowing what the policy of the Government is. It is saying that it is not going to refer to a Committee of the whole Parliament a question of morality which affects the reputation of this whole House of Commons, because there might be a political atmosphere in a committee of politicians. That is what he is saying.

Will he tell us whether it is the Government's intention to hold back other questions from parliamentary Committees because there might be a political atmosphere, or is this special treatment only for a question which has to do with the dreadful, immoral conduct of Ministers of the Liberal Government?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member knows perfectly well that this matter has been dealt with by the House of Commons itself, and the House of Commons itself has rendered a judgment on the matter. I believe the Hon. Member is straining at a very obvious point, trying to make a point where one does not exist.

• (1450)

It is obvious that the Hon. Members of the Opposition are not really interested in examining these guidelines to determine whether they serve the public interest. That is not their concern. Their concern is to do the very opposite, that is, where possible to undermine and destroy reputations, which they have been systematically doing in the House of Commons, and they would not stop if the matter went to a Committee.

Some Hon. Members: Hear, hear!

TEST OF GUIDELINES

Mr. Arnold Malone (Crowfoot): Madam Speaker, my question is directed to the Deputy Prime Minister with respect to the issue of the appearance of privilege and the answer given a few weeks earlier by the Deputy Prime Minister that it was up to the individual conscience of Ministers as to whether or not there was the appearance of a breach of guidelines. Is there no other test, other than the Ministers' consciences? If there is some other test, what is that test by which we can judge the guidelines?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I think that point was covered last week in the discussions which were held. In the very conception of the guidelines it was the obligation placed upon individuals to live up to these guidelines. The onus was on the individual Minister and the former office holder in the first instance, and that obligation still exists. That responsibility still exists and it cannot be shifted. I believe that is a very important principle to be maintained, not only for Ministers but for Hon. Members of the House of Commons, that the responsibility in the first instance rests on them individually.

In addition to that, in the case of a Minister it is obvious that the Prime Minister on any occasion can decide that the Minister has stepped out of line. He can discipline that Minister or he can ask him to resign. The final sanction for Ministers rests with the Prime Minister. I wish there was a sanction on the other side which could be exercised by the Leader of the Opposition so he could discipline his Members.

Some Hon. Members: Hear, hear!

EFFECTIVENESS OF GUIDELINES

Mr. Arnold Malone (Crowfoot): Madam Speaker, if the onus is on the individual, then what is the purpose of a guideline, if the line to which the Ministers are to be guided is simply their own judgment? Why would there be conflict of interest guidelines if the judgment were to be reflected back only to individuals? That is simply to say the Government has no guidelines. To what line do the guidelines guide the Ministers, and by what force are they to be held to those guidelines?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member should read the guidelines—

Some Hon. Members: Oh, oh!

Mr. MacEachen: —and he will know that these guidelines with respect to personal assets and business activities, and the handling of personal resources, have been complied with by all Ministers and all office holders. If the Hon. Member wants to make an inquiry—

Mr. Clark: Except MacEachen, Lalonde, and Erola.

Mr. MacEachen: —with the Registrar General, he will find out that they have been fully observed. If any particular Minister refuses to observe these guidelines, he must face the court of public opinion. If I recall, in the former Government of the former Leader of the Opposition there were a number of Ministers who balked very vigorously at observing the guidelines with respect to their own personal assets. At least that is what the press told us at the time.

Some Hon. Members: Hear, hear!

* * *

INCOME TAX

TREATMENT OF INCOME DERIVED THROUGH SERVICE TIPS

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, my question is directed to the Minister of National Revenue and it concerns a very serious problem, a double standard by the Government. As the Minister will be aware, waitresses and waiters across the country, a couple of hundred thousand of them, mostly women, are taxed on their tips. When it comes to taxation, their tips are viewed as income. On the other hand, with respect to their benefits, their tips are not put into their income amount. This causes a very serious situation in unemployment insurance and the Canada Pension Plan for these waiters and waitresses. Would the Minister tell us what the Minister and his Department are doing to correct this injustice to the waiters and waitresses across Canada? What steps is he taking to rectify that situation?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, the matter raised by the Hon. Member is very interesting and also very, very complex. I would like to point out that as far as tax returns are concerned, the Income Tax Act is based on the principle that individuals and taxpayers are making a voluntary statement of income, so that a person receiving income other than that declared by his employer has to declare that income himself.

As far as the case mentioned by the Hon. Member is concerned, namely, people who receive tips in the course of their employment, it is up to the individual to declare both the income received from the employer and the additional income received in the form of tips.

In addition, there is a far more complex problem, namely, the deductions for pension plans whether it is the Canada Pension Plan or the Quebec Pension Plan, and also deductions for unemployment insurance. Such deductions will require regular statements of income by these people. Following a substantial number of representations on this matter, I asked my departmental officials to make an in-depth study of this very complex problem which, in addition to the Department of National Revenue, also involves the Departments of Employment and Immigration and National Health and Welfare.

[*English*]

REQUEST FOR MINISTERIAL ACTION

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, it seems to me that the Minister is agreeing that there is a double standard set by the Government, and I appreciate the fact that he has taken it upon himself to be in contact with the other Ministers concerned with the benefits side of this package. I would like to know when this committee will start and will the Minister make personal representations to the other two Ministers involved, namely, the Minister of National Health and Welfare for the Canada Pension Plan, and the Minister of Employment and Immigration with respect to the unemployment insurance situation? Will the Minister take action on this problem in the very near future so that it will not be covered by a review within only one Department when there are other Departments affected? Will the Minister personally take some responsibility in this area to clear up this dual standard within the Government?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I am not quite sure I understand the Hon. Member's conclusions. I did say the problem was complex, and I wish the Hon. Member would realize this. I also pointed out that it was up to the individual to declare his income and ensure he is paying taxes on his entire income. I am prepared to look into the possibility of making things easier for taxpayers and enabling people to draw any benefits to which they are entitled on the basis of their income statements. However, I

would like to draw the Hon. Member's attention to the fact that the matter is a complex one and that it also requires the co-operation of these taxpayers in stating their entire income.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

REGULATION AFFECTING PART-TIME AGRICULTURAL WORKERS

Hon. John Wise (Elgin): Madam Speaker, my question is directed to the Minister of Employment and Immigration, and is prompted because of the difficulty which certain Order in Council changes, or regulatory changes in the Unemployment Insurance Act, have caused part-time workers, particularly agricultural workers. Would the Minister tell us what consultation, if any, took place between his Department and agricultural producers prior to the regulatory change being made and prior to its inception date of January 1 of this year? What consultation, if any, took place?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in this particular situation, as I pointed out to the House, I believe, two days ago, we were faced with the problem of a number of workers in the agricultural field not receiving the proper income security which other occupations would receive for comparable work. We brought forward these regulations, having had some discussions over the years about that particular implementation.

● (1500)

It has been brought to our attention since then that certain agricultural associations had difficulty implementing the program to the fullest extent, so we have undertaken some very serious negotiations, very ably aided by members of my caucus who represent agricultural areas. The Hon. Member for Essex-Kent and others have been meeting over the past two weeks with the Horticultural Society. I think we now have the problem well in hand and we will be making amendments to that order which will be satisfactory to the agricultural groups.

REQUEST THAT REGULATION BE SUSPENDED

Hon. John Wise (Elgin): Madam Speaker, I know consultations have gone on in the last few days. I also appreciate the fact that seven days are certainly better than 15 hours. But in view of the fact that certain agricultural producers have as many as 400, 500, sometimes 600 people working in the field at one time, and in view of the complications this causes for the producer, would the Minister give serious consideration to suspending this regulation for at least a 12-month period and begin serious negotiations and consultation with the people in the agricultural industry? Would he give serious consideration to that in view of the problems being caused?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): No, Madam Speaker. I believe it is important to maintain the protection afforded agricultural workers, and I think that is a commitment we have made particularly because those workers are on the lower end of the income scale and therefore need that security we can provide. I do believe that the resolution to the problems which have been worked out in the consultations, providing a leeway of seven days, will be satisfactory and eliminate the paper work for the temporary workers. I think under those circumstances we can relieve the producers of further headaches. I also believe that is satisfactory to them.

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ELECTORAL BOUNDARIES READJUSTMENT ACT

FILING OF OBJECTION TO REPORT OF COMMISSION FOR THE PROVINCE OF MANITOBA

Madam Speaker: It is my duty to inform the House that an objection signed by the Hon. Member for Provencher (Mr. Epp), the Hon. Member for Kindersley-Lloydminster (Mr. McKnight), the Hon. Member for Lisgar (Mr. Murta), the Hon. Member for Western Arctic (Mr. Nickerson), the Hon. Member for Simcoe South (Mr. Stewart), the Hon. Member for Erie (Mr. Fretz), the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie), the Hon. Member for Edmonton South (Mr. Roche), the Hon. Member for Simcoe North (Mr. Lewis) and the Hon. Member for Perth (Mr. Jarvis) has been filed with me pursuant to Section 20 of the Electoral Boundaries Readjustment Act, Chapter E(2), R.S.C. 1970 to the report of the Electoral Boundaries Commission for the Province of Manitoba.

If the House agrees, I would suggest that we follow past practices and print the text of the objection as an appendix to today's *Votes and Proceedings*. Is that agreed?

Some Hon. Members: Agreed.

Madam Speaker: Agreed.

* * *

ROYAL CANADIAN MOUNTED POLICE

DESTRUCTION OF FILES

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, on a point of order, I would like to supplement an answer I gave to a question in the House on February 17, 1983.

Madam Speaker: Order. The Hon. Minister may correct an answer but he may not supplement an answer. I do not know exactly what he wants to do but he may not supplement an answer.

Mr. Kaplan: Madam Speaker, on that basis I think I am entitled to continue because the supplement I want to add is in effect a correction.

Mr. Nielsen: Order, Madam Speaker.

Mr. Kaplan: I have the floor on a point of order.

Mr. Nielsen: He is not entitled to do that. It is obvious what he is doing.

Madam Speaker: Well, if the Hon. Minister tells me that his point of order is a correction, I have to take his word for it until such time as I realize that it is or is not a correction. So I simply have to give the floor to the Hon. Minister and hope that he is really making a correction.

Mr. Kaplan: Madam Speaker, the answer I gave appears at page 22941 of *Hansard*. In my answer I referred to the moratorium established against the destruction of any personal files of the Security Service. That moratorium was established by the commissioner of the day and was continued by me in June, 1981.

Mr. Nielsen: Madam Speaker, this cannot be allowed. He should be making a statement on motions. He has been allowed to abuse the rules of the House deliberately.

Madam Speaker: Well, I am just going to let the Minister go on for another sentence and see whether he is simply elaborating on an answer or whether he is—

Mr. Nielsen: Certainly he is; that is obvious.

Madam Speaker: —really correcting something that was published in *Hansard*. That is the purpose of a point of order.

Mr. Kaplan: Subsequent to making the answer in the House I was informed by the Security Service that in fact, contrary to what I said, on two occasions the destruction of personal files was authorized and did take place. On each occasion the Security Service approached the McDonald Commission—

Madam Speaker: Order, please. The Hon. Minister may not go into these detailed explanations. If he wants to tell the House briefly "I said such a thing and it should read something else", because he made a mistake in the wording or something—and I do not know what the mistake might be—that is all I can allow the Hon. Minister to do. He cannot elaborate on his answer or change some of the full sentences. He may correct a word or two.

Mr. Kaplan: Madam Speaker, to conclude in one sentence: On each occasion a submission was made to the McDonald Commission—

Mr. Nielsen: That is an abuse of the rules.

Mr. Kaplan: —and complete approval was obtained for the destruction that occurred.

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, on a question of privilege, the Hon. Minister was replying to a fairly pointed question of mine in Question Period.

Mr. Nielsen: Asked for weeks ago.

Mr. Lawrence: Twenty days ago, I may say, Madam Speaker. My question related to some files of the Security Service relating to the Prime Minister (Mr. Trudeau). I note that 20 days later, on an occasion when the Prime Minister himself is not in the House, only then is an elaboration coming forward. I must point out to you, Madam Speaker, the very words of the Minister. If he had made the answer then that he is giving now, I suggest to you the conduct of the rest of Question Period on that day might have been far different.

Madam Speaker: Order. I cannot allow Members to enter into debate. Now, I think both Members have added—

Some Hon. Members: Oh, oh!

Madam Speaker: I note that the Hon. Member for Durham-Northumberland (Mr. Lawrence) is not pleased with the way the Hon. Minister is handling this matter. That is right, he has just said so, and the House will note that. The Hon. Member may ask questions in the course of Question Period on subsequent days.

Mr. Lawrence: On a point of order, then. Surely if a Minister is given the opportunity of making some far-reaching changes to a very definite assurance, and he used the word "assurance" in the House, then it should have been—

Madam Speaker: Order.

Mr. Lawrence: —done on a ministerial statement so we can get into it.

Madam Speaker: Order, please. The Minister was given no opportunity. The Speaker was trying to understand what the Minister was coming to and this often happens when Members rise on questions of privilege or points of order; it takes some time to get there. I interrupted the Minister several times because I felt he was not being direct enough for the purpose of my understanding his point of order. In the end I simply said that the Hon. Minister—well, he made his point but I—

Mr. Lawrence: Precisely, he made his point.

Madam Speaker: He made his point in the end, in the last sentence. I do not think it was really a correction but there is nothing I can do. Those words were spoken. I tried to get him to be more precise but it did not come forward. That happens often in the House. However, I tried all I could to keep the Minister to a simple correction in *Hansard*. That does not mean that a debate may ensue.

Mr. Lawrence: Madam Speaker, let us clear out the technical verbiage here. The practical effect of the Chair really not stepping into the Minister when objection was first made—

Madam Speaker: I am sorry, the Chair stepped in two or three times; so let us be fair.

Mr. Lawrence: All right, but the Minister has now been able to elaborate on his point, and instead of anyone else being able to elaborate we have in effect been gagged when we would

want to question that elaboration. Surely the practical way out of the dilemma we are all faced with would be, in fairness, to accept the Minister's elaboration as a ministerial statement so that then there is a chance for the rest of us to make some points in relation to it.

Madam Speaker: The Minister may do that if he wants to, but the Chair may not force him.

* * *

• (1510)

[*Translation*]

POINT OF ORDER

MR. LACHANCE—USE OF STANDING ORDER 21

Mr. Claude-André Lachance (Rosemont): Madam Speaker, I wish to draw your attention to my concern about the dangerous trend which seems to prevail during the 15-minute period set aside for statements by Hon. Members under the provisions of Standing Order 21. If I may, I would refer Your Honour to page 7:19 of the Third Report of the Special Committee on Standing Orders and Procedure where it says:

[*English*]

The Chair would have the discretion to call to order any Member who sought to use this opportunity to convey congratulatory messages or for frivolous purposes.

[*Translation*]

In this case, Madam Speaker, the Members for Red Deer (Mr. Towers) and Simcoe North (Mr. Lewis) referred in the House to the legal action taken by a Member of Parliament, namely the Right Hon. the Prime Minister (Mr. Trudeau), a matter which does not have anything to do with the political or institutional responsibilities of the Member of Parliament concerned. Madam Speaker, I would suggest that that was a flagrant abuse of a procedure designed to enable Hon. Members to raise issues related to the discharge of their duties. The Chair could certainly use its discretion, which is indeed explicitely acknowledged in Standing Order 21, to put a stop to such improper use of the rules.

Madam Speaker: I thank the Hon. Member for raising this point of order. I must confess that, during the time reserved for statements by Members under the provisions of Standing Order 21, I was concerned about the fact that certain Members were referring to a private action. To what extent could that private legal action justify remarks such as those that were made this afternoon? As those Members were making their statements, I was telling myself that I should take a closer look at this question.

As for congratulations, I have tried to avoid them as much as possible. I would therefore remind Hon. Members that during this period they are not allowed to attempt to congratulate someone or refer to the presence of an individual in the gallery, even in the first two or three sentences of their remarks. Such comments do not really pertain to the business of the House. I am aware that Hon. Members would like to congratulate many people, and they can do so at other times, but certainly not when they make statements under the provisions of Standing Order 21.

[*English*]

Mr. Doug Lewis (Simcoe North): Madam Speaker, I believe my colleague referred to me in that statement. My statement was about Unemployment Insurance benefits and had nothing to do with a congratulatory statement.

Madam Speaker: The Hon. Member says that he has made a mistake and it was not the statement of the Hon. Member for Simcoe North.

ROUTINE PROCEEDINGS

[*Translation*]

PETITIONS

MR. DUPRAS—U.S. MILITARY AID TO CENTRAL AMERICA DICTATORSHIPS AND ITS CONSEQUENCES

Mr. Maurice Dupras (Labelle): Madam Speaker, I wish to present a petition on behalf of some 50,000 Canadians who are outraged by the fact that the United States is giving military aid to dictatorships in Central America, and, as members of the Development and Peace Movement, are demanding the liberation of these peoples. Although I am not entirely in agreement with some of the terms contained in this petition, I believe it is my duty, as a Member of this House, to make known the opinion of the Canadian people in this assembly, the highest court in the land.

[*English*]

MR. SHIELDS—RECONSIDERATION OF BILL C-85

Mr. Jack Shields (Athabasca): Madam Speaker, I have the duty to present a petition on behalf of a number of my constituents in the riding of Athabasca. The purpose of the petition, signed by 585 residents of various villages and towns such as Bonnyville, High Prairie, Athabasca, Flatbush, Smith, Hondo, Newbrook, Ardmore, Grand Centre, Cold Lake, Colinton, Boyle, Iron River, La Corey, St. Lina, Grassland, Caslan, Hylo, Lac La Biche, Fort Kent, Glendon, Perryvale, Atmore, Kinuso, Faust, Slave Lake, Joussard, Driftpile, Rochester, Fawcett, Breynat, Wandering River, Plamondon, St. Vincent Mallaig, Goodridge, Thérien, Rich Lake and Enilda , all of which are in my riding, is to register their protest against Bill C-85, an Act to establish a corporation called Canagrex.

The nature of this petition is to request that Clause 14 be removed from Bill C-85, the Clause which provides the

potential for the Government of Canada to do buying and selling of all agricultural products within Canada.

The petitioners hope that in Madam Speaker's examination of this petition, you will find the petition is in order, sense the urgency of their plea and that you might use the discretionary powers vested in your office to allow discussion and referral of this petition to the Standing Committee on Agriculture at the earliest possible moment.

MR. FULTON—OPERATIONS OF AMAX LTD.

Mr. Jim Fulton (Skeena): Madam Speaker, I again have the honour to table a petition calling for a full public inquiry into the Amax permit issued in the Amax operation in my riding. The petitioners this time ask that the Order in Council SOR/79345, the Alice Arm Tailings Deposit Regulations of April 10, 1979, be withdrawn, and further that a full public inquiry be held before commencement of the operation of the Amax molybdenum mine at Kitsault, British Columbia. The petitioners are from all across Canada. Some of the petitions were forwarded to me from the office of the Primate of the Anglican Church of Canada. I trust that they are properly filed and that your office will take whatever steps are possible to ensure that the request of these petitioners is upheld.

* * *

CANADIAN HUMAN RIGHTS ACT

AMENDMENTS TO PROHIBIT DISCRIMINATION ON GROUND OF SEXUAL ORIENTATION

Mr. Svend J. Robinson (Burnaby) moved for leave to introduce Bill C-676, an Act to amend the Canadian Human Rights Act.

Some Hon. Members: Explain.

Mr. Robinson (Burnaby): Madam Speaker, the purpose of this Bill is to implement the repeated recommendations of the Canadian Human Rights Commission to add as a prohibited ground of discrimination at the federal Government level sexual orientation. This legislative change is long overdue and would put an end to discrimination against homosexuals and lesbians throughout federal jurisdiction, including in the Canadian Armed Forces.

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

* * *

STANDING COMMITTEE ON FISHERIES AND FORESTRY

APPOINTMENT OF SUBCOMMITTEE

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I have two motions which I believe will receive unanimous consent as discussions have taken place between the Parties. The first motion reads as follows:

That the Standing Committee on Fisheries and Forestry be empowered to appoint nine Members of the House to act as a subcommittee to investigate, monitor and report on all aspects of acid rain;

That the Subcommittee and members of the Subcommittee have the power to adjourn and travel from place to place in Canada and the United States of America and that the necessary staff accompany the Subcommittee and members of the Subcommittee;

That the Subcommittee have the power to retain the services of expert, professional, technical and clerical staff as may be deemed necessary; and

That Subcommittee shall report to the Committee from time to time.

I might add, Madam Speaker, that there is an understanding that the split on that Committee as between the Parties would be five Liberal Members, three Conservative Members and one NDP Member.

Madam Speaker: Does the House agree to the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

PENSION REFORM

APPOINTMENT OF MEMBERS OF SPECIAL COMMITTEE

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I also move:

That the Members of the Special Committee on Pension Reform be: Mrs. Beauchamp-Niquet, Mr. Dantzer, Mr. Desmarais, Mr. Frith, Miss MacDonald (Kingston and the Islands), Mr. MacLellan, Mr. Miller, Mr. Reid (St. Catharines) and Mr. Weatherhead.

Madam Speaker: Does the House agree to this motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

BUSINESS OF THE HOUSE

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I should like to advise the House of a change in the business of the House for tomorrow. House Leaders have been advised that the business of the House for tomorrow will be Bill C-139.

* * *

[*Translation*]

MISCELLANEOUS PRIVATE BILLS

CONCURRENCE IN ELEVENTH REPORT OF STANDING COMMITTEE

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved, seconded by the Hon. Member for Labelle (Mr. Dupras), that the Eleventh Report of the Standing Committee on Miscellaneous

Private Bills and Standing Orders, tabled in the House on Wednesday, March 2, 1983, be concurred in.

Motion agreed to.

* * *

• (1520)

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,545 and 4,622.

[*Text*]

OUTSTANDING ACHIEVEMENT AWARD

Question No. 4,545—**Mr. Hawkes:**

1. Did Mr. Edmund Clark, Assistant Deputy Minister of Energy, Mines and Resources, receive the Outstanding Achievement Award and, if so, is the Prime Minister aware of this fact?

2. (a) What are the qualifications required of a person to receive such an award (b) how are such individuals chosen (c) if the selection is done by a group of persons, what are the names and job designations of each person involved?

3. Along with the award, did Mr. Clark receive a work of art by a Canadian artist and, if so (a) what was the cost of the work of art (b) who was authorized to make the selection of the work of art and what were the names and job designations of each person involved (c) what was the name of the artist chosen and for what reason was he/she chosen?

4. Is the award and work of art being held in Canada for Mr. Clark's return?

5. Will it be or has it been shipped to him in Paris, where he is on a one-year sabbatical, and, if so (a) what will be or has been the cost to the taxpayers (b) how has it been or will it be shipped (c) who authorized the shipment?

Hon. Herb Gray (President of Treasury Board): 1. On October 13, 1982 at Government House the Governor General in the presence of the Prime Minister, presented the 1981 Outstanding Achievement Award to Dr. W. Edmund Clark, in absentia.

2. (a) Candidates for the Outstanding Achievement Award will be those public servants who have, over a period of three or more years, performed their duties in a most outstanding manner. This sustained performance should be measurable in some way, possibly in some form of extraordinary accomplishment or sustained contribution to improved efficiency and government performance.

(b) Each year the heads of departments, corporations, boards commissions and agencies are invited to nominate eligible executives who are worthy of recognition. Documentation in support of each candidate is provided by the nominator and is presented to a Selection Committee of eminent Canadians from outside the Public Service.

(c) The Selection Committee in 1981 was comprised of the following Canadians who served without recompense:

John Bulloch, President, Canadian Federation of Independent Business

Dr. John Godfrey, President, University of Kings College

Professeur Vianney Décarie, University of Montreal

Ms. Kathryn Robinson, lawyer, Goodman and Goodman

Mr. Colin Kenny, Corporate Manager, Dome Petroleum

3. No. See part 4. (a), (b) and (c) Not applicable.

4. Mr. Clark will be entitled to select a work of Canadian art to a value of $2,500 on his return to Canada. See also reply to question No. 4,622, part 2 answered this day.

5. No. See part 4. (a), (b) and (c) Not applicable.

Question No. 4,622—**Mr. Blenkarn:**

1. Were Messrs. Klaus Goldschlag, Gordon Osbaldeston, Gaétan Lussier, Douglas Parkhill and Ed Clark the recipients of the award for "top civil servants in Canada for 1982" and did they receive a work of art as an award?

2. Will they be required to pay income tax on the value of the work of art and (a) if so, what was the value of the work of art for tax purposes awarded to Mr. Clark (b) if not, for what reason would such an award, if given in the private sector, be taxable, but would not when given to a public servant, especially one who is on sabbatical in France?

Mr. Peter Lang (Parliamentary Secretary to President of the Treasury Board): 1. The Outstanding Achievement Awards for 1982 were granted to Messrs. Klaus Goldschlag, Gordon Osbaldeston, Gaétan Lussier, Douglas Parkhill and Edmund Clark. All except Mr. Clark received a Canadian work of art. Mr. Clark will receive a work of art on his return to Canada.

2. The Outstanding Achievement Award is taxable and consists of an original Canadian work of art valued at $2,500 or less and a matching grant in cash. The matching grant is not paid to the recipient but to the Receiver General to the credit of the recipient as tax deducted from source. (a) and (b) Not applicable.

[*English*]

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

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

Some Hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall all notices of motions for the production of papers be allowed to stand?

Some Hon. Members: Agreed.

PRIVATE MEMBERS' BUSINESS—PRIVATE BILLS

[*Translation*]

AN ACT TO REVIVE POLYVENTREPRISE LTÉE TO PROVIDE FOR ITS CONTINUANCE UNDER THE CANADA BUSINESS CORPORATIONS ACT

ADOPTION OF BILL AT ALL STAGES

Mr. Dennis Dawson (Louis-Hébert) moved that Bill S-34, an Act to revive Polyventreprise Ltée and to provide for its continuance under the Canada Business Corporations Act, be read the second time and referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

He said: Madam Speaker, with the agreement of the Official Opposition and the New Democratic Party, and since this Bill has been considered in the Senate and in the Standing Committee on Miscellaneous Private Bills and Standing Orders, I move, seconded by the Hon. Member for Quebec East (Mr. Duquet), that the House adopt all stages of Bill S-34 this afternoon, without debate. I believe there is unanimous consent for doing so.

[*English*]

The Acting Speaker (Mr. Blaker): Order, please. The Hon. Member for Louis-Hébert (Mr. Dawson) will have noticed that I have just come into the chair and was sorting out my papers. I will simply put his proposition; apparently he seeks unanimous consent for some reason.

Mr. Dawson: I will repeat it, Mr. Speaker. After negotiations with the Official Opposition and the New Democratic Party, I think we have unanimous consent, since Bill S-34 has been studied in the Senate and witnesses have appeared before the Standing Committee on Miscellaneous Private Bills and Standing Orders, that the House immediately adopt this motion at all stages.

The Acting Speaker (Mr. Blaker): Hon. Members will understand the motion put forward by the Hon. Member for Louis-Hébert, which indicates that there may be unanimous consent to put the Bill through all stages.

Mr. Lewis: Mr. Speaker, for the record I would point out that those negotiations have been held, and we are in agreement with the Bill passing today.

An Hon. Member: Without debate.

Mr. Lewis: Without debate.

Mr. Deans: Mr. Speaker, we are in agreement with its passage today, and quickly.

[*Translation*]

Motion agreed to, Bill read the second time, considered in Committee of the Whole, reported, read the third time and passed.

Amax Limited

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

The Acting Speaker (Mr. Blaker): Shall all items listed under Private Members' Notices of Motions (Papers) preceding No. 109 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

AMAX LIMITED

Mr. Jim Fulton (Skeena) moved:

That an Order of the House do issue for copies of all correspondence concerning Amax Limited forwarded to Mr. P. Chamut on March 30, 1981, including a letter from (1) M.D. Nassichuk to D. Goyette, dated July 5, 1977 (2) B. Heskin to W. Johnson, dated October 5, 1977 (3) R. Stewart to B. Heskin, dated October 12, 1977 (4) E. Taylor to N. Perret, dated October 18, 1977 (5) W. Johnson to B. Heskin, dated December 13, 1977 (6) H. Freeland to D. Farmer, dated December 15, 1977 (7) I. K. Birtwell to R. Kussat, dated June 6, 1978 (8) R. Kussat to P. Scott, dated June 16, 1978 (9) R. Hoos to "Distribution", with attachment, dated June 28, 1978 (10) D. Farmer to P. Nasmyth, dated July 12, 1978 (11) C. Wong to P. Nasmyth, dated July 14, 1978 (12) P. Nasmyth to R. Hoos, dated July 19, 1978 (13) L. Retfalvi to R. Hoos, dated July 19, 1978 (14) I. K. Birtwell to R. Hoos, dated July 27, 1978 (15) R. Hoos to "Distribution", dated August 1, 1978 (16) P. Chamut to L. Dominy, dated August 31, 1978 (17) L. Dominy to P. Chamut, dated September 1, 1978 (18) R. Hoos to "Distribution", dated September 1, 1978 (19) D. Shutz to G. Jaltema, dated September 27, 1978 (20) I. K. Birtwell to M. Waldichuk, dated October 3, 1978 (21) I. K. Birtwell to M. McNally, dated October 3, 1978 (22) I. K. Birtwell to C. McAllister, dated October 3, 1978 (23) I. K. Birtwell to Z. Kabata, dated October 3, 1978 (24) I. K. Birtwell to D. Shutz, dated October 3, 1978 (25) D. Shutz to G. Jaltema, dated October 11, 1978 (26) J. C. MacLeod to Cornwall, dated October 11, 1978 (27) P. Meyer to M. D. Nassichuk, dated October 18, 1978 (28) C. McAllister to I. K. Birtwell, dated October 26, 1978 (29) Z. Kabata to I. K. Birtweell, dated October 27, 1978 (30) M. D. Nassichuk to R. Hoos, dated November 6, 1978 (31) I. K. Birtwell to P. Chamut, with attachment, dated November 6, 1978 (32) P. Nasmyth to R. Hoos, with attachment, dated November 6, 1978 (33) M. Waldichuk to I. K. Birtwell, dated November 7, 1978 (34) R. Hoos to RSCC Task Force, with attachment, dated November 17, 1978 (35) K. Smiley to B. Kurtz, dated November 30, 1978 (36) J. C. MacLeod to McEachran, dated December 5, 1978 (37) B. Kurtz to W. McKenzie, dated December 11, 1978 (38) B. Kurtz to G. Jaltema, dated December 11, 1978 (39) D. Trethewey to R. Hoos, dated December 11, 1978 (40) W. Johnson to B. Heskin, dated December 12, 1978 (41) F. C. Boyd to B. Heskin, dated December 12, 1978 (42) W. Johnson to McEachran, dated December 29, 1978 (43) I. K. Birtwell to M. Waldichuk, dated January 3, 1979 (44) G. Jaltema to D. Shutz, dated January 18, 1979 (45) D. Shutz to G. Jaltema, dated January 30, 1979 (46) I. K. Birtwell to R. Hoos, dated Frebruary 19, 1979 (47) M. Ito to I. K. Birtwell, dated March 1, 1979 (48) R. Hoos to "Distribution", dated March 26, 1979 (49) P. Nasmyth to R. Hoos, dated April 3, 1979 (50) P. Chamut to M. D. Nassichuk, with attachment, dated April 5, 1979 (51) P. Chamut to F. C. Boyd, dated May 4, 1979 (52) I. K. Birtwell to R. Kussat, dated June 1, 1979 (53) P. Chamut to I. K. Birtwell, dated June 22, 1979 (54) P. Chamut to I. K. Birtwell, dated October 23, 1979 (55) P. Chamut to J. MacLatchy, dated November 6, 1979 (56) J. MacLatchy to I. K. Birtwell, with attachment, dated December 14, 1979 (57) J. Seaborn to the Minister of

the Environment, with attachment, dated December 18, 1979 (58) J. MacLatchy to M. Ito, on the subject of metals in stream sediments, dated December 3, 1980 (59) J. MacLatchy to M. Ito, F. Claggett and J. Scott, on the subject of by-product recovery of metals, dated December 5, 1980 (60) F. Clagget to "File", on the subject of preliminary results, EPS surveillance samples, dated May 5, 1981 (61) M. D. Nassichuk to F. C. Boyd, on the subject of the Amax-US Borax meeting with Alaskans, dated April 1, 1981.

He said: Mr. Speaker, this certainly is not the first time I have spoken on the Amax matter in the House. I have reviewed my file and noticed that there are about 50,000 pages of material on this matter. However, I am sure that all Hon. Members of the House, when we finally bring the matter to a vote, will want to vote that these papers be released.

The reason I say this is that any reasonable, thinking Member of the House or any reasonable Canadian, on looking at these documents, will realize that they were all prepared at public expense and that they are documents which in fact have been subjected to what the Minister of Fisheries and Oceans (Mr. De Bané) has publicly described as a public review process. All these documents were provided to what is known as the McInerney panel in British Columbia and were used as substance for the decision to which they came over the past year regarding the safety and propriety of the Amax operation, although in its most recent report it has distinguished that somewhat, in that some parts of the Amax Kitsault operation are not operating according to the special Order in Council granted during the federal election in 1979.

I urge all Hon. Members who are here today and those who are doing any research on this matter to obtain Motions Nos. 109, 110 and 111 and to look at the documents which are listed so as to assure themselves that they are not what the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) referred to them as when this motion was referred for debate. He said that they were internal Cabinet memoranda of some kind or that they were some kind of special inter-ministerial documents which could not be released for some special reasons—for the security of the country or something. They are technical documents. They are primarily biological and oceanographic in nature and are very important documents to be released to those members of the scientific community, to the Nishga people and to many of the other groups which have been interested in this matter for some time.

I would like to put on the record some of the groups that called for a full public inquiry and are interested in seeing these documents released. I am sure many Members are now aware that there are several hundred recognized groups in Canada that called for a full public inquiry. Earlier today I tabled another 1,300 signatures of petitioners, bringing the number of names which I have tabled to somewhere in the region of 20,000. I understand that some 80,000 have been directed to the office of the Prime Minister (Mr. Trudeau), bringing us to probably the level of 100,000.

The number of individuals represented by these groups is very rapidly approaching half the population of Canada. Here is just a sample: Canadian Union of Public Employees; Native Brotherhood of British Columbia; Prince Rupert NDP; Victoria Labour Council; Anglican Church of Canada, Ottawa Diocese; British Columbia New Democratic Party Caucus; Project North; B.C. & Yukon Territory Building and Construction Trades Council; National Indian Brotherhood in Ottawa; North Coast Tribal Council; United Church of Canada; Canadian Conference of Catholic Bishops; Anglican Church of Canada, in particular the Most Reverend Edward W. Scott, Primate; Anglican Church of Canada, Bishop Douglas Hambidge; NDP Federal Caucus; Anglican Church of Canada; Port Simpson Band Council; Nishga Tribal Council; Telecommunications Workers' Union; West Coast Environmental Law Association; Canadian Environmental Law Association; Greenpeace Foundation; United Fishermen & Allied Workers' Union; Dr. Peter McCart, a biologist; Reverend Peter Hamel of the Anglican Church of Canada; SPEC from British Columbia or the Society for Pollution and Environmental Control; British Columbia Federation of Labour, representing all workers in British Columbia; the Council of the North; Lutheran Church in America; B. C. Conference of United Churches; Kitimat-Terrace and District Labour Council; Vancouver Island Building & Construction Trades Council; Canadian Coalition for Nuclear Responsibility; Gitksan-Carrier Tribal Council; the Edmonton Diocese of the Anglican Church; the Huron Diocese; the British Columbia Medical Association; and petitions from every Province and both Territories.

This is just a sample of the groups which are not amused with the footdragging on the Government side at every attempt I have made to obtain legitimate documentation. Most recently I obtained under Motion No. 106 a highly sanitized group of documents; there were parts of documents missing, whole areas of documents missing, entire documents missing. Those were simply in relation to the draft copies of the regulations circulated between Amax and Government lawyers as they were going behind the scenes drafting the regulations ahead of time.

• (1530)

Here are a couple of samples of what has been said in some publications. In December, 1980 the *Canadian Churchman* had this to say:

Archbishop Scott has written Prime Minister Trudeau expressing "deep frustration" at the lack of response to a letter informing the government of the General Synod's resolution on Amax: "Our concern over the development of this project is even stronger today, and actions that have taken place since then have impressed upon us the need for urgent action to address this matter. Even though Amax and government officials continue to say the Kitsault mining project does not impose any major threat to the environment, a significant and growing body of individual scientists and groups are contradicting that position", he said.

Statements by doctors on behalf of the British Columbia Medical Association appeared in *The Globe and Mail* on July 18, 1981. One reads:

The entire General Assembly of the British Columbia Medical Association, representing 4,000 doctors, moved and passed a motion on the need for such an inquiry as a basic requirement and passed it almost unanimously at their annual meeting in May.

Again from the British Columbia Medical Association we have another statement. This group, I suppose, the Liberals here in eastern Canada consider to be a bunch of quacks and quirks. This statement reads:

> We as doctors demand closure of the Amax project and the unsafe, untested and unhealthy disposal of heavy metal tailings into the waters of Canada until a full and open public inquiry is implemented and reports to the citizens of Canada. As doctors we can do no less.

That is what doctors have to say. But what do the Liberals do about that? They continue to hide. *The Globe and Mail* for May 8, 1981 carried this report:

> Alice Richards, daughter of Max Schott, who is a founder and former president of the company that later became Amax, made an impassioned plea to the stockholders at the annual meeting of Amax to save the Nishga from mine tailings that they fear threaten their food chain, livelihoods and their very lives. "In all honesty and justice, if we are so right and there is no danger from dropping tailings into the ocean, then why have we refused to allow public hearings?" Alice Richards asked.

There is the daughter of the founder of the company making a plea for a full public inquiry. Again, no move from the Liberals because everyone in this country knows they are hiding something, and I intend to allude to some of the things they are hiding today.

In the *Canadian Churchman* for June, 1981 we find this:

> The Nishga have said loudly, clearly and repeatedly "We are not against development, we are against the permanent destruction of the marine environment for short term gain. We want to have control of the planning for development, have a share in the profits and have our people employed. We do not want our homeland exploited without our permission and with no benefits to us."

The February 7, 1981 edition of *The Financial Post* reported:

> Canadian Arctic Gas Pipeline Limited spent several hundred million dollars on its fruitless quest for the MacKenzie Valley Pipeline. Amax of Canada Limited president, C. Allen Born, might well ask himself if he is about to walk into the same buzzsaw. There are parallels, even if the projects differ vastly. The company suddenly finds itself at the center of a growing storm, involving two governments, the Nishga Tribal Council and a group of leading Canadian clerics, including Archbishop Edward Scott, the Anglican primate of Canada.

In *The Globe and Mail* for July 8, 1981 we find:

> The United Fishermen and Allied Workers' Union, which support the Nishga, has called the government's actions "a massive cover-up".

That is a very mild statement, I must say. Added to that the Ombudsman for British Columbia this past week has come on board. I suppose the Liberals would consider an Ombudsman to be someone who just gets in the way; he should not have access to information. He should be muzzled and shut up as quickly as possible and certainly not given any access to documents which might embarrass the Liberals. However, in *The Globe and Mail* an article headed "B.C. Government made error on Amax permit, report says" reads:

> Vancouver—The B.C. Government erred in granting a pollution control permit allowing Amax of Canada Ltd. to dump mine tailings into Alice Arm without first consulting the Nishga Indians, the provincial Ombudsman has found.

Then there is mention of the documents which the provincial Government had. Of course, we have a Liberal Member who is always standing up for his Party, never standing up for common sense or justice, to make sure that he keeps his mouth in the pork barrel as long as he can. He thinks doctors are quacks. He does not think the churches have anything to stand for and that independent scientists do not have anything to say. He thinks that public servants can write documents at our cost, the public's cost, but they are only available to a certain chosen Liberal few. Conservatives are not allowed to see them; New Democrats are not allowed to see them; the churches and the scientists cannot see them. Only the Liberal machinery behind the scenes is allowed to see them.

It has been revealed as a result of research done by my office and by certain other people in British Columbia that the mine permit itself was actually drafted by Amax and its own lawyers behind the scenes in collusion with a Government lawyer by the name of MacLatchy, of course all at the direction of certain Members of the Liberal Cabinet.

As we all know, the permit was drafted by Amax lawyers. All the way up to the Privy Council Office Amax had its own lawyers sitting there drafting the permit, with Government lawyers behind the scenes taking out what Amax did not want in there, and Government lawyers who knew nothing about the science of the project saying: "Well, at my own discretion", says MacLatchy, "I will jerk this section and that section out."

Mr. Blaikie: Did they not have Gillespie in there?

Mr. Fulton: My colleague points out that maybe Gillespie was in there. I do not really know, Mr. Speaker. I do know that lawyers working for Amax—and I will be outlining the history of Amax shortly—were there. Obviously the Prime Minister's office was very much in favour of getting this project off the ground so he could keep his buddies south of the border happy.

The permit, as we know, gave Amax the right to dump 8,000 times above the level set by this Parliament, set by scientists in the Metal Mining Liquid Effluent Regulations, and allows the dumping of 100 million metric tonnes of material into the Alice Arm fishing grounds. There are scientists who no longer dispute the fact that that material is poisoning Alice Arm, killing the fish and killing much of the life in the Inlet. Amax is allowed to dump 12,000 tonnes a day for 25 years, all to save the company $23 million. Effectively this is what the Liberals are giving away in this case.

A Montreal *Gazette* for March 1, 1983 headline reads: "Tonnes of mining waste dumped in B.C. inlet" and "Firm helped draft its own permit". In part the article is as follows:

> The documents, written by MacLatchy in May 1981, show Amax persuaded the government to allow the discharge outlet for the sludge to be 50 metres in length, even though federal officials wanted it to be 100 metres.
>
> Amax lawyer Robert Granger even attended a final drafting session by the Privy Council Office, the documents say.

Let us go to the issue itself and point out why these documents that I am asking for should not be held under this shroud of security. What it is hiding from the public is which Members of Cabinet are culpable in this case and what kind of graft they obtained in order to let this permit go through.

Next I will quote from a document provided to me by the Hon. Member for Vancouver South (Mr. Fraser) who has

been a very honourable participant in all of this. While he was Minister of the Environment he provided me with documents. I did not have to go to him and cower. I simply went to his office and he gave me access to documents. It is too bad he is not still the Minister of the Environment because he has some honour, something which Members on the other side know very little about. I quote from a document provided to me dated March, 1979, headed "Position of the Department of the Environment and the Department of Fisheries and Oceans on the disposal of tailings into Alice Arm". It reads:

> Consultants on behalf of Climax Molybdenum have indicated that a tailings pond system with a supernatant overflow can be constructed, operated and maintained based on engineering considerations alone.

It goes on to state:

> In considering tailings and impoundment possibilities for the Kitsault Project, three potential sites were examined. The initial estimated cost for an adequate impoundment facility is approximately $25 million.

B.C. Hydro has estimated this cost for power transmission lines for pumping at another $4 million. On-land disposal would require reclamation at the end of the mine life which would result in some further costs. In contrast, marine disposal of tailings is estimated at $6 million for capital costs with low operating costs.

There you have it. A private deal was made with Amax. I think we all know that the present Lieutenant-Governor of Ontario, Mr. John Aird, a leading bag person for the Liberal Party in Ontario and Canada for many years until just three days before he became Lieutenant-Governor of this Province, was on the Board of Directors of Amax. He was the only Canadian on the Board of Directors of Amax International. When he stepped down on September 12, he was promptly replaced by none other than the previous President of the United States, Gerald Ford. I will be alluding to the direct relationship between Senator Aird, who was appointed to the Senate by the Liberal Party, his present position, his former position on Amax, as well as the involvement of his law firm, Aird & Berlis.

• (1540)

The Amax Corporation hired Aird & Berlis as their company lawyers. Mr. Granger, who works for Aird & Berlis, was involved in the drafting of the regulations from the beginning right up to the Privy Council Office, before a decision was made by the scientific team in British Columbia as to whether or not to go for on land or marine tailings. I, and I believe hundreds of thousands of Canadians who have written about this matter, consider it to be extremely corrupt.

Mr. MacLellan: Mr. Speaker I rise on a point of order. I want to ask the Chair if it is correct for the Hon. Member to cast aspersions on the Queen's representative of the Province of Ontario.

The Acting Speaker (Mr. Blaker): I take it that the Hon. Member for Cape Breton-The Sydneys (Mr. MacLellan) is intervening to ask whether or not it is appropriate. It is my recollection that this matter has come before the House previously. I believe the Hon. Member for Skeena (Mr. Fulton) raised the same subject matter.

At that time, I believe I had to review the precedents in order to determine if this type of debate was in order. I am aware of a Standing Order which does call for respect for a certain stated list of individuals in Canada. I would want to review that again.

I believe that the proper procedure at the moment is for the Hon. Member for Skeena to continue his speech and the Chair will take into consideration the point raised by the Hon. Member for Cape Breton-The Sydneys. On the last occasion, I believe the Hon. Member for Skeena was permitted to continue his speech under similar circumstances. I will review the matter immediately and the Chair will continue to recognize the Hon. Member for Skeena.

Mr. Fulton: Mr. Speaker, I am sure the Hon. Member will read my speech. He will see that everything I have said is factual. Far be it for me to cast aspersions since Mr. Aird became the Lieutenant-Governor of Ontario. I am simply reiterating his history.

Some other interesting documents have come to light in this matter. They involve about 200 documents that the Government is hiding. In almost any other democracy in the world, these documents would have been immediately released. However, the fact that we have a Liberal Government that practices authoritarianism with respect to the release of documents in the House speaks for itself.

In order to give some background, I will quote from a document which I obtained entitled "Chronology of the Drafting of the Alice Arm Tailings Deposit Regulations":

> On February 24, 1977, the Metal Mining Liquid Effluent Regulations were passed. In effect, they prohibited the unconfined disposal of solid tailings into waters frequented by fish. On June 22, 1977, Amax first met with EPS Pacific to discuss the MMLER and Amax's desire to have marine disposal of tailings in Alice Arm.

What is interesting about the document from which I just quoted of, March, 1979 is that the consultants working for Amax had already decided that it was possible to do safe on-land tailings disposal. The costs had been itemized to reveal that there was only a 2 per cent difference on return on investment to have safe on-land tailings.

There is the technical side to the argument as to which is safer. I suggest that the case has now been proven to most Canadians that it would make more sense, provide more jobs and be more environmentally sound to go on-land.

I am now concerned with the technical matter which the House will have to vote on quite soon. We have an hour and 40 minutes of debate remaining on this matter. When it comes time for all Members of the House to vote, I hope that Members of all Parties will return to their caucuses and determine whether democracy is being served as a result of their vote on Motion 109, Motion 110 and Motion 111. It is not a question of whether the Member for Skeena, the Anglican Church, the Nishga's or anyone else would be served, but whether democracy is served by voting on whether documents written by

public servants about this matter should or should not be released. I am confident that there may even be a couple of seals on the Liberal side of the House who will recognize the views of their constituents. I am presently in touch with most constituencies in the country about this matter. I am sure Canadians will be interested to know how their Members vote on this issue.

Mr. Tobin: Dream on.

Mr. Fulton: The Member across the floor always has smart remarks about Members on this side. We hear a lot of talk from that particular Member from Newfoundland. I will be in his riding during the next election and we will see whether he comes back here. Liberals do not even like to have facts put on the record, particularly the little one over there.

On September 18, 1978 Amax officials met with the Hon. Len Marchand who was Minister of State for the Environment. The Amax officials wanted to determine the procedure to obtain an authorization under the Fisheries Act to deposit tailings into Alice Arm. There was no discussion on the legal mechanics of drafting a regulation to authorize marine deposit of tailings. That view was expressed by Mr. Seaborn, who was then the Deputy Minister of the Environment and is now the Government's appointment to the International Joint Commission at approximately $80,000 a year. In the drafting carried out by Mr. MacLatchy, almost all of the wording is the same. However, it is interesting to note that section 4 of the MacLatchy document states that Iona Campagnolo was present. She was the Member for Skeena at the time. She was present along with Mr. Marchand and they wanted to determine the procedure to obtain an authorization under the Fisheries Act to deposit tailings into Alice Arm.

I do not believe that any Member of the House can stand in good conscience and vote to continue hiding those 200 documents, knowing that this kind of activity was occurring at the same time as the scientists in British Columbia were trying to determine what the impact would be between marine tailings disposal and on-land disposal.

Of course, this matter was taken before the Joint Committee of the Senate and the House on Regulations and Statutory Instruments.

Mr. Tobin: It was controlled by the Conservatives.

Mr. Fulton: I hear the little mind saying that the committee was manipulated. He never bothered to show up. We know where his credibility lies. On page 2 of the document dated May 28, 1981, which was sent to the former Minister of Fisheries and Oceans, the committee had this to say to the Minister:

It is apparent to the Committee that the prohibition imposed by Parliament in Section 33(2) of the Act—

Referring to the Fisheries Act.

—and the general rules set out in the metal Mining Liquid Effluent Regulations will be of little value if special regimes come to be established to allow particular mining operations to dump tailings and effluents in enormous quantities. That such a situation might arise would seem to be altogether at odds with Parliament's purpose as expressed in Section 33 of the Act. Consequently, the Committee must assess the Alice Arm tailings deposit regulations carefully. It is clearly not the case that any or every exercise of power to set special standards or dumping limits is an unusual or unexpected use of power. What the Committee must address itself to is whether or not the deposits allowed in this case go beyond or are inconsistent with what reasonable men would consider to be anticipated under section 33.

That is very key.

The general limits set out in the Metal Mining Liquid Effluent Regulations have clearly been drastically exceeded. There has been no mere accommodation of a minor problem, or even of an existing mine. Rather, there has been an accommodation of a mining venture which it appears to the Committee might have been deliberately planned so that a special regime inconsistent with the general prohibition of section 33(2) of the Act and with the standards and concentrations set out in the Metal Mining Liquid Effluent Regulations would be essential.

Subsequent to this letter being written, we now have proof that the former Minister of the Environment, Mr. Marchand, and the former Minister of Amateur Sports, Mrs. Campagnolo, were present at a meeting with Amax either at the same time or at different times. The purpose of their meetings was to design marine tailing deposit regulations before the scientists had an opportunity to oppose the marine tailings disposal. I continue with the letter:

This might be thought to come dangerously close to treating Section 33(4) of the Act as a carte blanche to allow unlimited, unconfined and unrestricted dumping of toxic materials.

The Committee is also troubled by the effect that the latitude being allowed the Amax Kitsault Mine may have on the sentencing of those convicted of breach of section 33 of the Act or of exceeding the limits set out in the Metal Mining Liquid Effluent Regulations. Courts may be reluctant to impose sentences of any real deterrent value when defence counsel can point to dumping limits of the dimensions sanctioned in the case of the Kitsault Mine.

The vote taken by that committee, which was four to three, censuring the Minister of Fisheries and Oceans for unusual and unexpected use of power still stands despite the real manipulations of the Liberal Party across the way. I hope they can stand in their place and list the 200 or 300 groups in this country that support the hiding of these documents. I doubt there would be the Anglican, Lutheran or United Church, the B.C. Medical Association or the B.C. Teachers' Federation in that list. I challenge any Liberal to rise in the House and list the groups. The groups would be various Liberal riding associations and corporations trying to hide the facts from the Canadian public.

• (1550)

In fact, I have in my hand today one of the documents which I am pursuing. One of the reasons that the Liberals are hiding these documents so carefully will be proven in a moment as I read a few facts into the record. This document is dated December 11, 1978. It is addressed to Mr. R. Hoos from Mr. D.E.C. Trethewey of the Canadian Wildlife Service, and it is with regard to the Amax operation and the recommendation which Mr. Hoos had made. It states:

I find the procedure employed in the presentation of this report to the JDCC to be highly irregular and completely unacceptable. As Chairman, you have unilaterally prepared and submitted to the JDCC on behalf of the Task Force, but without its approval a report containing a recommendation to proceed with the project. This recommendation did not reflect the opinion of the majority of the Task Force and apparently was based on your own particular biases.

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It continues:

I am unaware of any attempt by you to contact Task Force members to determine if in fact such a review would be inconvenient. In its present format, it appears to be nothing more than an information memorandum or progress report to your director.

I have just one more quote, Mr. Speaker. It continues:

In the present situation, the records will show that the JDCC approved a Task Force recommendation. This, of course, is false. The Task Force should not have to bear the responsibility of a decision which in reality was only that of one person.

The Acting Speaker (Mr. Blaker): Order, please. Perhaps the Hon. Member would like to seek unanimous consent to continue his remarks, if he wishes. However, I have taken into consideration the point of order raised, which took away some moments of his time. I must now draw to his attention the fact that his allotted time has expired.

Mr. Fulton: I would certainly be prepared to seek unanimous consent, Mr. Speaker.

The Acting Speaker (Mr. Blaker): Is there unanimous consent that the Hon. Member for Skeena continue his remarks?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Blaker): There is not unanimous consent.

Mr. McKenzie: Mr. Speaker, I rise on a point of order. I would like to explain that we have a very important Veterans Affairs motion coming on third, and since we will not have the full hour at our disposal, we would appreciate having as much time as possible for the veterans.

The Acting Speaker (Mr. Blaker): I do not mean to enter the debate, but I think the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie) can be assured that there will be a full hour available to him.

Mr. McKenzie: I am glad to hear that.

Mr. Brian Tobin (Parliamentary Secretary to Minister of Fisheries and Oceans): Mr. Speaker, let me say, without any apology, that I said "no" to a request for unanimous consent that the Hon. Member for Skeena (Mr. Fulton) continue. I have been here in the House on half a dozen occasions listening to him making these allegations, speaking in the kind of tone which creates this kind of spurious debate. I am not one who would voluntarily spend any more time walking through the mud than I must. However, the remarks of the Hon. Member have once again taken a very predictable line for many in the debate. He has offered no evidence. He has offered a great many distorted truths and equally as great a number of total untruths today.

The only thing I can say to the Hon. Member is that there is no question but that this kind of decision is always controversial. One can always find those who are either side of the issue. Having said that, and having been honest enough to admit that certainly, in this kind of environmental question, there are always two sides, it would serve the Hon. Member and, indeed, the House well if, as much as is possible in this kind of debate, we try to stick to the facts, to behave as rational men and women in this Chamber and not seek to drag the reputations of many people through the mud. The Hon. Member has made unsubstantiated allegations, because of the immunity afforded to him—

Mr. Blaikie: Keep talking. We will send it out to the groups concerned.

Mr. Tobin: —which he would not dare make outside the House.

Mr. Fulton: Name one.

Mr. Tobin: The Hon. Member spoke of credibility and accountability. I want to tell you, Mr. Speaker, that the Hon. Member has never raised the issue before the Committee on Fisheries and Forestry or before the Committee on the Environment. They are one and the same with respect to either matter, fisheries concerns or environmental concerns.

Mr. Fulton: A point of order!

Mr. Tobin: Mr. Speaker, he has not come before the Committee.

Mr. Fulton: Mr. Speaker, I think the Hon. Member would be well advised to check the record. He said this previously in the debate but I did not bother to object. I raised this many times before both parts of the Committee, and I would urge him to check it out rather than put falsehoods on the record.

Mr. Tobin: Mr. Speaker, the Hon. Member stands in his place and repeats a statement as was pointed out in the last debate by the Minister of Fisheries and Oceans (Mr. De Bané), who rose to the Hon. Member's point of order. Yes, three years ago, once—

Mr. Fulton: A point of order!

Mr. Tobin: —the Hon. Member came before the Committee. If I were to have stood every time the Hon. Member issued another untruth between his teeth in the last hour, I would not have had a chance to speak today.

Mr. Fulton: Mr. Speaker, the Hon. Member does not come to the Committee on Fisheries and Forestry, so he does not really know what is going on. As a matter of fact, I raised this issue with the Deputy Minister just last week. He can check the record.

Mr. Tobin: I am the Parliamentary Secretary to the Minister of Fisheries and Oceans and I am always there. The fact that the Hon. Member can rise and make this kind of statement shows how easily he finds it to grab little threads of whatever it is that works in his mind and make all kinds of

statements which are to him, the truth. With so many important issues facing the country today, I find it almost unbelievable that the Hon. Member for Skeena continues to waste the time of this House on this particular matter.

The simple facts are that, in response to the Hon. Member's earlier request, correspondence relating to the granting of the Amax licence has been tabled in this Chamber. Other correspondence which the Hon. Member asked to be tabled are classified as internal departmental memoranda and, as is generally accepted, are not made public. This position was stated quite clearly at the time by the Minister of Fisheries and Oceans. The situation has not changed and the Department's position has not changed.

The Hon. Member, who is so interested in acquiring new information, has left his seat and gone from the House. Having had his little 30-second news clip for the day, having milked the issue, he has gone off into another chamber outside the House. However, for reasons—oh, he is back. For reasons best known to himself, the Hon. Member for Skeena intends to—

Mr. Fulton: I rise on a point of order. An Hon. Member wished to speak to me, Mr. Speaker. I just went to the door and spoke to him. I think the Hon. Member might be well advised to put some of his facts on the record. I think that is why we are here, to find out why his Government will not table the documents.

Mr. Tobin: Mr. Speaker, it is best known to the Hon. Member for Skeena.

Mr. Blaikie: Why don't you quit this juvenile debate and say something?

Mr. Tobin: That was about as intelligent as anything else he has said in the last little while. He seems intent on chasing shadows, insinuating all kinds of collusion and underhanded deals in the granting of the Amax licence.

Some Hon. Members: Table the papers!

Mr. Tobin: When this matter was debated back in October of 1981, the House was given a full account of the manner in which Amax was permitted to dispose of tailings from the Kitsault mine beneath the surface waters of Alice Arm. The House knows there was a very detailed examination of the environmental risks made by the Department of the Environment and the Department of Fisheries and Oceans. If the Hon. Member came to committee, he would know that.

The House also knows that there was a special review of all the data on which the decision was based. The Minister held a review within the Department and he then went to the University of British Columbia and to the University of Victoria. Three very esteemed scientists from each of those educational institutions in British Columbia reviewed all the data and they concurred with the Minister's decision. The results of the panel's review were clear. There would be no significant impact on the fishery at Alice Arm.

One must wonder what the Hon. Member for Skeena wants. Even a cursory look at the record would tell him that the approval was straightforward and proper. It was not that different from a great many other decisions. Obviously, the Hon. Member does not want to look at the record. He has obtained for himself a lot of ink, and lot of earplay out of this issue. He was really elected as a man of no imagination. He cannot find another issue in order to let this one go, because it has worked for him so long. He is prepared to waste the time of this House on an issue which should have been laid to rest a long time ago on the basis of the facts of the case and on the basis of simple logic, something the Hon. Member has obviously demonstrated again today that he does not understand.

Mr. Althouse: Table the documents.

Mr. Tobin: The Hon. Member was quoting newspaper editorials. Let me quote one as well. Some time ago the Vancouver *Province* described the Amax decision as "a storm in a teacup". After listening to the rhetoric of the Hon. Member for Skeena and then considering the work and report of the review panel, the *Province*, and I am quoting directly from the editorial, stated:

> We now learn that the Amax tailings are less poisonous than our tap water.

• (1600)

That is the editorial of the Vancouver *Province* after his first round of sensationalizing this issue in this House of Commons.

One thing that critics of the marine disposal decision have consistently forgotten is that Alice Arm is far from being a pristine, untouched inlet. The Kitsault mine was operated from 1968 to 1972 by a previous owner, the B.C. Molybdenum Corporation. During that period, 10 million tonnes of raw tailings were deposited directly into Lime Creek near the head of Alice Arm. These tailings spread five miles down the bottom of the arm. In addition, rivers flowing into that arm deposit hundreds of thousands of tonnes of silt every year.

There was at that time no attempt to restrict where the tailings were deposited. While we do not, of course, today regard this practice as environmentally sound, it is interesting to note that there was no public outcry at that time. Not a single letter was received which objected to the dumping of crude tailings in this manner.

More important, during those five years of operation there was no significant change in the numbers of salmon migrating through Alice Arm up into the Kitsault and Illiance Rivers. In other words, the completely uncontrolled discharge of tailings had no apparent impact on the major fishery in that body of water. Certainly there was a detrimental effect on the life forms on the bottom of Alice Arm, but the salmon suffered no apparent harm.

Economic problems forced the closure of the B.C. Molybdenum operation in 1972. In 1973, the property was purchased by Amax. What did Amax have to do in order to reopen the mine? In September, 1975 Amax made an application to the provincial Pollution Control Branch for a permit to reopen the

mine at double the previous capacity and to deposit tailings effluent in Alice Arm at the rate of 12,000 tonnes a day. Notices to this effect were formally published in the B.C. *Gazette* and the Prince Rupert newspapers. This notice was published twice and a copy was provided to the local community of Kitimat-Stikine. No objection to the application was received. All of this was done strictly by the book, by very regular procedure.

As this House may be aware, there is good communication between the Province of British Columbia and Environment Canada in the environmental review process. There is a referral arrangement between the Pollution Control Branch and the regional office of Environment Canada's Environmental Protection Service. Thus, a copy of the Amax permit application was referred at an early stage to the federal Government.

Why was Amax not allowed to continue dumping raw tailings into Lime Creek? The reason, basically, was that Metal Mining Liquid Effluent Regulations under the Fisheries Act were passed in February, 1977. The Regulations, which are applied throughout the country, prescribed limits for total suspended matter and were intended to prohibit the disposal of tailings into lakes and rivers.

It was recognized in drafting those regulations that the marine disposal of tailings may be the best environmental option in certain situations and would be considered on a case by case basis. The Environmental Code of Practice, which was published by the Government at the same time, states on page 23, and I quote directly from the Code:

> 6.2 (2) When it can be shown that the unconfined disposal alternative is the most practical method, and that it is environmentally preferable to confined disposal a separate regulation for each specific site must be obtained to allow its use.

So it was clearly spelled out in 1977 that the Government would consider site specific regulations in cases where it was appropriate.

Was it appropriate in this case? The clear answer is yes, it was, but it was not on the basis of sinister political pressure or on the basis of some special favour to Amax, as the Hon. Member for Skeena would have us believe. No, it was an appropriate measure for sound environmental protection reasons, based on hard facts and scientific judgment.

I will return to this in a moment but the House should know that the marine disposal of tailings has been a common practice on the coast of British Columbia. While it may not be the ideal way to dispose of tailings from a fish habitat viewpoint, in the past this was considered the only practical method of tailings disposal in any mining operation in rugged terrain on the coast of B.C.

Anaconda at Britannia Beach, only 20 miles north of Vancouver, dumped its tailings into Howe Sound for more than 50 years, until 1974. Texada Mines dumped its tailings into the Strait of Georgia for almost 25 years, until 1976. Utah Mines on Vancouver Island and Wesfrob Mines on the Queen Charlotte Islands, also in the riding of the Hon. Member for Skeena, are currently, this day, dumping tailings into the ocean. It is not all that unusual.

I do not mean to suggest that because marine disposal of tailings has been practised in the past it is necessarily acceptable. It is not ideal, and Environment Canada has disallowed it on many occasions. The point I would like to make is that the Government's environmental experts considered it and came to the conclusion that it was not the preferable way to handle things.

In the case of Amax it was the preferable way. It may not have been in other circumstances. I can give examples: at Nanisivik Mines on Baffin Island and at Cominco's Polaris Mine on Little Cornwallis Island, both in the high Arctic, the Government rejected that method. In the case of Amax at Alice Arm, we said yes. We do not automatically give a rubber stamp in every case.

Mr. Fulton: You do. You are a rubber stamp.

Mr. Tobin: Let me move on to another point that probably led the Hon. Member to take up this issue. It is well known that at the time of the Amax decision there was disagreement among Government scientists about whether to permit the marine disposal of tailings in Alice Arm. Biologists concerned with the preservation of fish habitat do not view in the same way the fact that these tailings will bury the bottom of part of Alice Arm.

What is offensive to me is the suggestion that this difference among Government scientists was settled by pressure of any kind from any quarter. Senior officials in Environment Canada and in Fisheries and Oceans weighed the risks and made a decision to recommend marine disposal. That was the result of a proper administrative review and it was vindicated by a review by three highly esteemed experts in this field from the University of British Columbia and from the University of Victoria. Would the Members opposite question their judgment?

Mr. Fulton: We have.

Mr. Tobin: I ask the Hon. Member for Skeena, is it his opinion that these experts are somehow part of a conspiracy? The Hon. Member practises what is almost a Joseph McCarthy mentality in reverse. In his mind, everybody is at the end of a string. Frankly, I find it disappointing.

There was a time in this House, and in this country, when this Party opposite, although its political philosphy is slightly left of mine, earned a great deal of respect for standing up on issues, and standing up with integrity.

Mr. Fulton: We will not be lectured by Liberals about integrity, thank you very much.

Mr. Tobin: Many men who filled those chairs opposite stood up on issues with great integrity. It is now sad, and it is disappointing.

Mr. Fulton: You guys are pathetic.

Mr. Tobin: Perhaps if the Members who sat on the benches opposite years ago were here today, they would be somewhat

shocked. It is a little sad to see the kind of spurious raving that emanates from the minds of those opposite these days.

The evidence shows that the permanent on-land impoundment of tailings in perpetuity in the rugged terrain in areas such as Alice Arm cannot be assured at any cost. And the failure to make such an impoundment due to heavy rains or earthquakes could lead to severe environmental consequences. It could destroy the fisheries and the wildlife habitat near the mouth of the Illiance River.

Members from British Columbia know that there is a high potential for mudslides and snowslides in that Province. Many will recall the severe flooding at Terrace, B.C., a few years ago.

Mr. Fulton: The sky is falling.

Mr. Tobin: The damage was estimated at $20 million. If there was a tailings pond failure at the Kitsault mine, nobody knows what the cost would be in environmental damage, but it would be high.

I would like to turn now to another part of the Amax debate and that is the toxicity of the tailings and the impact that they will have on the waters of Alice Arm. The Hon. Member for Skeena is fond of referring to uranium and radium-226, among other things, in the Kitsault tailings, and to the terrible danger these two, sinister-sounding materials represent. This is a complete distortion, like other distortions that have been thrown into the Amax debate.

Uranium and radium-226 are naturally occurring elements found everywhere in the rocks and soils across Canada. These elements are present right now in the very stones and other materials that were used to construct the Parliament Buildings and this very Chamber I stand in. They are all around us right now.

Mr. Fulton: Why do you not go eat some?

Mr. Tobin: Let me assure the Hon. Member for Skeena that he is in no danger, or at least he is in no more danger than he would be anywhere else. I think the greatest thing he has to fear is not fear itself, but this capacity he has to behave as an unguided missile every time he opens his mouth.

• (1610)

The average uranium concentration of ordinary rock in the crust of the earth is around three or four parts per million. The uranium content of the rock in Amax tailings runs somewhere around two parts per million—less than the average found in the stones used to construct this building, Mr. Speaker. What has the Hon. Member done? He talked about uranium-226. Of course, citizens not aware that this is a common substance found anywhere in this land would react with great fear. It is a very perverted mind which would play on that fear and continue espousing these words in hopes of scoring cheap political points.

An Hon. Member: You are a wimp.

Mr. Tobin: A wimp? Yes, you are a wimp. I regret to say it. I believe I would much rather be a wimp than be somebody who would deliberately play on the fears of the public, who would deliberately use buzz words and frighten the population in order to score political points.

I would like to conclude, Mr. Speaker, by making two simple statements. I believe the Hon. Member for Skeena in his heart, if he has one, knows the truth. There was no political interference in the scientific examination of the Amax issue. If he infers that in fact there was, then he calls into question the reputation of the University of British Columbia, the University of Victoria, and the very fine men who acted on an independent review panel.

Second, there was no favour extended to Amax.

An Hon. Member: You are ignorant of—

Mr. Tobin: No, I am not ignorant. I am just not hallucinating most of my life. The decision to permit underwater disposal at Alice Arm was made on the basis of scientific evidence, and it was a very sound decision. A controversial decision, yes. When we talk about the environment, I hope there is always good cut and thrust in debate. I hope there is always a requirement to ask for a second, third and fourth opinion. that is important, Mr. Speaker. But having asked for those second, third and fourth opinions, and having received them from independent, qualified sources, let us not have an hon. gentleman—and we give him that title—stand in this House and insinuate and smear the reputations of people who cannot come here to defend themselves. Let us not have an hon. gentleman use the immunity of this House to make statements he dare not make outside the confines of this building, Mr. Speaker. That is perhaps the real test of the courage of the Hon. Member opposite.

Mr. Fulton: You say that outside the House with me, little boy!

Mr. Tobin: It is only my maturity, Mr. Speaker, and my wisdom which prevents me from responding to that kind of childlike challenge.

Mr. Russell MacLellan (Cape Breton-The Sydneys): Mr. Speaker, like my colleague, the Hon. Member for Humber-Port au Port-St. Barbe (Mr. Tobin), I too am perplexed as to why the Hon. Member for Skeena (Mr. Fulton) continues to flog this issue. I would like to reiterate the fact that all scientific documents upon which the design to authorize marine tailings deposits in Alice Arm was based have always been freely available. They have been provided to the Hon. Member for Skeena and to other interested groups. All technical reports on monitoring the discharge and other special studies have also been made available to the public.

In addition, the Minister of Fisheries and Oceans (Mr. De Bané) has tabled all requested external correspondence on the Amax matter. Only internal memoranda providing advice to the Minister and the Department have not been released, as is the usual practice.

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It would be useful, I believe, if I were to re-emphasize the factors which were taken into account in approving the Alice Arm Tailings Deposit Regulations. This was not a decision that was taken flippantly or in great haste but one that was made only after a detailed technical examination of data on various tailings disposal alternatives carried out by the staff of the Department of Fisheries and Oceans and the Department of the Environment.

By way of example of the thoroughness with which this task was carried out, I might mention that more than 40 technical reports on the biology and oceanography of Alice Arm were reviewed to assess the immediate and long-term risks associated with maintenance of a conventional on-land tailings impoundment, as compared with the underwater disposal system which is in contention today. Following this extensive study, the conclusion drawn was that a properly designed marine tailings disposal system would not adversely affect the fisheries resources and, on balance, would be preferable in this particular case to a containment pond on land.

The Minister in making his decision based his approval of the Tailings Deposit Regulations on the following factors: first, the conclusion that Pacific salmon and other important fishery resources would not be adversely affected; second, that tailings deposited from the mine would not extend outside of Alice Arm; third, that the tailings would keep to the bottom of Alice Arm at a minimum depth of 100 metres; and fourth, that an alternative method of tailings storage—that is on-land impoundment—would represent a threat in perpetuity to salmon resources entering Alice Arm. This conclusion was arrived at in view of the high rainfall and the steep topography of the area, which meant, in effect, that the permanent stability of an on-land storage basin could not be assured. I feel this is a very important point, Mr. Speaker, one which has been frequently overlooked by those critical of the underwater disposal system.

Having satisfied himself as to the technical aspects of this disposal system, the Minister has freely admitted that there still remained a nagging thought that perhaps the experts might have miscalculated or slipped up somewhere along the line. It was for that reason that he was not unsympathetic or unresponsive to the concerns expressed by the Nishga Tribal Council, on behalf of the native people who live in the vicinity of Alice Arm, that some damage might be caused to the fishery resource as a result of the mining operation.

Because of this, and to make doubly sure that we were doing the right thing, the Minister asked for the establishment of a review panel of independent and highly respected scientists to go over all the data and reports on which the decision was based, and to publicly report their findings. He opted for a scientific review panel rather than the public inquiry which was advocated by the Nishga Indians because the evidence on which the panel would have to base its findings was almost exclusively scientific or, at best, very technical. However, it was made very clear to the Nishgas, and to any other groups or individuals interested in the issue, that the panel would be prepared to meet with them and hear their views or evidence, and that all reports of the panel would be readily available to the public.

The Minister, and most others involved in this matter, were disappointed that the Nishgas, for reasons best known to themselves, decided to boycott the review panel. In view of the concerns they had raised and their repeated demands for a public inquiry, it was somewhat difficult to understand their position. However, that was their decision.

In the recruitment of members to the review panel, considerable care was taken to ensure that competent and independent scientists were appointed. Its Chairman was Dr. J. E. McInerney, who is Chairman of the Department of Biology at the University of Victoria and a specialist in the physiology and behaviour of fish. The other two members were Dr. R. W. Burling, Professor of Oceanography at the Department of Oceanography, University of British Columbia, and Dr. W. K. Oldham, a member of the Faculty of Civil Engineering at the University of B.C.

• (1620)

The panel's terms of reference were as follows:

1. To examine and advise on the adequacy of the Alice Arm Tailings Deposit Regulations for protecting economically important fisheries resources and Indian food fisheries of Alice Arm and environs.
2. To examine and advise on whether planned tailings deposit practices are likely to meet the terms and conditions of the regulations.
3. To assess the planned monitoring to determine whether it will be adequate to detect violations of the terms of the regulations or impacts upon fish and fish habitat, and to recommend necessary improvements.
4. To consult with interested agencies and parties knowledgeable about the issue.
5. To examine and recommend any alternative tailings disposal methods which could significantly reduce or preclude hazards to the fisheries resources.
6. To recommend further courses of action in the future which in the opinion of the Panel, may be necessary to address the issue.
7. To prepare two reports: as soon as possible an interim report recommending any action deemed important for protecting the public interest, and a final report by July 1, 1981.

It was believed by the then Minister of Fisheries and Oceans that these terms of reference would look after any possible questions which could arise on this very important issue. The scientific review panel went about its work with much dedication and diligence, and starting around the end of March, 1981 consulted with knowledgeable people in various parts of British Columbia and held open public meetings at Prince Rupert and Vancouver. Between meetings they studied an immense amount of correspondence and reports which had a bearing on the subject.

In the early part of May the scientific review panel introduced its interim report, which commenced with the statement, and I quote:

> It is the panel's considered opinion that, in the short term, the public interest will not be jeopardized by the continued discharge of Amax mine tailings to Alice Arm. Accordingly, no major restrictive actions are deemed necessary at this time.

The panel's report was issued on July 24, 1981 and consisted of a document of some 154 pages, in itself a somewhat remarkable feat considering the fact that the three scientists involved

started their task only four months previously. These were the panel's conclusions, and I quote directly from the report:

(a) With the possible exceptions of cadmium, lead and zinc in the solid form, no deleterious effects are expected to result from the daily deposit of 12,000 metric tons of Amax/Kitsault tailings into Alice Arm in accordance with the Alice Arm Tailings Deposit Regulations.

(b) The following substances, in both solid and dissolved forms, all occur in concentrations which are the same or less than local background conditions: arsenic, copper, iron, mercury, manganese, nickel, uranium-235 and its daughter products, radium-226, thorium-230 and lead-210. Moreover their dissolved concentrations in the tailings all meet or are less than Canadian surface and drinking water guidelines and objectives except manganese which slightly exceeds an aesthetic drinking water guideline.

(c) In the dissolved form, cadmium, lead and zinc all occur at concentrations in the tailings equal to or less than local freshwater background conditions and all three meet or are less than Canadian surface and drinking water guidelines and objectives.

(d) Molybdenum in the Amax/Kitsault tailings is expected to somewhat exceed ambient levels in Alice Arm but not result in adverse environmental changes.

(e) A "cloud" of fine tailings containing approximately 4% of the total daily solids from the Amax/Kitsault discharge is not expected to result in increased loads of dissolved substances in the Alice Arm water column.

(f) Most tailings (approximately 96%) either quickly fall out of the discharge plume or are carried as a turbidity current into the deep central trench of mid-Alice Arm. Resuspension and redistribution is expected to be infrequent, of small magnitude and without deleterious effects.

The Acting Speaker (Mr. Blaker): I am sorry to interrupt the Hon. Member but it is my duty, pursuant to Standing Order 24(2), to interrupt the proceedings.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Blaker): Shall all orders listed under Private Members' Notices of Motions preceding No. 65 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

INCOME TAX

INTEREST INCOME DEDUCTIONS FOR VETERANS

Mr. Joe Reid (St. Catharines) moved:

That, in the opinion of this House, the Government should consider the advisability of increasing veterans' income tax deductions for interest income from $100 to $1,000 annually, so that veterans would not suffer depletion of their War Veterans Allowance after earning more than $100 in interest income and so that they would be taxed on an equitable basis with other investors.

He said: Mr. Speaker, I appreciate the seconding of the motion by my colleague, the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie). It comes as a bit of a surprise, Mr. Speaker, that we are called upon to debate this motion this afternoon, a motion placed on the Order Paper in November, 1981, and which had considerable support both before and after that date. Any responsible Government would have moved a long time ago to correct this injustice, this unfairness with respect to Canada's veterans. The fact that we are in the

position today of having to debate the motion speaks unfavourably and loudly with respect to this Government's attitude and whether or not it really does care when it comes to Canada's veterans.

The motion is straightforward in itself, Mr. Speaker. Look at your income tax return. Look at the form. It gives Canadians an opportunity to deduct $1,000 of eligible interest income in calculating their taxable income—except veterans. The veteran receiving the War Veterans Allowance is only entitled to claim $100 per year in interest income. Any excess will be deducted from the veterans' allowance. That is not only patently unjust, Mr. Speaker, it is unfair and an insult to veterans. The veteran receives an allowance because he has served his country. He is now either too old to work or he suffers from some disability. He has an insufficient financial base to carry him through the future years. In most cases the disability is a direct result of wartime service.

Years ago, Mr. Speaker, there may have been some justification for limiting the amount of interest deductibility, but now interest rates have changed. They have reached exorbitant and unimaginable rates as high as 20 per cent. In addition, we have been faced with inflation unknown in years gone by. The world which existed when this deduction was established no longer exists and has not for several years. Interest is charged and paid for on every transaction. You can even earn interest on your chequing account. Over the last two or three years a veteran could have less than $1,000 on deposit for a rainy day, or even for burial purposes, and still exceed his allotted exemption. Self-evidently, a veteran receiving a War Veterans Allowance is not amassing a fortune in savings or investment. What most veterans are trying to do with their limited income is to set aside some little nest egg for their future, be that for a funeral or a legacy for their survivors, and a modest one at that. They are not trying to beat the system and amass a fortune for themselves. They gave service to the country. The savings go into an account and are left there to accumulate whatever interest they can while the veteran lives.

• (1630)

As a consequence of this, the interest income should not be regarded as being supplementary to the War Veterans Allowance. The veteran is not investing to earn interest to increase his income. Therefore, why should the Government point to any interest income he might receive from his modest investment and say that $100 is having a bearing on the amount of the allowance he should receive? Any time his investment return or interest return exceeds $100 in a single year, that excess comes off his war allowance.

I began by saying that I was surprised that the Government had not acted long before now. I had reason for making that comment. In the summer of 1981 the Senate Standing Committee on Health, Welfare and Science issued a report entitled "They Served—We Care". Recommendation No. 6 in that

report urged the Government to increase the interest exemption from $100 to at least $500, and cited many of the reasons that I have given this afternoon for the recommendation. The report was given substantial attention by Canada's veterans and the Veterans Committee, and it was said to have received favourable consideration by the Government.

Various motions were made in the House on the heels of that report, such as motions under Standing Order 43. Questions were also asked in the House. But what has the Government done to implement an increase in the amount of the exemption? It has done nothing. The months dragged by, and still nothing happened. Almost a full year later my colleague, the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie) questioned the Minister about his failure to act on that Senate Committee recommendation. The present Minister of Veterans Affairs (Mr. Campbell) responded by saying that the recommendation was "under active consideration right at the moment". That was in June, 1982, eight months ago, Mr. Speaker. It is too late now to assist these veterans for the 1982 tax year. That has gone by when the Minister was saying it was under consideration, eight months ago.

The Government's failure to act left the veterans vulnerable during those years when interest rates were at the astronomical height of 20 per cent or stretching thereto. Hon. Members will recall that the Government used the same approach to respond to the mortgage rate crisis in the country. Once the worst was over, the Government took some action and proclaimed that it cared. We see the same scenario developing here.

I am not going to prolong the debate, Mr. Speaker. It is important that this issue be brought before the House so that it can be concluded in some form and that we can attack it in a reasonable manner. It should be evident to all Members, as it is to the veterans, that an increase in the interest income deduction is long overdue.

If the Government truly cares and is willing at this late date to correct that long-standing injustice, then this motion should meet with the approval of the House today.

Mr. Roland de Corneille (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, the Hon. Member for St. Catharines (Mr. Reid) is proposing that the Government consider increasing veterans' income tax deductions for interest income from $100 to $1,000.

Such a suggestion is superfluous as far as the Income Tax Act is concerned because all veterans, just like every other Canadian who files an income tax return, can claim up to $1,000 in deductible interest income. Strictly speaking, the Hon. Member for St. Catharines is asking for something that is already in existence.

However, Mr. Speaker, the Hon. Member also makes the worthy suggestion that War Veterans Allowance recipients should be allowed to earn a larger amount of forgiveable interest income than is presently permitted. I should like to address that point.

The Hon. Member is not the first person to put forward such a suggestion. He is echoing resolutions passed by members of a number of veterans organizations.

The last change to the amount of interest exemption was in July 1980, when this House passed Bill C-40. The ceiling was raised from $50 to $100.

You will appreciate, Mr. Speaker, that interest rates reached extremely high levels in the months following the passage of Bill C-40, and it has been argued, logically, that a War Veterans Allowance recipient would not need to have had all that much in savings before topping the $100 exemption level.

True, the savings rates now available at banks and trust companies have come down substantially in recent times, but the Minister of Veterans Affairs appreciates the arguments advanced by veterans organizations and now by the Member for St. Catharines.

In fact, the question of interest income is already under scrutiny, but it is only one part of a total, comprehensive study being undertaken of the War Veterans Allowance Act.

Mr. Speaker, Hon. Members should be aware that at the moment the Act is being examined in its entirety. No aspect is being overlooked. Not only are the levels of benefits being examined but also the way the benefits are delivered. In other words, the Department launched an in-depth study into the effectiveness of the War Veterans Allowance Act in 1983—more than 50 years after WVA was introduced by Parliament.

Hon. Members should understand the background against which this study is being undertaken. Within a few years the large majority of Canadian veterans will be over the age of 65. New programs will have to be developed to assist this aging veteran population.

Many Members will be familiar with the aging veterans program launched by the Department of Veterans Affairs last year. This program has been widely praised as it offers a number of services designed to keep a veteran out of hospital and comfortable in his own home. However, this program at present is only available to those who receive war disability pensions. From this initial experience, it is hoped that War Veterans Allowance recipients will also be embraced by this valuable program, and this is one of the matters now under study.

I should tell Hon. Members that the whole War Veterans Allowance review is being undertaken not only by members of the Department of Veterans Affairs but in consultation with representatives of the Department of National Health and Welfare. These officials want to see if War Veterans Allowance, Old Age Security and the Guaranteed Income Supplement can be rationalized in terms of service delivery.

• (1640)

In addition, the opinion and advice of veterans' groups have been sought and are being received. The Minister can inform the House at this time that the review should be finished in the fall. I repeat that it is a wide-ranging review, concentrating on

every aspect of the War Veterans Allowance Act, interest income included, of course. Admittedly, some changes to the legislation can be made by amending regulations. The Minister is hopeful that he will be able to announce some positive changes in the near future, however any change to interest income exemptions cannot be accomplished through regulations. The Minister appreciates the attention the Hon. Member for St. Catharines is giving to this subject, but the Government cannot support his motion because of its limited nature.

I ask the Hon. Member to have patience and await the conclusions of the War Veterans Allowance review. I am sure he would agree that it would be wiser and more efficient to await broad, long-range recommendations to ensure that when the Government makes changes to the Act they will be consistent, comprehensive and fair.

Mr. Neil Young (Beaches): Mr. Speaker, this motion is being brought before the House at an appropriate time. It is one that we in the New Democratic Party fully support. The Government has introduced numerous amendments to the Income Tax Act which are being considered by the House. Unfortunately the proposed motion of the Hon. Member for St. Catharines (Mr. Reid) is not one of those amendments. I hope the Government will include it at the conclusion of this debate. Since hearing the remarks of the Parliamentary Secretary to the Minister of Veterans Affairs (Mr. de Corneille), I doubt very much that that will happen today, if indeed it ever happens.

As the Parliamentary Secretary pointed out quite correctly, a number of representations by interested individuals have been made to the Minister of Veterans Affairs (Mr. Campbell) over the years in support of such an amendment to the Income Tax Act. I think it would be supported by all Canadians. Why the Government would be reluctant to introduce it escapes me. Why should veterans, who have given of themselves in the service of our country, be treated differently from other Canadians with respect to income tax deductions?

The Parliamentary Secretary also said in effect that because all Canadians can take advantage of the income tax deduction on interest income, veterans are not in fact being discriminated against. However, what he failed to point out was that while the Government on one hand allows veterans to take advantage of that Section of the Income Tax Act, it takes it back with the other hand because it is taken off the top of the War Veterans Allowance.

The motion of the Hon. Member for St. Catharines is really a rather simple one. It reads:

> That, in the opinion of this House, the Government should consider the advisability of increasing veterans' income tax deductions for interest income from $100 to $1,000 annually, so that veterans would not suffer depletion of their War Veterans Allowance after earning more than $100 in interest income and so that they would be taxed on an equitable basis with other investors.

If the House does not give the motion the serious consideration which is requested and indeed fails to adopt it, we would be agreeing to continuing an obvious discriminatory practice against the veterans of our country.

As the Hon. Member for St. Catharines pointed out, the Government has been promising to review this particularly offensive Section for some time. The Parliamentary Secretary has told the House that the whole War Veterans Allowance including income interest is under review again this year. I found this rather curious because, on the one hand, he pointed out to the House at great length that there was no problem, and on the other hand he said that there was a problem and that the Department was reviewing it. We recognize that.

For many years veterans, at least the ones with whom I have spoken, have pointed out on numerous occasions that one of their major problems with that particular Department was the processing of claims. Since becoming a member of the Standing Committee on Veterans Affairs at practically all the meetings I have attended it was indicated that the major problem of veterans with the Department was in the area of processing and adjudication of claims. The delays, as a result of either that Department's tardiness, lack of staffing or physical movement of buildings around the country, have created tremendous problems for many veterans. The Department has assured Hon. Members of the House time and time again that this would be rectified and that it was not as bad as it was one, two or three years ago. Yet the bulk of correspondence I receive from veterans who still complain about undue delays in processing claims has not decreased in volume. The volume seems to be about the same, if not on occasion larger.

It is a question of how the Department views veterans. For example, the Hon. Member for Burnaby (Mr. Robinson) brought to my attention a problem of one of his constituents who was married to a veteran who unfortunately because of his war experience came out of active service as an acute alcoholic. This individual had attempted to obtain a war veterans pension as a result of that illness. The Department's position, which totally escapes me, gave the following rationale for denying War Veterans Allowance:

> —alcohol dependency . . . without associated organic disease is not a disease within the meaning of the Pension Act. However, should alcohol dependency lead to organic, physical and/or mental changes, the resulting organic disorders would constitute diseases . . . and, as such, would be considered by the Commission for pension purposes.

I have spoken with numerous doctors and professionals in the field who work with alcoholics. These people have told me that alcoholism is in fact a disease. For the Department of Veterans Affairs to be relying on a very out-dated notion of what alcoholism as an illness constitutes is really beyond belief. I see the Hon. Member for Oxford (Mr. Halliday) looking at me. Both of us served on the Special Committee on the Disabled and the Handicapped. We heard many professionals tell us that alcoholism was a disease and not, as it used to be considered, a character flaw in the individual which caused him to consume too much alcohol.

• (1650)

My suggestion to the Department of Veterans Affairs is that it had better come into the twentieth century when it takes a look at the problems individuals who have been in the Armed

Forces and have served in armed conflict are faced with in today's society.

I would like to refer to another issue which indicates the attitude of that particular Department. The committee heard from native veterans associations. They have a multitude of problems in attempting to establish the very fact that they should be entitled to the same veterans' benefits as other Canadians who are not natives. For example, Indian associations across the country told us that the Indian war veterans experienced difficulty in receiving the benefits due to them for having served in the wars. Those difficulties continue today. According to the complaints, those difficulties take one of two forms. Either the veteran has been required to give up benefits as a status Indian in order to receive veterans' benefits, or he has been forced to relinquish veterans' benefits in order to continue receiving benefits as a status Indian. The native veteran is placed in a Catch-22 situation. Either the native veteran gives up the natural right as a status Indian in order to receive benefits, or he does not receive the benefits in order to keep the native status. This is totally unacceptable. This was certainly unacceptable to our committee. We made strong recommendations to the Department of Veterans Affairs about what they should be doing in those instances. Do you know what the response of the Department of Veterans Affairs was? The Department said to the leader of those groups "If you want to go around the country and identify those natives who served in the war years, then we are prepared to take a look at any grievances they may have." The response from the leaders of those native groups was, "We do not have the financial resources or means to talk to every native person in the country to determine whether, in fact, he served in the Armed Forces during the war years and whether he may have grievances against the Department of Veterans Affairs." This is a serious problem. This Department must address that problem in a very reasonable manner.

I have another letter from an individual who tells me that the major economic problems that face War Veterans Allowance recipients is the need for assistance in the care of their wives who are also advancing in years and who have not reached the age of 65 when they will qualify for senior citizens' benefits. There is no allowance provided for dental care and dentures, optical assistance—glasses, etc.—prescription drugs, or prosthesis needs following mastectomy operations. The letter goes on to state that the cost of these services has risen at a phenomenal rate and the payment of these necessary benefits has greatly depreciated the purchasing power of the present allowance in the necessary areas of rent, tax, heat, light, clothing, food, etc. This veteran says that they require this aid in order to enable them to share each other's company and happiness during the twilight years of their lives.

I do not want to assist any attempt to talk out this motion so that it would not be adopted by the House. Therefore, having said that, I conclude.

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I would like to congratulate my colleague, the Hon. Member for St. Catharines (Mr. Reid) for introducing this simple, straightforward motion. He placed it on the Order Paper in November, 1981. Unfortunately, the Government should have taken some action at least two years ago and sent a letter to the Hon. Member for St. Catharines that the Government was going to introduce his recommendation to increase the allowance from $100 to $1,000 as a result of economic conditions. We should not even be debating this issue today.

What the Parliamentary Secretary to the Minister of Veterans Affairs (Mr. de Corneille) and the Minister of Veterans Affairs (Mr. Campbell) are overlooking is the fact that veterans are aging. Veterans are not getting younger and healthier. They cannot wait for all these long, detailed studies and reviews, nor listen anymore to these things "being under active consideration". This is a simple, straightforward matter that should have been dealt with two years ago. We do not have to wait for some long-ranging comprehensive view of veterans affairs before a simple motion such as this is carried through and changes made to the Income Tax Act, or whatever has to be done.

The Parliamentary Secretary mentioned that they are consulting with the Department of Health and Welfare. I hope the Government is not looking at phasing out the Department of Veterans Affairs and bringing it under the umbrella of the Department of National Health and Welfare. I will give the Government warning right now that it will hear the loudest protest it has ever heard. We want the Department of Veterans Affairs to remain as it is. This is a special interest group and we want them treated in that manner. We do not want the veterans lumped in with the Department of National Health and Welfare. I hope you are not entertaining any ideas along those lines.

At the last meeting of the Standing Committee on Veterans Affairs we had last year I tried to have a motion passed in the Committee that the Standing Committee on Veterans Affairs deal on a continuous basis with veterans' problems and call for progress reports from the Minister. This would have made sense. Our veterans are aging and their health is not improving. We need fast, fast action, not years and years of studies and delays.

I am in my eleventh year in this place. When I first came here I heard about these studies. We have had enough studies into veterans affairs. We have an excellent report which came from another place. The veterans organizations present excellent documentation year after year. It is not necessary to have any more studies. A study is just a stalling tactic. The simple things being requested will not cost millions and millions of dollars. I would like the Parliamentary Secretary to convey this message. Veterans are aging. They will not live to the age of 100 or 150. We have to do something now, not years from now.

We have asked the Minister repeatedly in the House to make statements on motions as to what progress was being made in the Department. We never hear a word from him. Every time we ask a question in the House, it does not matter whether it is myself or the Hon. Member for Malpeque (Mr. Gass) or anybody else, we hear there is a study or a review

going on. This keeps going on and on and on. The Minister should be making statements on motions to give us progress reports on what is to happen.

I hope that this motion will not be talked out. It is very simple. It does not have to be locked into another study. That is not necessary at all. It is unfortunate that arrangements were not made so that veterans could have been considered for the 1982 tax year.

I would like to impress upon the Parliamentary Secretary to the Minister of Veterans Affairs to go to the Minister and ask him to take a second look at this particular motion. It is not involved. Perhaps he could come up with a recommendation for his officials, the Income Tax Department, or whoever he has to speak to, to have this introduced.

We cannot accept his argument on long-ranging reviews and studies. Again, let me say to the Minister that our veterans are aging. We have to act now.

I hope that we will receive a commitment from you this afternoon. I hope some Liberal is not in here this afternoon with another prepared statement from some bureaucrat as to why this simple motion cannot be accepted. I hope that some Liberal over there has such a statement in his hand. I hope he will not rise today, but that this motion can be passed and this simple recommendation be put in place for Canada's veterans.

• (1700)

Mr. Gilbert Parent (Welland): Mr. Speaker, I preface my remarks by saying that it was only a few years ago that I was the Parliamentary Secretary to the Minister of Veterans Affairs. As a compliment to my colleague and next-door neighbour, the Member for St. Catharines (Mr. Reid), I hope that you do not think that the only reason that Members on this side stand is to oppose what you are saying. I think what he is asking in his motion—

The Acting Speaker (Mr. Corbin): I hesitate to interrupt the Hon. Member, and I possibly should have addressed this comment to the previous speaker as well, but while the Chair is more lenient during Private Members' Business, remarks should be addressed to the Chair.

Mr. Parent: Mr. Speaker, thank you for your correction. I have had enough experience in the House to remember that common courtesy which we should extend to Your Honour.

Through you, Mr. Speaker, I wish to assure the Hon. Member for St. Catharines that I believe his proposal does indeed have great merit. The previous speaker, the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie) set up a paper tiger when he said that he hoped the Department of Veterans Affairs would not be lumped in with the Department of National Health and Welfare. I personally, and I am sure many of my colleagues, would be very much opposed to any lumping of Departments at all.

However, it caused me to reflect upon who was the Minister of Veterans Affairs during the short period when the Members opposite were in power. For all of my thinking, all I could come up with is that they never had one.

Mr. Lambert: Yes, we did.

Mr. Parent: If I am permitted to continue, the Minister of National Defence was in charge of Veterans Affairs. Those Members did not see fit to have a separate Minister, as the Liberal Government has had for a number of years. Yet, they set up paper tigers. We think enough of our veterans that we indeed do set them aside and treat them as Canadians who have performed a great service for the country.

Mr. de Corneille: It is in the dirty minds of the Tories.

Mr. Parent: I would not use those terms, I say to my colleague. I am sure that when we are talking about the veterans, that type of remark is a little bit beneath us.

It is my opinion that there is more to be said on the subject being debated here today than can be expressed in one simple answer. The whole question of the War Veterans Allowance Act should be considered in light of just what it offers to those Canadians who are our friends, neighbours and relatives. More than 50 years after the legislation was passed in the House of Commons, Canadian men and women continue to benefit from most generous legislation. This is sometimes not understood not only by their Canadian friends but by those new Canadians who have arrived from countries that are not as far-sighted or as generous.

I can recall the time when legislation came up to extend the benefits to Hong Kong veterans. The Hon. Daniel MacDonald was the Minister of Veterans Affairs then and I was his Parliamentary Secretary. This legislation was brought to the House and passed by a Liberal Government. As Parliamentary Secretary at the time, I can recall that a request was made to extend these allowances to the veterans of Dieppe. We were the ones who brought that in. In fairness, I must say that there were amicable discussions on both sides. At the time there were Members from both Parties who were indeed interested first and foremost in the welfare of our veterans. I notice that the Hon. Member for Edmonton West (Mr. Lambert) is in the House. He is a veteran of Dieppe and a decorated soldier who should be acknowledged in the House as being an outstanding soldier in his time, a Rhodes scholar and a very great participant in all of the debates on veterans affairs. We should continue to listen to him as we have over the years. I compliment him for the work he has done for the veterans.

The War Veterans Allowance Act and the Civilian War Pensions and Allowances Act provide an allowance for persons who meet service eligibility requirements and who, because of age or incapacity are unable to work and have insufficient income for maintenance as determined by a modified income test. This allowance is available to veterans of the Canadian, Commonwealth and Allied Forces and to certain other civilians who served in close support of the Armed Forces during wartime. It is not only those, but, equally important, widows, widowers and orphans who may qualify under the same Act,

and an additional allowance may be paid on behalf of dependent children.

Again I come back to the theme of the fairness and the generosity of the Allowances Acts as they were set up. The War Veterans Allowance Act and the Civilian War Pensions and Allowances Act are a form of financial assistance intended to ensure that a qualified recipient's income does not fall below a certain level specified under the legislation. As an income-support program, it forms part of Canada's social assistance legislation. In common with other such programs, all other income must be taken into consideration in determining eligibility for the allowance and the amount at which it may be paid.

In order to make this whole picture of War Veterans Allowance a little clearer, I think it would be wise to review the circumstances under which this whole package of legislation evolved so that we can put this particular proposal from the Hon. Member for St. Catharines into its proper perspective.

During the First World War, and during 1917 more specifically, just before the Battle of Vimy Ridge, Prime Minister Borden spoke to the Canadian troops. He is quoted as saying:

> The Government and the country will consider it their duty to see that a proper appreciation of your efforts and of your courage is brought to the notice of your people at home, and that no man, whether he goes back or whether he remains in Flanders, will have just cause to reproach the Government for having broken faith with the men who won and the men who died.

[*Translation*]

Mr. Speaker, four or five years ago I went to Vimy to represent Canada on November 11. I had the great honour of speaking on behalf of our country about the soldiers who were wounded in battle and those who died on the battlefield. We must never forget the tremendous sacrifice made by these men so many years ago. I also would like the House to know, Mr. Speaker, that my father was one of the soldiers who fought over there, and today, in the House.

[*English*]

We have in the galleries another veteran of the Second World War who followed my father's footsteps. He is my brother, Gerald Parent, who was an Air Force pilot. I am happy that he is here today to listen to us discuss these matters about the veterans. Both he and my father are veterans. Like all veterans, I believe they performed their duty well in adverse circumstances, and it is to them that we owe many thanks.

The next 23 years after 1917 was an extremely significant time with respect to the establishment of administrative and adjudicary bodies with responsibility to veterans and their dependants. The War Veterans Allowance Act was approved in 1930 and was administered by the War Veterans Allowance Committee. In 1936, the War Veterans Allowance Board, as we know it today, was established. Ever since that year we have witnessed countless amendments which improved the War Veterans Allowance Act. They were amendments which lived up to the expectations of what this Act was all about and what was referred to by the then Prime Minister, Mackenzie King, when he said:

> This legislation represents an attempt to recognize a service upon which no price can ever be placed. Those whose services are involved have not thought of their duty as being something which would entail a monetary reward, but it is an acknowledgement of the burdens borne and sacrifices endured.

• (1710)

The most recent major adjustment to veterans legislation was enacted in this House on July 17, 1980. The Hon. Member for Edmonton West will remember when Bill C-40, the statute law called the Military and Civilian War Pensions Compensation and Allowances Amendments Act, received Royal Assent. He was present on that day.

Amendments to the Pension Act and the compensation for former prisoners of war extended benefits to widows and surviving dependent children of disabled pensioners or former prisoners of war not eligible under the existing Act. Amendments to the War Veterans Allowance and Civilian War Pensions and Allowances Act included a revised benefit structure. Other changes in pension and allowance legislation were aimed at removing specific inequities, disparities or anomalies. In short, major revision of the War Veterans Act and the Civilian War Pensions and Allowances Act were contemplated and put into place.

Clearly, the philosophy and policy of successive Governments has been to recognize the sacrifices made by Canadian men and women in the defence of Canada by establishing separate legislation which would recognize this group of Canadians as being special among the total population. There is no one in the House who could possibly question the fact that these men and women are indeed special to all of us.

From its inception, a hallmark of veterans' legislation has been its responsiveness to changing circumstances. That is why the suggestion which is being brought forth today is one which should surely be considered by all Hon. Members in the House.

Veterans' legislation has also served to pioneer new ideas respecting income support, compensation and social rehabilitation and support programs for Canada. The Hon. Member speaking for the New Democratic Party mentioned a little earlier that one of the rehabilitation programs being considered, as a matter of fact, concerned alcoholism. This was studied by the committee which was set up to consider the disabilities of Canadians and bring about legislation to deal with them. I would venture to say that alcoholism per se is no greater a problem among veterans than it is among any other groups. Yet if we were to consider some of the causes of alcoholism, we might find that they could indeed be traced to the fact that these men were in combat or under adverse conditions during the war. As a result, in some circumstances they have taken to drink. I think that we as Parliamentarians, as Canadians, would want to say that we in turn should now be our brother's keeper in trying to help veterans to cope with this disease, this illness, which is recognized as such. I accept the recommendation of the Hon. Member that we should possibly

consider a redefinition of alcoholism as a sickness and the treatment of certain people who are afflicted in this way.

Once again, returning to the idea involving income support, it continues to set this country above all others in terms of the quality of benefits extended to veterans and to their dependants. However, circumstances and times change. The legislation which we thought was letter perfect a couple of years ago requires further review today. I agree with the Hon. Members who have already spoken. The War Veterans Allowance has retained its basic compensation features as opposed to a strict welfare orientation, and has done so visibly in becoming a leading income-tested, as opposed to means-tested, program.

Mr. McCain: Mr. Speaker, I rise on a point of order. I wonder whether the Hon. Member would entertain a very brief question. If he is so supportive of veterans and the motion, why does he not sit down and let it pass?

Mr. Parent: If the Minister or the Hon. Member—God forbid that he should ever become a Minister—means that I should give my place so that someone else can speak, I suggest—

Mr. McCain: Let it pass.

Mr. Mitges: You are not sincere.

Mr. Parent: —that I indeed have something to say, which I want to share, and I thought we were all alike in being afforded an opportunity to express our opinions. However, to go along with his suggestion, if he will bear with me for another 60 seconds, I will indeed give my place to the Hon. Member if he would like to stand and speak in his place.

I conclude by saying that the War Veterans Allowance has retained its basic compensation features as opposed to a strict welfare orientation and has done so visibly in becoming a leading income-tested, as opposed to a means-tested program. Circumstances are changing and, for those reasons, the whole of the War Veterans Allowance Act and the Civilian War Pensions and Allowances Act is under yet another review. I think that this augurs well for us because in so doing we are keeping ourselves abreast of changes and hopefully we will be able to bring about legislation which will be beneficial to our veterans.

Mr. Lambert: Other than indicating my support for the motion, I will abide by the suggestion of our colleague, the Hon. Member for Carleton-Charlotte (Mr. McCain) and sit down. I wish to support the motion. I thank Hon. Members who have spoken, inasmuch as Hon. Members have served in World War II. Many changes could be brought about and we could discuss them at length, but as I have stated my support for the motion, I will now sit down.

• (1720)

[*Translation*]

Mr. Gérald Laniel (Beauharnois-Salaberry): Mr. Speaker, I did not quite hear what the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie) said, but I hope he is not accusing me of having ulterior motives as far as veterans are concerned.

Mr. Speaker, during the debate this afternoon, Hon. Members all showed an interest in the cause of our veterans—those who went overseas during the two World Wars and the Korean War to fight for democracy—and I for one have always done so. During the twenty years I have been a Member of this House, I have always been a Member of this Committee. I was Chairman when the Committee considered the Woods Report and changed the interpretation of the benefit of the doubt to favour veterans. I was still Chairman when we made specific recommendations regarding the Hong Kong prisoners of war, which paved the way for another decision which, I agree, may not have been sufficiently generous to other ex-prisoners of war, including those who were at Dieppe and others who were taken prisoner in Europe. I want to say that I am speaking not only as a veteran who has not forgotten his former comrades in arms but also as a Member of this House who for twenty years has shown a special interest in veterans affairs and has done everything in his power to make Government legislation concerning the Pension Commission or the War Veterans Allowance Board more generous to those who sacrificed several years of their lives and came back marked by those years.

Mr. Speaker, I think we should seriously consider—the subject has not yet been mentioned in the House this afternoon—what the veterans allowance actually is. The veterans allowance was established to help those who were affected by the war, either psychologically or physically, without being able to prove this was a direct consequence of battle or their participation in armed conflict, either in the air, on sea or on land, in other words, without being able to prove that they were wounded or had to be taken to hospital and receive treatment, which entitles them to a pension several years later. The veterans allowance, which has been and is still called the burnt out pension, was established for those who were affected, psychologically more than anything else, by the war, and who have required special help from the Government to continue to lead a normal life, raise children, live happily with their wives and without the embarrassment of, for instance, having to pick up welfare payments.

Mr. Speaker, the veterans allowance is not for the rich. It was meant to help those who are in financial need. There are certain requirements as to military service for receiving the allowance. A veteran must at least have served long enough that his psychological or financial difficulties in future years may be directly or indirectly related to his military service. However, this allowance is a substitute for the income that he cannot earn to raise his family and support his children and his wife. We have been told that it is shameful to set a $100 ceiling on the interests that a veteran can receive without affecting his allowance. It may be true that a ceiling of $100 is not high enough, and I personally agree. On the other hand,

can there be that many veterans receiving the allowance who have enough savings that they need a much larger exemption?

Third, Mr. Speaker, it has been suggested that this restriction which prevents veterans from receiving over $100 in interests without any reduction in their allowance is terrible, but there are other exempt sources of income for these veterans. It would perhaps be appropriate to list the other sources of income which can be exempted. As Hon. Members are aware, any war disability pension paid by the Canadian Forces or the Allied Forces is exempt. The disability care allowance is exempt; so are welfare benefits; so are certain amounts paid to dependent children or on their behalf and occasional earnings of up to $2,100 for single recipients and $3,100 for married recipients, interest income up to an amount of $100, which the Hon. Member wants increased, part of the guaranteed income supplement, the exempt portion of the veterans allowance, any pension or allowance received for a military medal, compensation for war services, as well as capital gains.

Mr. Speaker, a veterans allowance recipient is an individual who has served his country with honour and whose financial future we want to protect. But we cannot at the same time offer similar protection to someone who has enough savings and earns a fair amount of annual interest to be able to do without that allowance. Mr. Speaker, I am in favour of looking into the question of whether an increase might be warranted, say to $200, perhaps to $500 or even to $1,000, but the Hon. Member ought to understand that the whole issue must be reviewed in the wide context of the veterans' allowance legislation. As the Parliamentary Secretary pointed out earlier, the Department is now making an in-depth review of that legislation. The Hon. Member knows that we cannot—

The Acting Speaker (Mr. Corbin): Order, please.

Mr. Laniel: Mr. Speaker, I would have a lot more to say and, with all due respect, I am sure I could enlighten the Hon. Member for St. Catharines (Mr. Reid).

The Acting Speaker (Mr. Corbin): Order, please. Pursuant to Standing Order 24(2), it is my duty to interrupt the proceedings.

PRIVATE MEMBERS' PUBLIC BILLS

[*Translation*]

The Acting Speaker (Mr. Corbin): Shall all orders listed under Private Members' Public Bills preceding item No. 225 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

[*English*]

CANADIAN HUMAN RIGHTS ACT

PUBLIC SERVICE SUPERANNUATION ACT—AMENDMENT RESPECTING AGE OF RETIREMENT

Mr. Gus Mitges (Grey-Simcoe) moved that Bill C-425, respecting the age of retirement, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

He said: Mr. Speaker, I am indeed pleased to have this opportunity to speak on a subject which I have always espoused and supported, not only in this House but in many other places and other areas as well. I am referring to voluntary retirement and the right of every worker or individual, if he or she so chooses, and if he or she is physically able to do so, to work beyond the mandatory retirement age set down by legislation.

I am fully aware of the fact that the issue of mandatory retirement has been discussed previously in this House and that many important points have been brought out. However, I should like to add to the debate by expressing my deep concern over the tremendous waste of human resources resulting from a policy of compulsory retirement, a waste both in terms of the work force and of the Canadian society as a whole.

I am distressed more particularly by the debilitating effect that mandatory retirement can have upon the physical and mental health of individuals. I agree wholeheartedly with U.S. Congressman, Claude Pepper, who said:

> Mandatory retirement is an extravagant waste of people. It severs productive men and women from their livelihoods, lowers their sense of self worth, and squanders their talents.

In the past, it has been largely assumed that most people wish to retire at the age 65, and further, that for reasons of physical and mental health, people should retire at that age, and perhaps even before they reach that age. The view that people should normally retire at the age of 65 has been so widespread in our society that it has been embodied in various Government acts and legislation. For instance, the Public Service Superannuation Act sets the retirement age at 65. Then there is the Canadian Human Rights Act which prohibits discrimination on the basis of age, except in the case of the individual who is 65 or over. Apparently the Canadian Human Rights Act does not consider compulsory retirement to be a form of discrimination.

I realize that in our society, with its accent on youth, there is a tendency to underestimate the capabilities of people beyond middle life. However, as far as I know, there is no sound scientific basis for setting retirement age at 65, or even at 70, because most people at 65 are at the peak of their mental powers. They have more experience, they have more a balanced judgment and generally are more persistent, more loyal, more tolerant and patient than their younger co-workers. If they have good health, they are more likely to have a steady work record. Considerable evidence has been amassed indicating that older workers are not necessarily the incompetent, deteriorating deadwood which personnel managers sometimes

imply. Two studies referred to by the United States Senate Committee on Human Resources made this point: a New York survey compared workers over and under the age of 65 with regard to absenteeism, punctuality, on-the-job accidents, and over-all job performance. It concluded that older workers were about equal to, and sometimes noticeably better than, younger workers.

• (1730)

The University of Illinois came to a similar conclusion in its study, which reported that there was no specific age at which employees became unproductive. Also this report expressed the view that satisfactory work performance may continue even into the eighth decade. The director of a creativity program in the United States found that fully 80 per cent of the most workable and worthwhile new ideas were produced by employees who were over 60. Younger employees had a tendency, as he put it, to "re-invent the wheel".

There is no question that these studies should cause us to pause and re-examine the discriminatory practices prevalent in the whole area of mandatory retirement. We must begin to judge people on the basis of competence and not judge them just on the basis of age.

If we continue to subscribe to the policy of retirement at age 65, we will find that an increasingly larger share of our population will be considered, and will consider themselves, as second class citizens; the unproductive old. It seems to me our present focus on age 65 as the age of retirement is based more and more on tradition rather than on any rational motives.

Let me briefly examine the history of the 65 retirement age policy. The modern history of mandatory retirement and the use of the figure 65 as the magic number are both traced back to Germany's famous Chancellor, Otto Von Bismarck. Hoping to stave off socialism in his country, the Chancellor initiated the social security pension system in 1889 at which time he proclaimed 65 as the appropriate age for retirement.

Bismarck's model has been followed ever since in much of the western world. Over the years it has become ingrained in our society to the point where age 65 is considered the line of demarcation between middle age and old age. Ironically, Bismarck himself was 74 years of age when he introduced his pension scheme and was at the height of his spectacular career as the "Iron Chancellor". Perhaps Bismarck's choice of 65 was quite appropriate for his time and may even have been stretching things a bit, because in Bismarck's day only a small percentage of the population lived to be 65. Life expectancy at that time was 37. Our average life expectancy today is over 74, and many more of us make it to the age of 65 in a state of better physical and sounder mental health than they did in Bismarck's time. Therefore, we must ask ourselves whether it still makes sense in this day and age to retire a person automatically at 65. Is it fair to do so?

For those Hon. Members who still have doubts, I would recommend that they recall that several of our colleagues in the House are well past the traditional retirement age. Personally, I am grateful for the expertise which they continue to offer in our day-to-day proceedings. However, in this House we are fortunate in that we do not have to face the threat of forced retirement simply because we have reached some arbitrary age limit. It is only right and proper that this privilege be extended to the rest of Canadian society. Ability and not age should be the determining factor in deciding whether a person should look forward to their retirement at 65, or even earlier, but the important point is that there should be a freedom of choice.

Now let us assess some of the supposed benefits of the current retirement policy. One of the arguments for pro-mandatory retirement is that the 65 retirement age policy frees up scarce positions for unemployed youth. However, it has been found in studies done in the United States that the number of jobs freed by mandatory retirement appears small compared to the physical, psychological and social benefits gained by permitting the older worker, who is willing and able, to remain in the work force. Also there is the argument that after 30 odd years of productive labour, society owes its older workers a number of years of blissful retirement. This may be so, Mr. Speaker, but we do have a responsibility as well to those who have no desire to stop work and to the many who are able to work, who need to work, and who want to work.

In our society where so much emphasis is placed on the work ethic, work gives form, dimension and meaning to the life of the average citizen. The American Medical Association has indicated that there was considerable medical evidence that the sudden cessation of productive work and earning power of an individual, caused by compulsory retirement at the chronological age of 65, often leads to physical and emotional deterioration and premature death. It was indicated further that few physicians deny that a direct relationship exists between forced idleness and poor health, and that chronic complaints develop more frenquently when a person is inactive and without basic interests. These disturbing statements alone should compel us to re-think the whole issue of mandatory retirement.

Of course, there are familiar arguments in favour of retaining a compulsory retirement policy in industry and Government. One is the contention by large companies that retirement pension plans would be greatly disrupted by eliminating the retirement at age 65 tradition. This suggests to me, Mr. Speaker, that actuarial computations are somehow more important than the fulfilment of human lives. I totally reject such a proposition. Such a contention also overlooks the fact that where optional retirement is available and pension plans are adequate, many workers elect to retire before they reach 65. But to postulate from this that all should leave productive employment at a given age is illogical, wasteful and immoral. If, as some authorities maintain, we are resigned to a shrinking national economy, then the economy itself must be economical, particularly of talent and experience.

Those are the few remarks I wanted to make, Mr. Speaker. I certainly welcome input from other Hon. Members. Hopefully, my Bill will come to a vote.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am glad to have a chance to say a few words this afternoon on Bill C-425,

which concerns the compulsory retirement age of 65. I have been especially interested in this question during the past couple of years. Since the Charter of Rights was adopted on April 17 of last year, a number of federal Government employees have expressed to me their concern and interest in continuing to work beyond the age of 65. I must say that so far as the two or three cases which I have been involved in are concerned, the Government has recognized at least the spirit of the Charter of Rights and has not required these people to retire at age 65, thus moving in the direction in which the Hon. Member's Bill would have us move. Of course, the Charter of Rights itself does not come into effect for three years, but in the interim, at least in the two or three cases in which I have been involved—one was an employee of the Department of National Health and Welfare and another was a postal employee, which is a Crown Corporation—leniency has been shown.

The effect of the amendments which are proposed in Bill C-425 this afternoon would end the practice of mandatory retirement at age 65 in the federal Public Service and in the federal institutions, which practices are subject to the regulations of the Canadian Human Rights Commission. I want to indicate my support for the Hon. Member for Grey-Simcoe (Mr. Mitges) in putting this motion before the House today.

• (1740)

Mandatory retirement has been the subject of a number of reports in recent years. In 1979 the special Senate Committee on Retirement Age Policies issued a report entitled "Retirement without Tears". In January, 1980, the Compensation Research Centre of the Conference Board of Canada published a report entitled "A Mandatory Retirement Policy: A Human Rights Dilemma". A year ago last February the Manitoba Commission on Compulsory Retirement submitted a long and detailed report. Each of these reports, Mr. Speaker, supports the concept of abolishing mandatory retirement. But each study acknowledges that the issue is a complex one and it will bring problems which must be addressed. That is why the relevant provision in the Charter of Rights will not be fully implemented for three years.

There are many arguments for and against mandatory retirement. Those in favour would argue that its abolition will cause serious social and economic problems, particularly at a time of high unemployment. They also argue that mandatory retirement means younger and ambitious employees have greater opportunities for promotion. Mandatory retirement simplifies the work of personnel managers. When retirement is automatic at 65, employers can set up systems for assisting employees approaching retirement. If age is not the basis for retirement, employers will have to set up some system of review to ensure that employees remain fully competent to carry out their duties. Under the present system, employers are usually lenient in assessing employees approaching retirement age. If it becomes flexible, employers may become tougher and there may be more employees retiring earlier than at 65. With a mandatory retirement age, employees have no excuse for putting off retirement planning. In addition, elimination of mandatory retirement would have an effect on group disability and health schemes, and so on. If you remove mandatory retirement, are the human rights of young people denied?

However, Mr. Speaker, those opposed to a mandatory retirement age, as the Hon. Member for Grey-Simcoe has argued—and I would want to be associated with his arguments—argue that there is no arbitrary and predetermined age which corresponds to changes in mental and physicial powers. Mandatory retirement ignores the diversity in people. Some should perhaps be retiring well before 65. Mandatory retirement may damage the standard of living of people and force them into poverty. It may put some stress on people who are really functioning at the peak of their ability and want to continue on past age 65. Mandatory retirement results in a waste of manpower, and is contrary to the national and international emphasis on human rights, especially the prohibition of discrimination on the basis of age. While some may argue that it is impossible to consider human rights in isolation from economic issues, I propose to leave to others the economic arguments both for and against the issue and to concentrate on the legal and human rights implications of mandatory retirement.

The proclamation of the Canadian Charter of Rights and Freedoms on April 17, 1982 has renewed interest in the question of mandatory retirement. Section 15 of the Charter, which comes into force on April 17, 1985, provides that every individual is equal before and under the law and has the right to equal protection and equal benefits under the law. That Section also prohibits discrimination based on age. While it must be read in conjunction with Section 1 of the Charter which permits reasonable limits on rights, there are many who see in Section 15 a bar to any law which establishes a mandatory retirement age. Others, however, are of the view that provision for mandatory retirement at a certain age might be found, in a free and democratic society, to be a reasonable limit on the right not to be discriminated against on the basis of age. This question has been addressed for some time now by human rights legislation in Canada.

Most Provinces have prohibited discrimination on the basis of age. However, in the Human Rights codes of a number of Provinces, age is a defined term, meaning that discrimination is prohibited on the basis of age for those between age 18 and 65. Legislation in Manitoba and New Brunswick does not establish an upper age limit for discrimination. In the case of Newport versus the Government of Manitoba, the Manitoba Court of Appeal held that the Government of Manitoba was bound by the anti-age discrimination provision of the Manitoba Human Rights Act, and the compulsory retirement of Mr. Newport at age 65 violated that Act. Some Provinces, such as Ontario, permit discrimination on the basis of age if the mandatory retirement relates to a bona fide occupational requirement. This issue has come before the Supreme Court of Canada in the case of *the Ontario Human Rights Commission et al v. the Borough of Etobicoke* in 1982. The Supreme Court upheld a complaint of discrimination by a fireman who was compelled to retire at age 60. The court held that the assertion

that firefighting was a young man's game was not sufficient to show that the mandatory retirement age of 60 was a bona fide occupational requirement. The court suggested that such a requirement could only be established with medical and statistical evidence on the subject of aging.

I mentioned the human rights legislation and two court cases to show that the question of the age at which a person should retire is not an easy one, Mr. Speaker, and the abolition of mandatory retirement will create a new and perhaps equally serious human rights problem. How do we determine when employers can require employees to retire? There is a very good reason why Section 15 of the Charter does not come into effect for some three years. The reason is to allow time for the provincial and federal statutes to be adjusted to the changing situation.

In addition to other factors, there are some very unique problems resulting from prohibiting discrimination based on age. Professor London, Dean of Law at the University of Manitoba, in an address at a 1982 conference listed five reasons why prohibiting discrimination on the basis of age was different from other forms of discrimination in Section 15 of the Charter. The term "discrimination on the basis of age" contains many different categories. The problems of discrimination against the young are very different from discrimination against the elderly. Prohibiting discrimination on the basis of age is a new concept, and in some places there is little public perception on the issues involved. It is something all people are capable of experiencing, unlike discrimination on the basis of race or religion. The issues involved in this kind of discrimination, the age to drive, to vote, to drink and to retire, have traditionally been dealt with by legislative means and not as a matter of fundamental rights.

Those are some of the considerations, Mr. Speaker, in dealing with the Bill before us this afternoon. As a matter of common sense, we all know that at some point, and to some extent, age might affect our mental and physical capabilities. There is no question of race or religion ever affecting our ability to work. I should emphasize that Professor London does not think that the unique problems of age discrimination should prevent the abolition of mandatory retirement. However, I do think that Professor London's analysis shows us that we must make sure that we have considered all the ramifications before abolishing compulsory retirement.

• (1750)

It may well be that we will want to bring forward legislation abolishing mandatory retirement before Section 15 of the Charter comes into effect in 1985. Mr. Speaker, I remind Members of this House that the coming into force of Section 15 was delayed for three years so that the federal and provincial Governments would have time to review and change laws that do not conform to the Charter.

The Department of Justice is engaged in a comprehensive review of all federal Statutes to ensure compliance with the Charter. That is essentially the information I received when I made representations on behalf of two constituents to the President of the Treasury Board (Mr. Gray)—that this matter was being reviewed so that there could be a comprehensive policy established between Government departments.

I am sure that all Members will understand that this is a time consuming and complex process. Legislation cannot be changed without considering the effect of changes on other statutes, regulations and administrative practices. There is also an attempt to co-ordinate certain changes contemplated at the federal level with changes which might be brought about in certain provincial legislation.

In the area of mandatory retirement, it is interesting to note that at least five Provinces are conducting or have conducted inquiries, namely, British Columbia, Manitoba, Ontario, New Brunswick and Nova Scotia. Quebec has passed legislation abolishing compulsory retirement.

It is for these reasons, Mr. Speaker, that I am prepared to await the recommendation of the Department of Justice before determining what, if any, steps should be taken with respect to legislation providing for compulsory retirement.

It is only fair to mention, Mr. Speaker, that there are those who do not believe that the Charter is an absolute bar to laws providing for compulsory retirement. These people believe, and in fact, this point was raised by the Minister of Justice (Mr. MacGuigan) when he appeared before the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada, that the courts will determine if compulsory retirement offends the Charter guarantee against discrimination based on age.

In conclusion, I do not think that it is the time to pass legislation abolishing compulsory retirement in federal institutions. If we are to move in this direction, it must be only after careful consideration of all the ramifications and after consulting with the Provinces. The process of studying the legal, social and economic effects of ending compulsory retirement is going on now, and I suggest, Mr. Speaker, that we await the results of this process.

In the meantime, I am pleased to note that the Government is dealing with individual cases where Members have made recommendations that people who are physically and mentally capable and who have the enthusiasm to continue to work past 65 be recognized. Many of them are continuing to make a valuable contribution to society, to the Government of Canada and to the Crown corporations involved.

I am pleased that the Hon. Member brought forward this Private Members' Bill today. It requires the serious consideration of the House in the months and years ahead so that a fair and just policy can be established which recognizes that those people who want to work after age 65 can do so in an organized way that is of benefit to all.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I regret that I do not have more time to go into this matter. It is not my intention to talk the Bill out. I hope it will have the opportunity to go to committee as I think more Private Members' Bills ought to. Even though I may not agree with the detail of this Bill, at least in committee there would be an

opportunity for the questions it raises to be considered. I wanted to make that clear at the outset. I will make my remarks brief so that the Government will have the opportunity to talk out the Bill.

The Bill raises a lot of questions. I think the Hon. Member who just spoke raised an important concern, if I understood him to say that we ought not to throw out mandatory retirement lightly. The abolition of mandatory retirement would create a lot of problems that have not been considered in detail by its critics. In the days when people had to work beyond the age of 65, the advent of mandatory requirement was regarded as an achievement. I think we should remember that point.

I believe that the answer to the problem lies in greater flexibility of retirement age with more opportunity for voluntary retirement without penalty earlier than at age 65—and I stress, without penalty. Because if we decide that early retirement ought to be more of an option, people have to be able to choose this in such a way that they are guaranteed economic security. Thus we should strive for more voluntary retirement without penalty, from age 55 onwards and for more flexibility about mandatory retirement. The objective should be an improved lifestyle, pursued for social and health reasons, and not because more and more people feel the economic necessity of working beyond 65 either because they cannot trust the Government to leave their Old Age Security payments alone—perhaps the only element of their pension future which may be indexed against inflation—or because they cannot afford to quit working because they do not have a private pension plan.

Thus, if we should move in the direction of less mandatory retirement, it should be but for positive reasons, rather than responding to problems arising from the absence of adequate pension schemes or adequate economic policies. This we must keep in mind, Mr. Speaker.

It is certainly appropriate for us to reflect on the age of retirement and on the need for society to overcome the perception that people become unproductive at age 65. We must consider the whole concept of work and the meaning it gives to life and the other ways in which people may feel that they contribute to society. We must take all these things into consideration.

I am sorry that I did not have more time this afternoon to go into the matter, Mr. Speaker.

Mr. Jack Masters (Thunder Bay-Nipigon): Mr. Speaker, I would have liked to have made some comments on the Bill, but time is running out. One of the provisions of the Bill, if enacted, would result in the removal of the mandatory retirement age of 65 for the Public Service now specified in the regulations made pursuant to the Public Service Superannuation Act. Mandatory retirement at age 65 within the federal Public Service is a subject which has been and continues to come under very careful examination within the Treasury Board Secretariat. While the Bill has merit, we must recognize that it is complicated and deserves further study. I hope that when we have more information on the subject we may see some changes coming in this direction.

I see that it is six o'clock, Mr. Speaker, so I shall continue my remarks at another time.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being six o'clock, the House adjourns until eleven o'clock tomorrow morning, pursuant to the provisions of Standing Order 2(1).

At 6 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, March 10, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed from Tuesday, March 8, 1983, consideration in Committee of Bill C-139, to amend the statute law relating to income tax (No. 2)—Mr. Lalonde—Mr. Blaker in the Chair.

The Deputy Chairman: I apologize to Hon. Members for the delay. There was under consideration a ruling on a point of order raised by the Hon. Member for Simcoe North which may be ready later in the day.

On Clause 4—*Amounts receivable in respect of services, etc., rendered*

Mr. Darling: Mr. Chairman, on Tuesday afternoon when the sitting came to a close, I was on my feet asking the Minister for clarification on certain points. I gave the example of the farmer who sells his farm and, with the capital, expects to retire in comfort or at least be able to look after himself. In the past he could purchase an immediate life annuity which would guarantee him so much a month as long as he lived. Of course, this is no longer available under the new revised regulations.

• (1110)

Then I cited the case of someone who probably did not have any assets whatsoever but was fortunate enough to win one of the $1 million lotteries. That windfall is not subject to capital tax, but of course the revenue and interest derived therefrom is subject to income tax.

Would the Minister explain the difference between the two? Why is the person with the windfall profit home free, whereas persons who purchase other investments are able to have substantial lump sum gains but are not able to look after their future in their retirement years?

I could cite many other examples of people in modest circumstances who might have a bit of cash when they reach retirement. They know they will receive the old age pension and Canada Pension, at least the great majority of them. If they have a lump sum with which they want to purchase a life annuity, why are they not able to do it out of profit from some sort of a deal, whether the sale of a house or whatever?

Mr. Cosgrove: Mr. Chairman, I would be very pleased to attempt to answer the Hon. Member's questions, which really deal with IAACs, when Clause 30 is under consideration. Part of the difficulty in responding to the points and issues raised which are not before the Committee for deliberation is that unless we deal with the Clause in front of us, it would be a hopeless chore to deal with 139 Clauses in any kind of order. I would be happy to focus my attention on the items raised by the Hon. Member when we reach that point.

In the same vein I would like to inquire of the Hon. Member, or possibly the Hon. Member for Mississauga South, whether Hon. Members opposite have agreed that we would deal with Clauses in addition to the Clause which gave rise to this discussion, that is Clause 4, the first one dealing with the whole issue of insurance and annuities. It was agreed that the House would deal with related Clauses. I provided Hon. Members opposite with a list of the related ones and hoped that we could deal with the related items. Unfortunately Clause 30, upon which the Hon. Member has now touched, does not fall within those items. Are they now proposing that Clause 30 be dealt with?

Mr. Darling: No.

Mr. Cosgrove: The answer is no. Therefore, I would prefer to deal with that item when we come to it. Also I would be interested in knowing if it is possible for Hon. Members opposite to indicate whether the proposal we made and the Clauses we listed were acceptable, to put some form to the discussion. Have they reached that conclusion at this time?

Mr. Darling: Mr. Chairman, certainly I will be more than willing to defer that particular item until it is reached.

If I could move on to another item, on Tuesday the Minister indicated that he had received some letters. In fact, he quoted from letters from officials of both the Life Underwriters Association of Canada and the Canadian Health and Life Insurance Association. I have been in touch with both of those organizations recently, in fact, with one of them today. They can see that great strides have been made in the revision of the regulations. Of course, they are much happier now than they were with the original budget of November, 1981. They hope the Bill will get through before too long, as we do on this side of the House.

• (1115)

I questioned these people on the amount of revenue which the Department of Revenue hopes to recover, and I received

the figure from the Minister's officials of $75 million. I took that as being an average of $75 million a year. I assume that is not a total of $75 million. I see one of your two wise men nodding his head in the affirmative, so I assume that is correct.

In the first year, 1983, I would assume that figure would be closer to 75 cents than $75 million. Of course, it would go up a bit. I checked again with the president of one of the major life insurance companies and told him that I wondered how the Minister's Department could come up with any figure that would hold water. I am of the opinion that the $75 million amount was drawn out of a hat, or someone used a Ouija board or spun a wheel of chance to get it. I do not think the Minister could produce anything to verify that amount.

I want to re-emphasize that policies taken out prior to December 2, 1982, or whenever it is, are not affected by the new legislation. Seventy-five per cent of the new policies which are being sold now and in the future I am told are term policies which have no cash value, and therefore do not enter the picture.

There is another 30 per cent of policies which are whole life policies, limited life policies and investment policies. Of that 30 per cent, only 5 per cent will qualify, or in other words be subject to tax. I just want to point out here that the Minister and his departmental officials are going to all this trouble on the basis that they will only be able to collect from 5 per cent of the policyholders. Only 5 per cent, give or take a few, will even be subject to tax. Again, let me repeat what I said. It is in the years to come that the tax will be collected. I say you will get 75 cents this year—and I may be on the high side—but in subsequent years some of these policies will be subject to tax. But with all the problems of collecting the tax, I am curious whether the Minister thinks it will be worth it.

I would like verification of the $75 million. I presume the Minister's officials must have some idea as to the percentage of policies on which the Department feels it will be able to collect. Am I very far out in my calculation?

We certainly want to see this legislation get through. I am aware also that the insurance companies have great reservations about annuities, pensions and so on; but that is another story. I think the Minister's Department has told them that down the pike that question will be discussed along with the White Paper on Pensions, perhaps through the Department of National Health and Welfare or the Department of Finance. I would appreciate the Minister's comments on that as well.

• (1120)

Mr. Cosgrove: Mr. Chairman, when I made reference to the $75 million which would be forgone revenue to the Government, the Hon. Member may recall that I made reference to a *Financial Post* article dated July 4, 1981, which was headed "Big Sums Go Into Deferred Annuities". I made reference to some of the features in that article, for example: "The smart money is moving into deferred annuities. Investments that earn today's high interest rates and let income accumulate compound and tax defer to 10 or 20 years or more." I was addressing the issue of annuities. If it was not clear, my reference to the $75 million was directed to the use of deferred annuities. The $75 million referred to the amount of forgone revenue with respect to annuities.

It arose as a result of our dealing with Clause 4. We then had to bring in all of the other Clauses because the principle applies equally to annuities and life insurance policies that have an income or investment build-up where there is money left over after buying protection. In short, with respect to the figures used by the Hon. Member as far as life insurance policies are concerned, I would not quarrel with him. I would not quarrel with the 75 per cent of term policies. The fact that only 5 per cent of life policies sold in the future might be subject to the three-year accumulation amendment in the Clause before us is correct. But it was not that provision that gave rise to the tax saving.

Second, the Hon. Member is correct that there is no intended income recovery, not only for 1983 but for 1984. It is a three-year accumulation provision. That three years gives a grandfathering break-in period to people purchasing those contracts now. Therefore, the realization of revenue to the Government would not occur until the third year.

Mr. Darling: Mr. Chairman, the Minister is now saying that the Government will recover absolutely nothing for two years. I am wondering why they are going through the birth pangs and criticism for two years when they know that in two years they will be sitting on this side of the Speaker's chair.

On Tuesday, I also brought up the question of the single-premium life insurance contract. This is a contract that is no longer eligible. Naturally, it can be sold but it will be subject to tax. As I mentioned previously, there are certain circumstances under which this contract is ideal. I will admit that a single-premium contract is not sold to the average blue collar or office worker, but to someone who wants that particular insurance for a specific purpose.

One of the things that I pointed out was that an individual who has a substantial estate and knows that it will be subject to succession duties will try to plan. He will realize that the Government will take a good deal of his estate because it is worth so much. That is the tax system. He realizes its merits. The Government must get its money where it can. The Hon. Minister is a lawyer but is probably too busy now to be advising too many clients. However, a good many of them would be coming to him and asking, "What do I do when I die?" A will is arranged and the value of the estate is known. However, it is very well known that the family will not get it all, that Her Majesty in right of Canada and the Department of National Revenue will come tapping gently at the door.

• (1125)

I suggest that a single-premium insurance policy be purchased for $200,000. That would be liquid cash which could go immediately to the Department of National Revenue, and would not tamper with other assets, such as a home, perhaps real estate investments or even stocks or bonds. I ask the Minister, is there not some merit to that proposal? I ask him

why he should be going after that particular one, because the cash value or the immediate premium which was paid would not be even close to the face amount of the policy. That is one example.

Another example concerns people with some means who say that when they die they will leave some money to the Red Cross Society, to their church or to this or to that body. But instead of leaving such organizations $5,000, they will buy $5,000 single-premium insurance policies, perhaps totalling $30,000 worth, and the church or organization could wait for it. Is there not some merit to such a policy? Yet the Minister will not consider any of those suggestions, as I understand it now. Would you let me have your comments on that, Mr. Minister?

Mr. Cosgrove: Mr. Chairman, I will not comment on the introductory comments of the Hon. Member, which I think were wishful thinking, as to where people will be sitting or standing two years hence. There is one thing that is certain: no matter where Hon. Members sit in the House, whoever occupies the Government benches will be pressed by the public for strategic investments and the use of Government resources to address the economy.

Second, the Hon. Member made reference to my profession and said that a few clients were receiving advice on this matter. As a matter of fact, I have no clients. Under the guidelines, a Minister does not continue his profession.

Mr. Darling: No, I meant before, Mr. Minister.

Mr. Cosgrove: Of course, I have not practised my profession while being engaged in the Government.

Mr. Crosby: One of a few.

Mr. Cosgrove: With regard to the first example concerning which the Hon. Member has asked for some assistance, a person with a large amount of money considering the purchase of a single-premium policy which would not qualify as an exemption, the answer is that he should look for another type of policy which is exempt so as to take him outside of the problem. He could do that by purchasing a 20-pay policy and keeping his money in the bank account or in whatever other instrument he thinks is more beneficial. It is possible that he might even be able to earn more interest on the money from some other instrument while he is making the purchase down the line.

In so far as a charity is concerned, and the Hon. Member's example was the Red Cross, the officials have advised that there should not be any concern because a charity is exempt. Therefore, transfer the annuity to the charity. The charity, being in an exempt category, would therefore not attract this provision of accrual either.

Mr. Darling: Mr. Chairman, I appreciate the comments of the Minister. I am well aware, as the Minister points out, that an insurance policy with a 20-year payment or more or a whole life policy is not subject. In other words, the single premium will still be the best buy for an insurance purchaser in particular cases like that. It is true that the Minister can suggest that that is still not eligible, but it will certainly not fill the same bill. A single-premium insurance policy may show a charitable institution, a church or the Red Cross as beneficiary. Even if it had a substantial cash value, the cash value would, of course, rise as the policy remained in force, even though only one premium would be paid. At that particular time, in those cases the policy would not be subject to this tax on accrued interest. Would the Minister not consider the Department of Revenue to be another charitable organization? I understand that one can make a grant or a bequest to Her Majesty which can be considered a charitable donation. Why would "donations" to the Government not be considered in the same way?

• (1130)

Mr. Cosgrove: Mr. Chairman, in answer to the first question, in the situation referred to by the Hon. Member, provided that the ownership or control of the policy was transferred to the exempt organization, they would be taken without the accrual rules.

The Deputy Chairman: Order. The House will be aware that last week the Hon. Member for Simcoe North and others raised a point of order. Before I recognize the Hon. Member for Calgary West, the Chair will deal with the point of order raised.

On Thursday, March 3, 1983, at the start of the proceedings in Committee of the Whole on Bill C-139, an Act to amend the statute law relating to income tax (No. 2), the Hon. Member for Simcoe North raised an interesting point of order on the procedural acceptability of Clauses 1 and 109 as they relate to paragraphs 1 and 151 of the Ways and Means motion adopted by the House on December 3, 1982, and upon which provisions Bill C-139 must be based. The Hon. Member then raised the question of the propriety to proceed with the consideration of Clauses 1 and 109 without a further Ways and Means motion.

The Hon. Member for Simcoe North, the Hon. Member for Edmonton West, who has many years of experience on the subject, and all the others who contributed arguments will appreciate the necessity for the Chair to attach the greatest importance to its consideration of this matter and to give it the researched study it requires.

During the discussions on the point of order, many commented upon the fact that such a Bill must be based on the provisions of a Ways and Means resolution, although it does not have to be identical, and that if such a Bill is found not to be in compliance with the resolution, a further Ways and Means motion would be necessary or the Bill would have to be amended so as to conform to the resolution. Citations 518 and 519 of Beauchesne's Fifth Edition and previous rulings given by Mr. Speaker Jerome were quoted to substantiate the arguments. The Chair agrees with and supports without hesitation the views expressed on the subject.

But that is not the gist of the point of order now before us. The Chair has to determine if Clauses 1 and 109 of Bill C-139 are in accordance with, or go beyond the provisions of, paragraphs 1 and 151 of the Ways and Means resolution of December 3, 1982.

After a careful examination of Clauses 1 and 109 and the precedents, the Chair is convinced that, in both cases, the Bill is in conformity with the Ways and Means resolution and that the regular practice has been followed. There is no imposition of a tax not already covered by the resolution that would require the tabling and adoption of a new Ways and Means motion.

Many interpretations could be given, were in fact given and will undoubtedly be given in the future, on the consequences of Clause 1 of the Bill as it relates to the expression "automobile standby charge" and on the consequences of Clause 109 as it relates to the special tax of 12.5 per cent on certain corporations and the expression "preferred-earnings amount". But the Chair cannot be asked, nor can it be expected, to get involved in the interpretation game. It is sufficient for the Chair—and this is its only role—to be satisfied that the proper procedure has been followed and that Bill C-139 does not try to bring in the imposition of an additional tax not based on the provisions of the Ways and Means resolution.

The Chair has determined that the proper procedure was followed in accordance with the rules and practice of this House. I must therefore, with regret, rule that the Hon. Member for Simcoe North does not have a point of order and that the Committee of the Whole can proceed, in due course, with the consideration of Clauses 1 and 109 of Bill C-139.

Mr. Cosgrove: Mr. Chairman, on the issue just raised, I thank the Chair for the time and the research. Obviously, this is a precedent that will be useful to Members in future.

The ruling invites us now to consider how we should proceed, having had this initial question with Clause 1 dealt with. I would propose, if it is agreeable to Hon. Members, that we continue deliberation of Clause 5, the insurance provision, which we are now dealing with. Having concluded that, we could then return to Clause 1 and any agreed associated Clauses.

The Deputy Chairman: I think the Chair should indicate to the House that there is a proceeding under way which is such that the Committee of the Whole is now considering a number of Clauses and Subclauses. That debate seems to have been agreed upon by the Committee but the impression I have is that the specific Subclauses have not yet been listed. Before I come to the point raised by the Minister of State for Finance, perhaps it would be more convenient to Hon. Members if the Chair could be informed as to precisely which Clauses and Subclauses of this Bill are not under debate, and which I will put to the House for its consideration on a question, in due course. For that purpose the Chair will recognize the Hon Member for Mississauga South.

Mr. Blenkarn: Mr. Chairman, we have agreed with the Government to proceed with a listed series of Clauses. I could read these into the record. I think it might be just as easy for *Hansard* to take a list because there is a whole series of Clauses. A number of Clauses on the list that I would ask to be given to you, Mr. Chairman, have the letter "A" beside them. It is my understanding that the Minister intends to introduce amendments to the Clauses with the "A" beside them.

We would be happy to accept those amendments as moved and seconded by the Government and consider them at this point. When the vote takes place on the grouping of the Clauses, which we hope will be later today, the adoption or rejection of all of these Clauses including the amendments that have been proposed by the Government will be voted on.

Mr. Cosgrove: Mr. Chairman, that is agreeable to the Government.

The Deputy Chairman: The Hon. Member for Mississauga South did not read the list of Clauses and Subclauses to which he made reference. The Chair has a copy, if the House wishes to proceed in that fashion. The list presently in the possession of the Chair includes a number of Clauses and Subclauses and also includes, as the Hon. Member for Mississauga South pointed out, provisions for amendments to be deemed to have been moved and seconded, those being designated by the letter "A" beside the particular Clause or Subclause. It is now proposed that that motion be made an order of the Committee. Is that unanimously agreed?

Mr. Cosgrove: Agreed.

Mr. Orlikow: Mr. Chairman, we have had discussions and we are agreeable to that.

The Deputy Chairman: It is so ordered. It is understood that it is the Committee's intention to debate all of those Clauses and Subclauses together. I think it is appropriate to go back to the Minister of State for Finance, who has suggested that in view of the ruling made earlier, when this set of Clauses and Subclauses have been disposed of, the House would then wish to revert to Clause 1. Is my understanding correct?

Mr. Blenkarn: Mr. Chairman, obviously we will have to come back to Clause 1. I think it might be appropriate for use to see how we go today and whether it might be expeditious to get some other small matters cleaned up throughout this day, because I can assure this House that there will be very extensive debate on Clause 1. Clause 1 is a matter which affects a great number of Canadians. We could commence discussion today. However, we might finish the Clauses we are presently debating, and in the course of discussions during the day we might agree what Clauses could be expeditiously carried. It may be Clause 1, but I do not think we should make any procedural arrangements as to where we go after that Clause until later today.

• (1140)

Mr. Cosgrove: Mr. Chairman, that would be agreeable, but I would reserve for the time being until I have had an opportunity to discuss this matter with the Hon. Member for Mississauga South. For the time being the Government would argue that procedure requires us to go back to Clause 1 unless we have the agreement of the Committee to do otherwise. I am willing to discuss this matter with Members opposite. For the time being, in the absence of the agreement of Members, the normal course of events is to revert to Clause 1 when we conclude the matter before the Committee.

As a further convenience, we are attempting to look at other Clauses that might be related to Clause 1 and produce those to Members opposite with explanatory notes, and thereby expedite business by putting up related Clauses for discussion at the same time.

Mr. Blenkarn: Mr. Chairman, that is the ideal type of arrangement. When we group Clauses that are related to each other, we can properly debate and dispose of them, much the same as we are disposing of a very large group of Clauses now with respect to the insurance industry, the annuity industry and so on. That moves the Bill ahead. It shows co-operation on all sides and makes it possible for proper representation to be made without undue delay.

The Deputy Chairman: Accordingly, debate is now proceeding on the group of Clauses which were brought forward for joint debate a few moments ago by the Hon. Member for Mississauga South and which were made an order of the Committee of the Whole.

Mr. Hawkes: Mr. Chairman, I would like to go back to my first question of the other day. I indicated that I felt the Government was embarked on a course that would make it more difficult for people to build up assets in anticipation of their retirement. In the context of that discussion, the Parliamentary Secretary indicated, and I quote from *Hansard:*

> I suggest to him, as a general answer in reply to his general question, that from our point of view accrual is the fairest way of measuring income and, thereby, measuring tax liability.

I would like to examine that as my starting point for today. From our point of view, the Government is embarked on a determination which we find in many places in recent Government legislation to tax people on assets that may lie on the books but have not yet been acquired or begun to be used. Therefore, I put forward the perspective that I see this as a very unfair way of taxing. I will begin with a very short question.

A number of Canadians take their after-tax dollars and purchase such things as gold or silver, a commodity which in time rises in value. Over the last decade it has risen enormously in value. Does the Government have any intention of taxing it every three years on its presumed accrual value as an asset?

Mr. Fisher: Mr. Chairman, I understand that the accrual method is a generally accepted accounting method, and certainly by and large it treats assets similarly. For example, people with Canada Savings Bonds or people with savings accounts are both treated in the same fashion by using this method, even though one person has cash on hand and the other person only has the financial instrument. In both cases people are treated in the same fashion and are given equal and fair treatment by doing this.

Mr. Hawkes: Mr. Chairman, I come back to my question. Assume that I buy gold, silver, coins or stamps and hang on to them for a period of time. Will the tax Department require me to value them periodically and, if the value has gone up, is it the intention of the Government to tax me on that accrued value?

Mr. Cosgrove: Mr. Chairman, in addition to Clause 5 there are approximately a dozen other Clauses in the Bill before us dealing with insurance and annuities. We are talking about accrual of tax on income. We are really strained when we get into examples and questions dealing with capital gains. The discussion could become confused. We could stray too far from the matter before us.

Mr. Hawkes: Mr. Chairman, I would simply repeat my question. We are engaged in a debate. It is a chance to ask questions and find out where the Government principle is. They have taken certain assets of Canadians and decided to tax them. On the previous day the Minister indicated that the fairest way to measure income was on an accrual basis to make it available for taxation. I simply ask what other commodities do they intend to apply this principle to. Will it be applied to stamps, coins, gold and silver?

Mr. Fisher: Mr. Chairman, the intention in this Bill is not to do that. It is not mentioned at all. The Hon. Member will know that capital assets such as coins, stamps, property or gold are treated differently and are taxed differently from other investments and savings.

Mr. Hawkes: In other words, the Minister is saying there are different kinds of property. Physical property will be taxed differently from paper property.

Mr. Fisher: Mr. Chairman, the Hon. Member is correct. There are capital gains, corporate income and personal income. They are all treated differently for tax purposes. The Hon. Member is absolutely correct in that. He is being somewhat hypothetical in his description of treating capital gains on an accrual basis.

Mr. Hawkes: Mr. Chairman, is there any intention to apply the same kind of taxation principle to paper property, such as common or preferred stocks?

Mr. Fisher: No, Mr. Chairman.

Mr. Hawkes: Mr. Chairman, can I go one step further. Maybe I could use as an example school teachers who work for Government, in this case provincial, and belong to a pension plan. They make a contribution to that pension plan on a regular basis. Their contribution is allowed to grow. Once a

year they get a statement regarding the increased value of their holding inside that plan. That seems to be analogous to the increase that might be found in a whole-life policy. Is it the intention of the Government to tax the accrual inside a pension plan?

Mr. Cosgrove: Mr. Chairman, I am told that the case which the Hon. Member raised is really designed and recognized as a tax-exempt shelter.

Mr. Hawkes: Mr. Chairman, we have in one case a plan that has collective elements to it. In other words, there may be 10,000 teachers who belong to it. It is a registered retirement plan of some kind for 10,000 people. Why do we allow 10,000 people to shelter that income from tax but we deny that opportunity to a single individual who wants to do it through some kind of life insurance policy or annuity plan?

• (1150)

Mr. Fisher: Mr. Chairman, the single individual has that opportunity by getting an RRSP. It may be helpful to point out to the Hon. Member that he is mixing apples and oranges a little bit here. We have made specific policy decisions about things like pension plans which make them distinct and different funds for tax purposes. Tax is allowed to be deferred on such funds, as the Minister just pointed out, for specific policy reasons. We believe tax deferral is a useful way to help people prepare for their retirement. The line of questioning the Hon. Member is following is interesting, but he is mixing apples and oranges in his questions.

Mr. Hawkes: Can the Hon. Member give me the characteristics of the kinds of plans on which the Government will allow deferral of income for retirement purposes? Must it be done the way the Government tells us to do it rather than the way we might choose to do it? Is that one of the characteristics, that we will follow Government orders rather than our own common sense?

Mr. Fisher: Mr. Chairman, the characteristics of these plans are that they are debated in Parliament and included in the law. They are a public decision, not the result of an accident or a hidden decision. They are the result of openly debated social and tax policy. That is what makes them exceptions to the rule.

Mr. Hawkes: But is the Government considering, for instance in a self-administered RRSP, that I could put any kind of assets in that plan that I want to and therefore keep them sheltered, or do I just have to put in those things that the Government tells me to?

Mr. Cosgrove: Mr. Chairman, in line with the last answer, these would be stipulated in the legislation and debated by Parliament as a matter of law.

Mr. Hawkes: Can I ask the Minister or the Parliament Secretary, if I get into one of these tax sheltered opportunity systems which the Government will provide me with, a 20-year whole life policy for example, and then I want to convert somewhere in that middle period, how do I go about converting it to a different kind of asset without incurring tax? I do not want to take it into income but keep it sheltered, so what regulations will I have to follow?

Mr. Fisher: Mr. Chairman, it is quite clear that if you want to convert a 20-year policy into something defined as exempt under the law, then you will continue to be exempt. The taxpayer is simply required to research those instruments that continue the exemption. If, on the other hand, the taxpayer chooses, contrary to the example given, to go into a non-exempt instrument, then the investment will become taxable.

Mr. Hawkes: Will I be able to change my whole life policy, say, at the midway point from one company to another and avoid tax?

Mr. Fisher: I understand, Mr. Chairman, that the taxpayer in that case would become liable to tax. It would be deemed a surrender. This is something that was decided upon in 1969.

Mr. Hawkes: So if I stayed with the same company and changed policies I could avoid tax, but if I feel there is a different company which better meets my needs, I am going to have to pay tax?

Mr. Cosgrove: Yes, Mr. Chairman.

Mr. Hawkes: Why?

Mr. Cosgrove: Because of the provisions of the law of 1969.

Mr. Hawkes: Has the Government given any consideration to changing the law in 1983?

Mr. Cosgrove: No, Mr. Chairman.

Mr. Hawkes: Can the Government tell us why it has not considered changing the law?

Mr. Cosgrove: The amount of money recovered on surrender, Mr. Chairman, is income.

Mr. Hawkes: The amount of money recovered on surrender is income; is that what the Minister said?

Mr. Cosgrove: Yes, Mr. Chairman.

Mr. Hawkes: What is the definition of surrender? If I in fact change my policy within the same company, I do not surrender it; but if I change to a different company, I surrender it. Can the Minister tell me why there is logic in the word "surrender" in one case but it is absent in the other?

Mr. Cosgrove: No, Mr. Chairman. It was not my definition.

Mr. Hawkes: Is the Minister telling us that he in fact agrees with the current definition as it exists in law? It is one that he personally supports?

Mr. Cosgrove: Yes, Mr. Chairman.

Mr. Hawkes: Can the Minister tell us why he personally supports it? The only reason given at this point is that it is a 1969 law. Tell me where the logic is in the fact that if I stay with the same company, I do not surrender; if I switch companies, if I go to a more efficient company, I have to pay tax because there is a definition which says I surrendered. What did I surrender?

Mr. Cosgrove: The difficulty is, Mr. Chairman, that the Government has no control over what the person does upon receipt of the money surrendered.

Mr. Hawkes: If it stays in the same company, the Government controls it? Is that the implication?

Mr. Cosgrove: Yes, Mr. Chairman. Provisions of the Act before us require that records be kept, that a person who holds a policy which falls within the provisions of the Act and the amendments before us would have to declare that as income if surrendered.

Mr. Hawkes: Let me go back to an issue raised the other day. To refresh the Minister's memory, matrimonial law in Canada is changing in the direction of a split of assets. On divorce, the courts will order a split of assets. Forty per cent of Canadian marriages are at risk, according to the most recent statistics. In other words, 40 per cent of the families in Canada are going to have to go through a court process in which assets have to be split.

Now, what we are doing here in law, as I understand it—

Mr. Fisher: We are not changing the practices.

Mr. Hawkes: —would be to require of Canadians in the middle of a divorce, when expenses are high, when emotional costs are high, that assets of this kind have to be split. The Government of Canada is then going to say they were surrendered, tax has to be paid, and there will be smaller amounts left for investment. In other words, the assets of a married couple will be reduced as a consequence of this law. Is that correct?

Mr. Cosgrove: Mr. Chairman, there have been some media reports about studies which presently show the incidence of success in marriage is deteriorating. My personal hope would be that this will not be a long-term experience, and therefore I do not accept the assumption that this is what will happen in the future, as the Hon. Member has done.

Secondly, as I indicated, the law governing how assets are split or whether they are to be split on dissolution of a marriage is a matter of provincial jurisdiction. The operation of the courts in that area is a matter of provincial jurisdiction, and for anyone in this House to comment on it would be pure hypothesis.

Mr. Hawkes: Mr. Chairman, I am not asking the Minister to comment on what the courts are likely to do. It is a known fact that the courts are ordering asset splits. I am asking the Minister, where a court orders a whole life policy asset to be split, one which has been in place for ten years, and those people get the money from the policy split, first of all will that be viewed as a surrender? Let us go back to his term. Will that be a surrender? If I have to cancel the policy in order to split it, will it immediately be the case that I have surrendered it and therefore incurred a tax liability?

● (1200)

Mr. Cosgrove: The Hon. Member prefaces his remarks with "if", so it is truly hypothetical. I do not think it is terribly useful to try to prejudge or guess what any provincial judge is going to rule anywhere in the country.

Mr. Hawkes: At the ten-year stage of a 20-year policy, if I choose to cash it in and give half to my wife or to my ex-wife, will I have to pay tax?

Mr. Cosgrove: In that circumstance the amount taxable would be to the extent that the surrender value exceeds premiums. I would remind the Hon. Member that in that circumstance the parties would have available the $1,000 investment income exclusion.

Mr. Hawkes: Did the Minister just say yes, I would have to pay tax?

Mr. Cosgrove: I will repeat my answer. The tax would be to the extent that the surrender value exceeds the premiums. I would remind the Hon. Member that in the case he cites, the $1,000 investment income exclusion would be available.

Mr. Hawkes: In other words, the Minister is saying that if I have some other assets or income of that kind, the answer is yes. If my income does not exceed my deductions I do not have to pay tax, which is the basic principle of the tax system. I do not understand the reluctance to say yes.

Would the Minister consider an amendment to this Clause to give some relief to those people who are unfortunate enough to encounter court-ordered asset splitting in this area?

Mr. Cosgrove: No, Mr. Chairman. We believe that the provisions of the Act that deal generally with the disposition of assets, however ruled by whatever provincial jurisdiction, are sufficient.

The Deputy Chairman: Order, please. The time allotted to the Hon. Member for Calgary West has expired. I understand that the Parliamentary Secretary to the Minister of Finance has a point of order.

Mr. Fisher: Mr. Chairman, I understand that in order to clarify matters you would like the list of Clauses and Subclauses that we are dealing with read into the record.

I understand that we are dealing with Clause 4 and an amendment to it; Clause 5 and an amendment; Clause 10; Clause 12(1), (5), (8), (9), and that there is an amendment to Subclause (9); Clause 18(1); Clause 22(2), (4), (10), (11) and (13) and that there are amendments to Clause 22, Subclauses (11) and (13); Clause 26(4) with an amendment; Clause

28(1); Clause 39(1), (2) and (3); Clause 47; Clause 52(6); Clause 53(2); Clause 54(2), (3), and (5) and that Subclauses (3) and (5) have amendments; Clause 66; Clause 67(2); Clause 73(1); Clause 96 with an amendment; Clause 102 with an amendment; Clause 110; Clause 118(8) and (9); Clause 128(2) and (7) and Clause 133(4).

Further, I would ask that those motions deemed to be moved and seconded by the Minister of State for Finance be printed in today's *Hansard*. There is a list in your possession, Mr. Chairman.

Mr. Hawkes: Mr. Chairman, I do not think it is normal for the particular Minister to move motions of that kind. I think someone else on the Government side should move them.

The Deputy Chairman: There is no problem with that. The motions have already been accepted. The motion now being put is that the amendments be printed in today's *Hansard*. Is that agreed?

Some Hon. Members: Agreed.

The Deputy Chairman: Agreed and so ordered.

[*Editor's Note: Amendments referred to above are as follows:*]

That Subclause 4(8) of Bill C-139 be amended by striking out lines 19 to 22 on page 12 and substituting the following:

"terest in a prescribed debt obligation, an amount determined in prescribed manner shall be deemed to accrue to the taxpayer as interest on the obligation in each taxation year during which he held the interest in the obligation."

That Subclause 4(12) of Bill C-139 be amended by striking out lines 37 and 38 on page 13 and substituting the following:

"(12) Subsection (4) is applicable in respect of amounts that became receivable after December 31, 1982 in respect of the period after that date."

That Subclause 5(1) of Bill C-139 be amended

(a) by striking out lines 22 to 29 on page 14 and substituting the following:

"holder has, under the terms and conditions of a life insurance policy that was not an annuity contract and that was last acquired before December 2, 1982, received the proceeds therefrom in the form of an annuity contract,"

(b) by striking out lines 39 to 43 on page 15 and substituting the following:

"holder has, under the terms and conditions of a life insurance policy that was not an annuity contract and that was last acquired before December 2, 1982, received the pro-"

(c) by striking out lines 19 and 20 on page 18 and substituting the following:

"contract described in paragraph (1)(d) or (3)(e) or a contract to which subsection (1), (3) or (4) or 12(3) applies or would apply in a year if the contract had a third anniversary in the year) last acquired by the taxpayer"

(d) by striking out lines 34 to 49 on page 18 and lines 1 to 40 on page 19 and substituting the following:

Rules where premium paid

"(9) Where, at any time after December 1, 1982, a prescribed premium (other than a premium referred to in subsection (8)) has been paid by or on behalf of a taxpayer in respect of an interest in a life insurance policy last acquired on or before that date, and

(a) the policy is not an exempt policy, or

(b) there has been a prescribed increase in any benefit on death under the policy,

this Act applies after that time with respect to his interest in the policy as if

(c) subsections (1), (3) and (4) and 148(4), paragraph 148(2)(b) and clause 148(9)(e.2)(iv)(A) were read without reference to the words "last acquired after December 1, 1982";

(d) subsection (1) were read without reference to paragraph (d) thereof;

(e) subsection (3) were read without reference to paragraph (e) thereof:

(f) subsection 148(6) were not applicable;

(g) subparagraph 148(9)(a)(ix) were read as follows:

"(ix) in the case of an interest in a life insurance policy (other than an annuity contract), the aggregate of all amounts each of which is the net cost of pure insurance in respect of the interest, as determined in prescribed manner, immediately before the end of the calendar year ending in a taxation year commencing after the later of

(A) May 31, 1985, and

(B) the end of the year before the year in which subsection 12.2(9) first applied in respect of the interest, and

before that time,";

(h) subparagraph 149(9)(c)(ix) were read without reference to clause (A) thereof; and

(i) all that portion of subparagraph 148(9)(e.1(iii) preceding clause (A) thereof were read as follows:

"(iii) that portion of any amount paid, after the later of May 31, 1985 and the time at which subsection 12.2(9) first applied in respect of the interest, under the policy with respect to"

and, for the purposes of this subsection, paragraph 148(10)(d) shall be read without reference to the expression "(other than a conversion into an annuity contract)".

Riders

(10) For the purposes of this Act, any rider added at any time after December 1, 1982 to a life insurance policy (other than an annuity contract) last acquired before December 2, 1982 that provides for additional life insurance (other than an accidental death benefit) shall be deemed to be a separate life insurance policy issued at that time.

Definitions

(11) In this Section, paragraphs"

(e) by striking out lines 2 to 14 on page 20 and substituting the following:

"prescribed by regulation; and

"Third anniversary"

(b) "third anniversary" of a life insur-"

That Subclause 12(9) of Bill C-139 be amended

(a) by striking out lines 16 and 17 on page 49 and substituting the following:

"a life insurance policy, that is not an annuity contract, (otherwise than as a consequence of a death) or an annuity contract under which"

(b) by striking out lines 33 to 36 on page 49 and substituting the following:

"(b) an amount determined in prescribed manner."

That Clause 22 of Bill C-139 be amended by adding, immediately after line 29 on page 61, the following Subclause:

"(4.1) Subparagraph 53(2)(a)(i) of the said Act is repealed and the following substituted therefor:

"(i) any amount received by the taxpayer after 1971 and before that time as, on account or in lieu of payment of, or in satisfaction of, a dividend on the share (other than a taxable dividend or a dividend in respect of which the corporation paying the dividend has elected in accordance with subsection 83(2) or (2.1) in respect of the full amount thereof)," "

That Subclause 22(11) of Bill C-139 be amended by striking out lines 23 to 36 on page 63 and substituting the following:

"(r) where the property is

(i) a share of a class of the capital stock of a corporation acquired by the taxpayer as a consequence of the death of a person (otherwise than by way of purchase),

(ii) a share of the class referred to in subparagraph (i) acquired by the taxpayer after the death of that person, or

(iii) a share substituted for a share referred to in subparagraph (i) or (ii),

the aggregate of all amounts each of which is a dividend thereon received by the taxpayer (otherwise than pursuant to a transaction described in subsection 84(2)) on or before that time that can reasonably be considered to be as, on account or in lieu of proceeds of a disposition and in respect of which the corporation has made an election under subsection 83(2.1)."

That Subclause 22(13) of Bill C-139 be amended by striking out line 39 on page 63 and substituting the following:

"(13) Subsections (2), (4.1) and (11) are appli-"

That Subclause 26(4) of Bill C-139 be amended

(a) by striking out, in the English version, line 29 on page 69 and substituting the following:

"taxpayer, or both the taxpayer and"

(b) by striking out line 13 on page 70 and substituting the following:

"December 2, 1982 (other than a contract to which subsection 12.2(1) does not apply in the year by virtue of subsection 12.2 (6)),"

That Subclause 54(3) of Bill C-139 be amended

(a) by striking out line 33 on page 122 and substituting the following:

"by which the aggregate of"

(b) by striking out lines 10 to 12 on page 123 and substituting the following:

"to in clause (A), and

(ii) all amounts each of which is an amount in respect of a dividend received by the corporation on a share of the capital stock of another corporation in the period, which amount was, by virtue of subsection 83(2.1), not included in computing the income of the corporation

exceeds

(iii) the aggregate of all amounts each"

That Subclause 54(5) of Bill C-139 be amended by striking out lines 1 to 39 on page 124 and substituting the following:

Where corporation is beneficiary

"(2) For the purposes of this section,

(a) where a corporation was a beneficiary under a life insurance policy on June 28, 1982, it shall be deemed not to have been a beneficiary under such a policy on or before June 28, 1982 where at any time after December 1, 1982 a prescribed premium has been paid under the policy or there has been a prescribed increase in any benefit on death under the policy; and

(b) where a corporation becomes a beneficiary under a life insurance policy by virtue of an amalgamation or a wind-ing-up to which subsection 87(1) or 88(1) applies, it shall be deemed to have been a beneficiary under the policy throughout the period during which its predecessor or subsidiary, as the case may be, was a beneficiary under the policy."

That Subclause 96(1) of Bill C-139 be amended by striking out lines 8 and 9 on page 218 and substituting the following:

"all amounts each of which is an amount deductible under this subparagraph or subparagraph (iv) in computing its"

That Subclause 96(3) of Bill C-139 be amended by striking out lines 37 and 38 on page 219 and substituting the following:

"its insurance business."

That Subclause 96(6) of Bill C-139 be amended by striking out lines 25 and 26 on page 220 and substituting the following:

"other than subparagraph 13(21)(f)(i), clause 13(21)(f)(iv)(B) and any regulation made under paragraph (12) (l), where a life insur-"

That Subclause 96(6) of Bill C-139 be amended

(a) by striking out lines 6 to 18 on page 221 and substituting the following:

Rules on deemed disposition and reacquisition

"(11.4) Where, but for this subsection, an insurer in a taxation year would, by virtue of subsection (11.3), have realized an otherwise deductible loss for the year in respect of any property, notwithstanding any other provision of this Act, that loss shall be deductible only in the taxation year in which the insurer disposes of the property otherwise than by virtue of subsection (11.3)."

(b) by striking out line 25 on page 221 and substituting the following:

"(b) has transferred all property used"

That Subclause 96(10) of Bill C-139 be amended by striking out lines 39 to 43 on page 222 and substituting the following:

"November 12, 1981, except that

(a) subparagraphs 138(5)(b)(i) and (ii) of the said Act, as enacted by subsection (3), are effective with respect to taxation years commencing after November 12, 1981; and

(b) in its application to taxation years commencing before April 1983, the expression "insurance business" in subsection 138(5.1) of the said Act, as enacted by subsection (3), shall be read as a reference to "insurance business carried on outside Canada"."

That Subclause 96(11) of Bill C-139 be amended by striking out lines 1 to 6 on page 223 and substituting the following:

"ber 12, 1981, except that

(a) subsection 138(11.3) of the said Act, as enacted by subsection (6), is applicable with respect to changes in use of property occurring in taxation years commencing after November 12, 1981; and

(b) in its application to transfers of property made before April 1983 the reference to "all property" in paragraph 138(11.5)(b) of the said Act, as enacted by subsection (6), shall be read as a reference to "any property"."

That Subclause 102(2) of Bill C-139 be amended by striking out lines 9 to 23 on page 235 and substituting the following:

"(d) where at any time a life insurance policy last acquired after December 1, 1982, or a life insurance policy to which subsection 12.2(9) applies by virtue of paragraph (b) thereof, ceases to be an exempt policy (otherwise than as a consequence of the death of an individual whose life is insured under the policy or at a time when that individual is totally and permanently disabled), the policyholder shall be deemed to have disposed of his interest in the policy at that time for proceeds of disposition equal to the accumulating fund with respect to the interest, as determined in prescribed manner, at that time and to have reacquired the interest immediately after that time at a cost equal to such proceeds." "

That Subclause 102(8) of Bill C-139 be amended by striking out line 33 on page 237 and substituting the following:

"12.2(1), (3) or (4) applies for the taxation year"

That Subclause 102(12) of Bill C-139 be amended by striking out lines 19 to 23 on page 239 and substituting the following:

"death benefit,"

That Subclause 102(15) of Bill C-139 be amended

(a) by striking out line 9 on page 241 and substituting the following:

"1978;"

(b) by striking out line 19 on page 241 and substituting the following:

"filed with the insurer; and

(d) except as otherwise provided, a policyholder shall be deemed not to have disposed of or acquired an interest in a life insurance policy (other than an annuity contract) as a result only of the exercise of any provision (other than a conversion into an annuity contract) of the policy." "

That the French version of Subclause 102(15) of Bill C-139 be amended by striking out lines 17 and 18 on page 241 and substituting the following:

"avoir été acquise à celle des dates suivantes survenant la dernière:"

That Subclause 102(19) of Bill C-139 be amended by striking out line 29 on page 241 and substituting the following:

"applicable after November 12, 1981, except that paragraph 148(10)(d) of the said Act, as enacted by subsection (15), is applicable after 1971."

Mr. Blenkarn: Mr. Chairman, I have a number of questions for the Minister. In his interpretation of Clause 10, will the Government now be able to collect income taxes from those individuals who are presently buying Treasury bills from the Government that are purchased at a discount and have no interest on the face of them? Will the Government send out T-5 slips in those cases?

Mr. Cosgrove: I am advised that the answer is yes, that they go on the accrual system.

Mr. Blenkarn: Will the Government send every individual who purchases Treasury bills, directly or indirectly, T-5 slips

and has the Government organized a method of keeping track of that type of investment?

Mr. Cosgrove: Yes, the regulations will provide for that. I qualify my answer by saying that there is a general obligation on persons earning income to declare it.

Mr. Blenkarn: Will the Government be able to prorate income and discount and will the T-5 slip specify what is income and what is capital? How will the Government do that with Treasury bills which vary in face value and worth by the minute, by the hour, by the month, by the day, and which are sold for periods of up to 364 days?

Will the Minister explain to the House how the Government proposes to collect that tax and how it proposes to determine who owns Treasury bills? How does it propose to keep detailed records of those Treasury bill transactions so that people who invest with the Government will finally pay some tax?

Mr. Cosgrove: Perhaps that question is best answered by repeating my last answer in reverse order. First, there is an onus on the taxpayer to declare income; second, the method by which he will be assisted in doing that will be covered by the regulations which will follow.

Mr. Blenkarn: For many years the Government has successfully been selling Canada Savings Bonds on a cumulative basis with the promise that if people buy the bonds, in six or seven years they will have doubled their money. This Act now requires people to pay income tax on the accumulating interest either annually or every three years. Will the Minister advise how the Government proposes to follow this form of taxation and why, in November, 1982, the Government proceeded to sell cumulative bonds without telling the purchasers that this would be a provision of the Income Tax Act which it then introduced on December 7?

Mr. Cosgrove: The accrual for those bonds would not come into place until 1985. I am told that the Bill before us was widely understood and, of course, the specifics of the regulations follow on the actions of the House.

Mr. Blenkarn: Will the Minister explain how the Government expects ordinary people to understand complicated Ways and Means motions which were changed and changed and changed again? Will the Government advise the House as to why, in making representations on the sale of Canada Savings Bonds, it did not specifically set out that the bonds would be taxable on an annual or tri-annual basis? Any Government offering anything to any person must in the normal course of events explain clearly and properly. Do we have a Government which proceeds to sell something without giving clear, open and complete explanations of what it sells in terms of its financing?

• (1210)

Mr. Cosgrove: Mr. Chairman, the Government will attempt to explain it to Canadians as best it can in a form which is understandable. I hope the Hon. Member for Mississauga South will not criticize the Government for using funds in an attempt to explain things to people.

Mr. Blenkarn: On the Canada Savings Bond matter, has the Government set up the machinery to advise people, who presently hold cumulative Canada Savings Bonds purchased in November, on how to receive advise as to what in fact is the interest on the accumulating bonds? Bearing in mind that under Subclause (8) of Clause 4 it is the obligation of the taxpayer to notify the issuer of such a bond if he wants to receive advise as to what is the accruing interest. It is the obligation of the taxpayer. Does the Government have a system of keeping track of people who hold Canada Savings Bonds to bring to their attention that they must in fact advise the issuer of the bond, that is the Minister, whether they want advice concerning the accruing interest?

Mr. Cosgrove: My officials advise me that the example used by the Hon. Member for Mississauga South pertains only to the case of annual accruals. In the other cases, as I have indicated, the tax does not fall in until April, 1986. Of course, it is a matter which is under the jurisdiction of the Minister of National Revenue. Also it is a matter which would follow only upon passage of legislation by Parliament and the drafting and promulgation of regulations, bearing in mind the need to attempt to bring provisions in a simplified manner to the attention of Canadians generally so that they could be understood.

Mr. Blenkarn: In view of the relatively small amounts of money which people are allowed to invest in Canada Savings Bonds, why has the Government decided to use this complicated accrual demand of payment of tax on interest every three years, with provision for it to be, at the taxpayers' option, taxable every year? Why has it not left the law the way it is and collected the tax on the income which investors in Canada Savings Bonds will have to pay in the normal course? That is the way the law is now. Why has the Government decided on relatively small amounts, such as the Canada Savings Bonds that it sells to people on a restricted basis, to insist upon this rather cumbersome, complicated and indeed unfair method of collecting taxes on those bonds?

Mr. Cosgrove: I am advised by my officials that we are doing what many people are presently doing administratively in order to take advantage of the $1,000 deductible. We are doing it because of the revenues which will be gained. Finally, as I indicated at the outset, deferral unlimited becomes unlimited non-payment of tax, and to be fair to all taxpayers there should not be one segment of taxpayers using a particular method which can put off tax and therefore avoid tax over a long period.

Mr. Blenkarn: If that is the case, why does the Government sell cumulative bonds? Knowing that people could buy these bonds and defer tax over a long period of time—indeed, the Minister said forever—why would the Government have ever sold that type of security in the first place? Is it not true that the Government sold this security to raise money? Is it not also

true that the Government encouraged people to save money? Why is the Government now encouraging people not to save?

Mr. Cosgrove: My officials advise that it is a better instrument for people. The proof of the pudding is that Canadians are buying them. In so far as people saving or not saving, we know it is a mixed issue. Canadians are saving at a record rate. Is that good or is that bad? Does it help spur the economy? Is the use of savings productive? Of course, that is not a matter for the Clause which is presently before us.

Mr. Blenkarn: The Minister said that people are escaping vast amounts of taxation. We have talked about Canada Savings Bonds. Now I would like to direct the Minister's attention to guaranteed investment certificates. He may know that one way to handle small inheritances to children, situations where a grandmother, for instance, wants to look after her grandchildren in her will and leaves them $500 or $1,000, is for a trustee to buy a cumulative guaranteed investment certificate, maturing on the child's eighteenth or twenty-first birthday, as the case may be. Why does the Government insist upon complicated taxation of such a GIC? What is the point of it? What is the Government trying to accomplish? Is it fairness by some mythical concept of fairness determined on the twenty-fifth floor of the Place Bell Canada?

Mr. Cosgrove: If a taxpayer wants to pay the tax, he can choose to buy an instrument which pays interest annually. It is really a choice of the trustee in each individual case.

Mr. Blenkarn: Does the Minister not appreciate in the instance I have given him that in order to turn the funds over to the infant, if there is not a provision for someone to give a receipt as a trustee, one must go to court to obtain a court order? When the amount of money is $500, $1,000, or $1,500, to burden the estate with obtaining a court order for a receipt in that amount would be unconscionable. The way these matters are handled is by the purchase of relatively small cumulative GICs running until the birthday of the beneficiary, so that the beneficiary can give the receipt when he or she reaches legal age. Why is the Minister being so stubborn?

Mr. Cosgrove: Mr. Chairman, there are a number of things we should consider in the example. First, the child conceivably would not have any taxable income. Second, if that were the case and we are talking about the very small amounts the Hon. Member used in his example, the child would be able to take advantage of the $1,000 exemption. Finally, if the difficulties are additional costs because they are required to go through probate or estate procedures governed by provincial jurisdiction, of course the answer is to ask the provincial jurisdiction to try to streamline its operation of court procedures so as to do away with this unnecessary and unproductive cost.

Mr. Blenkarn: The Minister knows better than that. That is, without a doubt, the dumbest answer I have ever received. The Minister is a lawyer. He knows that when a trustee pays money he has to have a receipt and that an infant cannot give a receipt either for income or for capital. To say that the trustee can turn the income over to the child and obtain a receipt from the child, the Minister knows is not the case in law. The only way the trustee can do that is by obtaining a clearance from the court. The Minister knows that the cost of going to court on a matter of $500, $1,000 or $1,500 is ridiculous. The Minister knows better than that, and to give us the dumb answer that he gave insults this Parliament. To ask a provincial Government to change the estate laws of a Province to accommodate the stupidity of this Income Tax Act is also a dumb answer. Let us get on to something more.

• (1220)

Mr. Cullen: More stupidity.

Mr. Blenkarn: Mr. Chairman, can the Minister tell us what is to prevent people who have large amounts of money and want to buy annuities from going to every other jurisdiction in the world prepared to sell annuities without having the tax on the income of those annuities paid out on an accrual basis? The Minister knows that in the United Kingdom, the United States and in every other country annuities are not taxed on an accrual basis; they are taxed when the annuity is paid. What really prevents people from buying their annuities elsewhere? I really do not want the Minister to tell me that because they are Canadians they have to declare their foreign annuities, because he knows, I know, and we all know that they will not do it and the Government will never collect the taxes.

Mr. Cosgrove: Mr. Chairman, the Hon. Member has admonished me not to say that they are foreign annuities subject to the tax provisions wherever they are held and in whatever country, and I must say that because I would be tolerating or condoning the breach of obligation of some people whom he said do not declare income. Therefore, there is no income realized.

I am told by officials that indeed if you check the records and speak to the Minister of National Revenue you will find income in such cases is declared, as it is, of course, by many Canadians. I would respectfully suggest that if the Hon. Member knows people—I do not know whether they would be clients—not doing that, then he should bring to their attention the provisions of the Income Tax Act.

Mr. Blenkarn: Mr. Chairman, the Minister knows that people will pay tax when they receive the income. What we are talking about is imputed income that cannot be received, that is not received and will not be received. When people have money which the Minister defines as income but which no one else in the world defines as income, they will not pay tax until they receive that income. If the money is coming from a foreign source, they will pay the tax when they receive it from the foreign source. Will the Minister tell me how he expects to collect this? Is not the effect of what we are doing with respect to annuities driving capital out of Canada, forcing people who want this type of investment to go offshore, away from Canada? When they get used to going away from Canada to invest their money, I can assure the Minister they will have lots of other opportunities to do that. Why is this provision in the Act

when the Minister knows that it is not in any other income tax provision in any other jurisdiction? Why only in Canada do we try to drive capital out of the country?

Mr. Cosgrove: Mr. Chairman, if the Parliament of Canada in its amendments to the Income Tax Act defines the capture of income in accordance with the accrual method as set out in the amendments here, that will be the law of Canada. The Hon. Member, although he disagrees with it and has given some philosophical reasons why he does not agree with this method of identifying income for revenue purposes, still, I am sure, as a professional would have to draw this law to the attention of anyone who asks for his professional advice. It is not the whim of the Minister that is the law but the Income Tax Act of Canada, under which people are expected to conduct their business affairs.

In so far as what attracts people to make choices as to where they invest, I respectfully submit that the method under which income tax is identified and paid is only one element in a decision a person would make. The rates themselves are probably the predominant factor, but there could be many others and it would be conjecture and an individual decision for a person making that choice.

Mr. Darling: Accrual interest is cruel.

Mr. Blenkarn: Mr. Chairman, I want to advise the Minister that legally people can set up an offshore, non-resident trust to buy an annuity. They can buy an annuity from New York Life in New York, Occidental Life in California, or by just driving to Buffalo and seeing a friendly agent. They can set up the non-resident trust in which case the income goes to the trust, and it is perfectly legal. They are not required to pay the accrual on the income from that annuity. That can be done with insurance companies who operate in this country through their foreign subsidiaries or with a foreign company. The arrangements can be organized, I am sure, through any lawyer. Any investment adviser will advise them how to do it.

The Minister is not at all preventing people from buying accrual annuities; he is allowing people to buy accrual annuities in other countries without any tax problem in Canada whatsover. Indeed, there is nothing he can do in Canada to catch the tax accruing on those annuities. All the Minister has done in the amendments is to drive investment funds out of the country. There is absolutely no purpose to it. It is a grasping, foolish idea conceived on the twenty-fifth floor or thereabouts of Place Bell Canada. The Minister has not thought about it, he has not worked it through. He has also been told by insurance companies and those who sell annuities everywhere. What he is doing to deprive companies operating exclusively in Canada from selling those annuities and investing the proceeds in long-term investments in Canada. The Minister has not done anything for Canada. He has not done anything for the income collection system. All he will do through these provisions is to drive money out of the country.

If this Section passes, his officials might be very happy, but I will tell him and his officials right now while they are listening that these provisions will be changed by the next Conservative Government. We want investment in Canada. We want people to invest in Canada. These provisions do not allow this. All they do is drive money out of the country.

Some Hon. Members: Hear, hear!

Mr. Cosgrove: Mr. Chairman, the flowery language used by the Hon. Member for Mississauga South does not at all accord with actual experience in the sale of annuities by major Canadian insurance companies. I invite the Hon. Member to look at the experience of sales of major Canadian companies, and I think he will agree that perhaps his flowery interpretation of the implication of this law is, indeed, just that, a flowery interpretation.

The Hon. Member raises a point where he feels—I do not know on whose legal advice—that there may be high-priced lawyers or high-paid tax accountants who, upon payment of these fees, can attempt to assist otherwise well-heeled taxpayers find some way around the provisions of the Act. Of course, each individual case would have to be analyzed by Government lawyers to find out under what category that kind of advice and those kinds of schemes would fall. I cannot pretend to offer any kind of judgment on the scheme that the Hon. Member has just put forward. Obviously, officials and lawyers employed by the Government would have to know whether those are evasion methods, avoidance or fraudulent methods. One thing we can all be assured of is that it will be costly to the taxpayer who is employing those types of high-paid accountants.

• (1230)

Mr. Hawkes: Mr. Chairman, could the Government share with us their estimate of the impact of this legislation on the formation of capital pools?

Mr. Cosgrove: As I indicated earlier, we have some 12 or 18 complicated Clauses before the House dealing with the implication of income tax and the philosophy in the area that the Hon. Member wishes to investigate. I think that it is so far removed from the work that the House has before it that I am reluctant to get into these kinds of philosophical discussions.

Mr. Hawkes: Can the Minister tell me whether or not the Government has an estimate of the impact of these changes on the formation of capital in this country?

Mr. Cosgrove: I repeat my last answer, Mr. Chairman.

Mr. Hawkes: I will repeat my question. Does the Government have an estimate? Have the Government's officials looked at the possibility that these tax changes will affect the formation of capital pools in this country? Do they have an estimate?

Mr. Cosgrove: I will have to repeat my last answer, Mr. Chairman.

Mr. Hawkes: Mr. Chairman, I guess we have to assume no. I find that to be very disturbing. I think it is crystal clear that one of the difficulties is that $18 billion worth of capital has been chased out of the country simply because of one change in federal policy.

I think it is important that all Members of Parliament understand whether or not the Government has looked at the potential impact of this policy on the formation of capital. Without capital, it is not possible to modernize, increase productivity and get new export businesses started. Certainly, the life insurance industry and the annuity businesses have been prime sources of capital to the private sector for expansion, development and productivity.

Has the Government looked at the probable effects that this tax legislation will have on the formation of capital that will help get the economy going again? If it has not looked at it, will it?

Mr. Cosgrove: Mr. Chairman, we are willing to consider that in another forum and in a more appropriate exchange.

Mr. Hawkes: May I examine the implication of the word "appropriate" with the Minister. To this point, we have a current law which has resulted in particular types of businesses. What the Minister is asking us to do in Committee of the Whole at some point in the next few weeks is to pass a change in the law. How can Members of Parliament be expected to decide how to vote on those changes if the Government has not shared with us the implication of those changes for Canadian society?

My colleague from Mississauga South has raised the issue of the potential impact of this legal change on the formation of capital. The formation of capital lies at the heart of our economy. How can the Minister indicate that there is a more appropriate time or forum for information of that kind than right here today, before we have to vote on whether these changes would be good for the country?

Mr. Cosgrove: Mr. Chairman, the Parliamentary Secretary has already expressed an opinion on it. How can the Hon. Member say that we have not made the opinion of the Government known to the Opposition? It is obvious that the Hon. Member disagrees with it. Why does he not say that? The opinion of the Parliamentary Secretary is known to the Hon. Member.

Second, it would seem to me that the more appropriate forum by far would be, for example, in the Standing Committee on Finance, Trade and Economic Affairs dealing with the borrowing authority Bill, C-147, which deals with capital formation and the like. That matter will be before the Committee either this week or early next week. The Minister of Finance will be available. I suggest that the detailed analysis of movement of capital is more germane to that kind of exercise.

Mr. Hawkes: May I ask the Minister how much capital has been formed in the last year to four years through the industries that are being attacked by this tax law?

Mr. Cosgrove: Mr. Chairman, I have to repeat my last answer.

Mr. Hawkes: It is a totally different question. How much money has been raised for capital purposes through these industries which are under attack from this tax law?

Mr. Cosgrove: I have to repeat my last answer, Mr. Chairman.

Mr. Hawkes: The last answer was that the Parliamentary Secretary gave us an opinion. I am simply asking the Department of Finance officials to tell us how much money has been raised over the past five years, or in the period for which they have statistics. Do they have that information?

Mr. Cosgrove: I have to repeat my last answer, Mr. Chairman.

Mr. Hawkes: A stonewall makes me stubborn, Mr. Chairman. I can get up and down for seven days.

Perhaps the Minister can take those questions under advisement. We will be back at three o'clock and perhaps the Minister can be more forthcoming about capital formation at that time. I will switch topics for now, but I will come back to it after three o'clock so that he will have a couple of hours to do some research and put the twenty-fifth floor to work.

One of the aspects that we have not yet dealt with is the case of small businesses. Quite often, they are entered into on a partnership basis when two people form a small business. As part of that small business arrangement, they frequently take out a life insurance policy so that, in the event of the death of one of the two partners, the business can be taken over by the surviving partner. The survivors of the person who dies are compensated.

As the law exists now, the tax liability which would accrue in those situations can be determined in two ways. The tax liability can lie on behalf of the surviving partner or it could be the deceased partner's family who accrues whatever tax liability there is. If we pass the law as the Minister presently proposes, that choice will be taken away. The tax liability will accrue to the survivor's family.

Could the Minister share with us his reasons why he wants to take the choice away from people in that situation and put it on the heads of the surviving family to pay the tax?

Mr. Cosgrove: Mr. Chairman, the reason would be to prevent deferral. Once the estate becomes, for time immemorial, the beneficiary of the proceeds, then the money would fall in. The provision did present some difficulty to the industry at the outset. I know now that it has been accepted, for example,

by the Life Underwriters Association of Canada. I suppose it includes the underlying philosophy behind the Section.

• (1240)

I refer the Hon. Member to a letter dated February 2, 1983, written by the Chairman and Chief Executive Officer of the LUAC which concludes that "the presentation of the agreed upon amendment resolves to our satisfaction the concern of the Life Underwriters Association of Canada relating to corporate-owned life insurance and the capital dividend account issue". I would be pleased to make a copy of this letter available to the Hon. Member.

Mr. Hawkes: I thank the Minister for a copy of the letter and for his assertion that the salesmen of life insurance are satisfied with the provision. The issue which I bring to the Minister's attention concerns whether or not the owners of small businesses who buy this kind of life insurance are happy with this change in the law. Up to this point, and including those who are grandfathers, two partners can make a decision on where the tax liability should lie, on the survivor or on the family of the deceased. This change in the law takes the option away and states that the tax liability will be borne by the family of the deceased. These people would pay it as compared to the survivor who has income earning opportunities. It is nice that the life insurance industry is happy. However, what about the partners who actually end up paying the tax? Have you considered them and are they happy?

Mr. Cosgrove: Mr. Chairman, of course, the life insurance salesmen do not act in a vacuum. They act on behalf of their clients, on behalf of the very people to whom the Hon. Member is referring. The life insurance salesmen do not act for the life insurance companies; they act for their policy-holders, for the people who are affected. I must put great store by and stock in the fact that the underwriters have indicated that they are satisfied. Therefore, their appreciation of the market and of their clients is that it serves that situation adequately as well.

Mr. Hawkes: Is the Minister indicating that the life insurance industry approached him and asked him to change the law? Was it inadequate before?

Mr. Cosgrove: I would merely draw the Hon. Member's attention to the letter which I have just produced to him, which states exactly that, that the underwriters are in agreement with the amendments which are before us on this issue.

Mr. Hawkes: Let us not confuse questions. Did the life insurance industry approach the Minister and ask him to change the law in any way? As I read this letter, they are saying that it was a very bad law which the Minister proposed in the first instance, that he is now ready to modify it and it will be less bad and will be satisfactory.

Mr. Darling: That's more like it.

Mr. Hawkes: My question is, did they come to the Minister a year or two ago and ask him to change the law because the law, as it now exists, is unsatisfactory? The letter does not say anything about the current law being unsatisfactory. Did they tell the Minister that verbally?

Mr. Cosgrove: Yes, Mr. Chairman.

Mr. Hawkes: They told the Minister verbally, some time ago, and asked him to make a change in the law affecting corporate-owned life insurance?

Mr. Cosgrove: Yes, Mr. Chairman. They agreed in principle that the issue of deferral was not intended by the provisions of the original Act, and they agreed with the movement of the Government to attempt to overcome that potential abuse.

Mr. Hawkes: In other words, the life insurance industry has been lobbying the Minister to do something about tax deferral. Is that the implication?

Mr. Cosgrove: I am hesitant at this point to get into definitions with the hon. gentleman as to what he considers to be lobbying.

Mr. Fisher: Carrying it to absurdity.

Mr. Hawkes: Those in the industry have been speaking to the Minister and offering their support for changing tax law to get rid of some of the deferral principles. The Minister has the support of that industry. Its members want you to get rid of those deferral principles. Is that what the Minister is saying?

Mr. Cosgrove: Yes, Mr. Chairman.

Mr. Hawkes: Well, they have not lobbied me or sent me information.

Mr. Fisher: That's because you were not over here.

Mr. Hawkes: Let me return to an issue which we barely got into in my previous round. It concerns the issue of policy conversion. The Minister has acknowledged that if one stays with the same company and converts from one kind of policy to another, it is possible to avoid surrendering the policy and therefore incurring tax liability. However, if one changes companies, it is not possible to avoid the concept of surrender and therefore the tax liability. It strikes me that this has implications of considerable magnitude for any new company which would like to enter this field, which would like to provide Canadians with a better and more efficient policy, with a better bang for their buck. In effect, what the Minister is asking Hon. Members of the House to do later this day is to approve a change in tax law which would really guarantee existing companies something approaching a monopoly, and certainly an advantageous position in terms of future business. Is the Minister anxious to reduce the competition in this field? Is that one of the purposes of the change in tax laws?

Mr. Cosgrove: Mr. Chairman, of course, in proposing to the House the amendments to the various Sections which we have before us now in a cluster group, we have many opportunities for consultation with the industry, both with the CHLIA and LUAC. Many Hon. Members have been canvassed by their

constituents, individual life insurance salesmen, officers of companies and the like. I have met with representatives of CHLIA and LUAC on numerous occasions in the last four months. The Minister of Finance has met with the representatives of the industry. We have not been requested to make the change or to find some difficulty with the proposals which have been flagged by the Hon. Member.

Quite frankly, I do not know why the industry would not come forward with the case which has been presented by the Hon. Member. I would only reason that since the changes have been before the industry since November of 1981, they have surely not overlooked this provision. If they have had some difficulty with it, they would have let Hon. Members know of their problem with it.

There could be many reasons why the industry is not interested in this subject. One might be self-interest, I do not know. Maybe companies feel that without adopting the approach of the Hon. Member, it would tend to secure policyholders with each individual company and thereby would avoid cross-company movement. However, I do not know. Maybe they have decided it is a good feature in the industry.

This much I do know, and that is that the principle which the Government is applying here, and that is that we treat of whatever income we calculate is derived flows upon surrender, that that income is treated as receipt of any other income. Therefore, perhaps the industry recognizes that in that case we should not really be trying to differentiate between income in this industry and income which falls into a person's use through various financial instruments.

The Deputy Chairman: I will recognize the Hon. Member for Calgary West on a brief and last question.

Mr. Hawkes: Mr. Chairman, I may take a little more time this afternoon to follow up this subject, but I think it is fair to say that it is the business of Government and certainly the business of Parliament and the Parties to protect the consumers' interest. It is a legitimate purpose of any trade association or any gathering of that kind to protect the interests of those in their membership.

In the context of our current discussion, I would be quite surprised if the life insurance industry had indicated to the Minister that it wanted a change in the law which would encourage more competition for a market which may already be saturated. In those cases, enlightened self-interest would indicate that one protects one's share of the market.

• (1250)

I am just wondering whether or not the Minister will consider the issues I have raised between now and three o'clock, and think through whether or not he would like to move some other amendments in relationship to them.

I point out a wider issue of principle and practice which is coming at us down the road, hopefully in the not too distant future. One of the problems with pensions in Canada is portability. We are going to have to find societal mechanisms that enable people to transfer their pension credits from one location to another and from one kind of plan to another. This issue I am raising in relation to this specific law is perhaps the tip of the iceberg. When people want to change from one company to another, the Government is saying that they cannot do that without incurring tax liability. That is making an individual a captive for life of a single company which may have a poor performance over time.

I am simply asking the Minister, now that the issue has been brought to his attention, hopefully in a forceful way, whether or not he can use the creativity of the twenty-fifth floor to find a mechanism that would allow Canadians freedom of choice, without penalizing them in the tax system simply because they want to change companies. Would the natural instincts of the Minister be in that direction, if he could find such a mechanism?

Mr. Cosgrove: Mr. Chairman, I think that when the industry representatives, LUAC and CHLIA, have an opportunity of reading the blues and the introductory statement by the Hon. Member, they will be scandalized by his statement that they do not act in the best interests of the clients they serve or that they do not exercise a trust on behalf of the policyholders they serve, in an industry that has served this country and has been a leader in the world. To make that kind of statement, that the industry acts in its own interest, is in my view nothing short of scandalous.

Mr. Hawkes: Mr. Chairman, on a point of order, I would encourage the Minister to read the blues. He has asserted that I said certain things which I did not say, and I would like to draw that to the attention of the House. I find his behaviour and his assertions scandalous.

Mr. Bosley: Mr. Chairman, I would like to return to the earlier comments made by the Hon. Member for Mississauga South with regard to annuities and the ability to shelter annuity moneys. Perhaps I could ask the Minister some straight questions of fact.

It is true, as I understand it—and I would like the Minister's comments—that if someone of my age had inherited a sum of money and chose to buy an annuity for my retirement, under the provisions of this Act, if I buy that as an annuity investment to look after me when I am elderly, this Act says that the Government requires that I pay tax on the investment effect of that annuity every three years or every year. But it is also legal for me to invest that money in this same form, an annuity instrument, offshore in a trust, and not pay Canadian tax, quite legally; in effect, defer the tax until the whole investment vehicle pays me money and then pay tax when the annuity pays me. Is that correct?

Mr. Cosgrove: No, Mr. Chairman.

Mr. Bosley: How is it not correct?

Mr. Cosgrove: Mr. Chairman, it is not correct because of the inaccuracies of the assumption of the Hon. Member. I do

not know whether he was present when I answered the question by the Hon. Member for Mississauga South dealing with the offshore trusts. We do not believe that the example he used is one that will be found to be supported as a valid method of avoiding the provisions of the Act.

Mr. Bosley: Mr. Chairman, this is an important point. I would like to ask the Minister if he can tell me, since the vehicle is to appoint a trustee in an offshore country and for that trustee to acquire the annuity on behalf of the trust, how that is illegal under Canadian law?

Mr. Cosgrove: Mr. Chairman, the Hon. Member and I as Minister would have to have legal advice on that matter.

Mr. Bosley: Mr. Chairman, has the Minister had legal advice to confirm that what he is saying is correct, that it is not legal?

Mr. Cosgrove: Mr. Chairman, the matter is being explored by the Department.

Mr. Bosley: Mr. Chairman, this is specifically important because, as the Minister may know, there is a company in the Bahamas, Casuarina, which has since the budget of November, 1981—or certainly since 1981—attracted $80 million of Canadian investment money to that jurisdiction precisely to avoid—avoid is an unfair word, Mr. Chairman—but precisely because of the treatment proposed in this legislation.

My question to the Minister is, is the Minister saying that Canadians who have shipped money to the Bahamas to be invested in that trust vehicle, in that company, to avoid the accrual effect that this Bill proposes on annuities, have broken the law of Canada?

Mr. Cosgrove: The Department is looking into it, Mr. Chairman, and it is possible.

Mr. Bosley: Mr. Chairman, my final question is this. Will the Minister make sure that the House sees that information as to whether or not it is illegal. If it is not illegal, as many Canadians and Canadian experts believe it is not, if it finally turns out to be the case that this method of sheltering annuity investment is legal, bona fide and proper, which will mean that this method will be used increasingly by Canadians to ship money out of this country, will the Minister undertake to reverse the provision in this Clause?

Mr. Cosgrove: The question is entirely hypothetical, Mr. Chairman.

Mr. Darling: Mr. Chairman, if I could follow the question which I put earlier this morning regarding the single-premium insurance policies which would be taken out by an individual and made payable to a recognized charity, the Minister informed me that in this case there would be no tax collected on this premium. Since that statement was made, I have been informed that even though the original policyholder would not have to pay tax, the beneficiary, the charitable institution, would have to declare the income each year, beginning from the year that the policy was issued, even although no money was, obviously, received. Is this correct?

Mr. Cosgrove: No, Mr. Chairman. I would like to reassure the Hon. Member that the information that he has received is inaccurate. I can only repeat that the charity is exempt under Section 149.

Mr. Darling: Mr. Chairman, do I understand then that there will be no money paid by the policyholder nor will the recognized charity have to declare part of the premium as income each year?

Mr. Cosgrove: That is correct, Mr. Chairman. That is again providing, as I have indicated, that there is a transfer in ownership to the charity.

Mr. Blenkarn: Mr. Chairman, the Minister mentioned, in reply to the Hon. Member for Don Valley West, that the Government was looking into the legality of certain trusts that had already been set up to avoid the accrual rules in this Bill. The Member for Don Valley West mentioned a trust called Casnarina that is deliberately advertising and collecting Canadian savings and has since November, 1981 collected at least $80 million of Canadian savings to avoid the very rules we are now discussing. The Minister has said that the Department is looking into the matter and has an opinion, or is in the process of having an opinion. Will the Minister undertake, prior to three o'clock, to deliver to this side and to the House the details of that opinion?

Mr. Cosgrove: Mr. Chairman, the difficulty in answering the question is that I am advised that the company referred to has been doing this kind of advertising regarding trusts for the last six years. It does not spring from this budget at all.

The Deputy Chairman: Order, please. It being one o'clock, it is my duty to rise, report progress and request leave to consider the Bill later this day.

Progress reported.

The Acting Speaker (Mr. Blaker): It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

DRUGS

CONSUMPTION OF DRUGS BY CANADIANS

Mr. Marcel Roy (Laval): Madam Speaker, I wish to draw the attention of my colleagues in the House to the contents of a report by the Royal Canadian Mounted Police according to which in 1981, Canadians spent more than $8 billion on drugs. Some three million consumers, one third of whom are teenagers, spent $5 billion on soft drugs, while $2.5 billion was spent by 20,000 heroin users, and 225,000 children thirteen years and over spent $475 million on cocaine.

Madam Speaker, I wish to inform Hon. Members that to help children avoid drugs, there is a brochure available called "Les drogues ... parlons-en!", prepared by young people belonging to a non-profit organization called ACCES. This brochure which contains topics for discussion received the approval of famous hockey player Michel Bossy, who allowed his name to be used free of charge to help warn young Canadians against the use of drugs.

* * *

[*English*]

ABORIGINAL RIGHTS

GOVERNMENT POSITION

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, I am greatly disappointed by the attitude that the Government has adopted toward Canada's aboriginal peoples. Throughout a year during which the Government should have been negotiating with the aboriginal peoples to arrive at a mutually acceptable position that could be presented to the Provinces for ratification at the impending constitutional conference, it has neglected its responsibility.

Instead of coming forth as the advocate of aboriginal rights, a position that would have been a source of pride to all Canadians, the Prime Minister (Mr. Trudeau) has adopted the role of moderator between vying interests, those of the Provinces and those of the aboriginal peoples. Attention due to the identification and definition of the rights of Canada's aboriginal peoples has been deflected to lesser issues.

To ensure that due consideration is given to safeguarding the rights of these people, a process to continue the constitutional discussions with the full participation of the aboriginal people must be entrenched in the Constitution by amendment, at the constitutional talks next week. Only in this way is it possible to ensure that a satisfactory definition of aboriginal rights will be entrenched in the Constitution within a reasonable time.

[*Translation*]

ENERGY

QUEBEC—CONSEQUENCES OF NEW HYDRO-QUEBEC PROJECT ALONG LACHINE RAPIDS

Mr. Raymond Savard (Verdun-Saint Paul): Madam Speaker, recently, Hydro-Quebec announced that a new 500 megawatt power station would be located along the Lachine Rapids on the side of the St. Lawrence Seaway. Madam Speaker, since we now have a power surplus and since the location in question happens to be the most beautiful spot on the St. Lawrence in my riding, I think it would be a disaster to carry out this project. We must consider the fact that the Lachine Rapids are in a recreational area where thousands of people go fishing and where fish, especially various kinds of trout, have always spawned, and that this project would therefore eliminate a natural resource and therefore would be environmentally unsound. Diverting the Rapids would do away with the streams bordering the riding of Verdun-Saint Paul, and this would also be environmentally damaging. The ridings of Verdun-Saint Paul and LaSalle have a number of plans for developing the river, and we think it would be a disaster to divert the Lachine Rapids to carry out a project which will not be needed for the next twenty years.

* * *

INCOME TAX ACT

ALLEGED OMISSION OF NOTARIES IN IDENTIFICATION OF PROFESSIONS IN CLAUSE 16(2)

Hon. Roch La Salle (Joliette): Madam Speaker, on December 14 of last year, I put a question to the Minister of Finance (Mr. Lalonde) about what I imagine was an oversight in Bill C-139, where it identifies professions in Clause 16(2). On behalf of the 2,000 notaries in the Province of Quebec, I pointed out that notaries had not been included, and at the time I asked the Minister of Finance to ensure that this profession would be listed in the legislation. We are now in Committee of the Whole and there has still been no amendment to that effect. Yesterday, I mentioned the fact to the Minister of Finance and the Minister of State (Finance) (Mr. Cosgrove), and I was given the assurance that an amendment would be tabled. I therefore hope, on behalf of those 2,000 notaries, that at last there will be a very clear indication that notaries constitute a profession in Quebec.

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AIR TRANSPORT

STATUS OF QUEBECAIR

Mr. André Maltais (Manicouagan): Madam Speaker, since Quebecair's financial statements have been brought to the

attention of Air Canada and the Minister of Transport, and the Quebec Parliamentary Commission on the future of Quebecair will finish its proceedings on March 24, I wonder, Madam Speaker, whether the Minister of Transport would not consider meeting the press or the people of Quebec, either in Quebec City or Montreal, very soon, to give them a progress report on the Quebecair dossier and on what has been done to date by the Federal Government and what its intentions are with respect to Quebecair, Nordair and Air Canada. Madam Speaker, I believe it is very important at this stage that the Minister of Transport should be concerned about the issue of Quebecair's staff, and generally about Regionair, Quebecair, Propair and all air services on the Middle and Lower North Shore and especially in Eastern Quebec.

I think that full clarification is necessary now and that the companies and users concerned ought to know what is happening. Therefore, the Minister of Transport should take charge of this dossier and as soon as the Quebec Parliamentary Commission has finished its work, direct action can then be taken for the benefit of all concerned.

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[*English*]

PENSIONS

PLIGHT OF SINGLE WOMEN BETWEEN AGES 60 AND 65

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker—

Some Hon. Members: Hear, hear!

Mr. Knowles: —my point is one that I have made several times over a number of years. I make it again today, in the hope that one of these times the Government will do something about it.

I refer to the provision with regard to the Old Age Pension under which it is possible for people between the ages of 60 and 65 who are in financial trouble to get a portion of their pension, provided a person between 60 and 65 is related to an older person who is receiving the pension. Still the law denies any such pension to any women between 60 and 65 who is single. It also denies it to a woman between 60 and 65 whose husband may have died before she reached age 60. It is most unfair. We feel these women should be covered, and I hope the Goverment will soon change the law in this direction.

Some Hon. Members: Hear, hear!

* * *

ACCESS TO INFORMATION

CONDEMNATION OF GOVERNMENT ACTIONS

Mr. Ron Stewart (Simcoe South): Madam Speaker, our basic democratic freedom is rapidly being stifled, and I view the situation with alarm. The Government is so obssessed with secrecy it goes to unprecedented lengths to establish its right to conceal. Canadians have no alternative but a free press in the hope of obtaining information.

Lately the concept of freedom of the press has become more illusion than reality. An example is the refusal by the CBC to sell air time to the Ontario Medical Association for an advertisement outlining the danger of more state control in medicine. Is this agency of Government unwilling to carry a message stating the dangers of socialism simply because the Prime Minister (Mr. Trudeau) is so deeply committed to socialism? Is this freedom of the press?

Do Canadians have access to information when the Prime Minister refuses to hold press conferences? Do Canadians have access to information when the Prime Minister appears here for less than an hour each day and replies to questions by refusing to answer? Will Canadians have access to information when the Prime Minister appoints a commission on newspapers which recommends further Government control? Shades of *Tass*.

Alarming as the position of the Government has become, it is equally distressing to witness the lack of response from those whose duty it is to present the information. Are the media not yet sufficiently outraged at this manipulation? Are they not yet prepared to refute such control? The Prime Minister said:

> In the last analysis, any given political authority exists only because men consent to obey it. In this sense, what exists is not so much the authority, as the obedience.

I would suggest to the media that obedience and freedom of the press are two entirely different things.

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[*Translation*]

TRADE

UNITED STATES DECISION NOT TO IMPOSE SURTAX ON CANADIAN LUMBER

Mr. Michel Veillette (Champlain): Madam Speaker, I was very pleased Tuesday when the Minister of State for International Trade (Mr. Regan) announced the outcome of the negotiations between the Canadian and American Governments concerning exports of Canadian lumber, as reported in the media yesterday. The United States have decided not to levy a 65 per cent countervailing duty on the $2.1 billion shipments of Canadian lumber, thus saving at least 70,000 jobs in Canada, including 15,000 in Quebec. This duty was a direct threat to the 8,500 workers of Quebec, because 25 per cent of the industry which exports 56 per cent of its output to the United States would have been forced to shut down. A duty of 65 per cent would have signalled the end of the forest industry.

It was good news indeed for several Members, particularly those of the Lower St. Lawrence, Lac-Saint-Jean and Abitibi regions, as well as myself as Member for the riding of Champlain. There are three major sawmills in my riding, and I am

sure that this news does give hope to the workers of that industry in Quebec who will now play an active role in boosting the construction industry in the United States. The Canadian Government did spend $2 million on those negotiations, but I can say that never has so little money been so profitable to workers of the forest industry in Quebec and elsewhere in Canada.

Madam Speaker: Order, please.

* * *

• (1410)

[*English*]

COMMUNICATIONS

CLOSURE OF CNCP TELEGRAPH OFFICES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, the recent decision by CNCP Telecommunications to close a number of its local telegraph offices across Canada, including one in my riding of Kingston and the Islands, has caused grave concern and apprehension. It will mean the end of over the counter personalized service in many towns and cities throughout the country. The most serious impact of this short-sighted decision will be felt in the business sector in each community. Tenders, contracts, notices of change to specifications, and many other instruments of business, are communicated by telegram and telex, where the date and time of receipt are, in most cases, a matter of legal significance. Delays on these transactions can be both time consuming and costly, and may even result in the forfeiture of a contract.

As a publicly owned federal agency, CNCP Telecommunications has a responsibility to ensure that Canadians have convenient and immediate access to a national communications service, for both personal and commercial transactions. I therefore urge the Minister of Transport (Mr. Pepin) to take immediate steps to reverse the decision of CNCP Telecommunications with regard to the closure of so many of its local offices.

* * *

INCOME TAX

PROPOSAL TO ABOLISH CHILD TAX EXEMPTIONS

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, we congratulate the National Council on Welfare for again proposing reform of the child tax system to benefit those families with greatest needs. Their proposal to abolish the regressive child tax exemption in favour of universal family allowances and child tax credits makes practical economic sense. Many organizations support this position. The present child tax exemption provides greatest benefits to high income families and no benefits at all for the poorest families. One billion dollars in tax revenues is lost each year which could be used for a more equitable system of family benefits. We support the recommendation to abolish the regressive child tax exemption, and favour an increased universal family allowance which is taxed back progressively as family incomes increase.

The report, called "Family Allowances for All", recognizes the universal family allowance as a foundation of Canada's social security system. Family allowances provide independent income for mothers and stimulate consumer spending. They recognize all Canada's children. We call on the Government once again for a review of both income support programs and the income tax system in order to provide maximum benefits for families and particularly for those who are suffering from increased unemployment and poverty.

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NUCLEAR ARMAMENTS

RELATIVE STRENGTHS OF AMERICAN AND RUSSIAN ARSENALS

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, on Monday President Reagan indicated that groups like those who support a nuclear freeze "would place the United States in a position of military and moral inferiority". Members of this House will remember the President, in front of a bar chart, showing American nuclear missiles in blue and Russian missiles in red, and over the years the blue bars becoming shorter and the red bars longer. The President concluded that this showed Russian superiority.

What the President did not say was that, while the bars showed Russian superiority in missiles, the American Government has been consciously reducing its numbers in favour of new Mirv'd missiles, that is to say, missiles containing multiple independent re-entry vehicles or warheads, each capable of landing on separate targets over a wide area. For example, one Trident submarine missile has 24 warheads. In fact, in round numbers, the American forces possess about 30,000 warheads versus 20,000 Russian warheads, including 9,000 to 8,000 ICBMs respectively. Only 300 of these warheads on each side would destroy both nations.

The 1982 U.S. Department of Defence Annual Report states, "While the era of U.S. superiority has long since passed, parity, not U.S. inferiority, has replaced it". Therefore, Madam Speaker, this is the time for our Government to join with the United States House of Representatives whose Foreign Affairs Committee on Monday voted 27 to 9 in favour of a bilateral nuclear freeze, the same motion found in the so called minority report prepared by six Members of this House from all three political Parties.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

ABORIGINAL RIGHTS

REPRESENTATION OF METIS PEOPLE AT CONSTITUTIONAL CONFERENCE

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is directed to the Minister of Justice. According to the terms of the Constitution the Prime Minister has a clear responsibility to invite representatives of the aboriginal people, the Indian, Inuit, and Metis, to the conference table to discuss area of aboriginal definition which affect them. The Metis people feel this has not been done. As a result, the Metis People from the Provinces of Alberta, Saskatchewan and Manitoba have joined together and now represent 80 per cent of the Metis people. They want the right to represent the Metis people at the Conference table.

Is the Minister prepared to deal with the difficulty which has arisen regarding seats at the conference and the problems which result from the injuction application being filed in the courts this afternoon which, if successful, could stop the conference from being held? Will he deal with this matter before that happens in order that the conference can start in a mood of harmony?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, I am somewhat limited in what I can say on this matter because it is in court today and I will have to be very careful in my comments. However, I think I can tell the House what is already to some extent generally appreciated, that at the first of the preliminary conferences which I chaired, where provincial Ministers met with aboriginal leaders—

Mr. Nielsen: And the leader of the Territories.

Mr. MacGuigan: Yes, and the leaders of the Territories were also present as my hon. friend suggests. The native Council of Canada allowed the western Metis representatives to hold one of their two seats. It was, I think, everyone's understanding at that point that that arrangement would continue. On the eve of the second such conference which I chaired, the NCC changed its point of view and excluded the various Metis representatives from the table. This precipitated a crisis which began at that conference itself.

Our role, Madam Speaker, is primarily that of mediator between the various groups involved. We have been trying to use our good offices in that role to facilitate some form of agreement.

ROLE OF GOVERNMENT

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, the problem we see, as a result, is that the federal Government is becoming a mediator instead of dealing with this problem well in advance of the last couple of weeks. Will the Minister of Justice shoulder his responsibility now, because the Government has not shouldered its responsibility in the last year, and guarantee the two seats to the Metis people? This is all they are asking for in order to represent themselves, as declared in the Constitution. In that way we can start this conference, which is so important to these people, in harmony.

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, the way in which my hon. friend phrased the question was quite unfair, perhaps because of facts of which he is not aware. In fact some of the spokesmen for native people have been taking the position that this group of prairie Metis should not be represented at the constitutional conference. That is the reason why we have had to take on this role of mediation. It is true that the invitations to the constitutional conference next week are extended by the Prime Minister, and he acted on that responsibility some time ago when he invited representatives of the Native Council of Canada to have two representatives at the table, but on the general understanding at that time that one of those seats would be held by representatives of the prairie Metis.

That is the situation in which we now find ourselves, which we have been trying to mediate, and I can assure the House we will certainly assume the responsibilities we have in this matter.

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ADMINISTRATION OF JUSTICE

HUNGER STRIKE BY PRESIDENT OF CANADIAN FARM SURVIVAL ASSOCIATION

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is also for the Minister of Justice. He will be aware that the President of the Canadian Farm Survival Association has been arrested and in fact is in jail now and on a hunger strike. This is in response to the situation which occurred in southwestern Ontario which resulted in a penny auction being conducted similar to what we saw in the 1930s. The Minister will know that this situation exists as a result of farm foreclosures, increasing farm bankruptcies, and lack of Government action.

• (1420)

Does the Minister agree with the action taken by the bank and by the law in arresting this farmer? If he does agree, does he feel that the other 400 farmers involved in the penny auction should also be arrested? Would he make a commitment, with the Minister of Finance and the Minister of Agriculture, to deal with this matter so that we will not have to face the same problem in future?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, if I understand the matter that my hon. friend is referring to, charges have been laid and are before the courts. The provincial authorities are responsible for enforcing the law, so I do not think it would be appropriate for me to make any comment on this situation at this time.

EMPLOYMENT

DURATION OF JOB-CREATION PROJECTS

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is directed to the Minister of Employment and Immigration. The job creation program set up by Section 38 of the Unemployment Insurance Act has been of great assistance, but I am told that although these projects have a maximum of 52-weeks duration they will all terminate on March 31.

Could the Minister tell me why this is so and how many individual agreements were originally scheduled to extend beyond that date? Also, would the Minister consider extending those projects which have not completed their mandate? If not, would he consider an automatic referral of existing projects for approval for a further 52 weeks?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am very pleased that the Hon. Member has found the Section 38 job creation program to be helpful in his region. Over 15,000 jobs have been created under that program.

I am not sure where the Hon. Member's information comes from concerning the termination of the program. There is no plan to terminate it. In fact we are continuing to sign new agreements. The program will continue according to whatever terms are arrived at with the individual employers sponsoring the projects. I should like to correct the Hon. Member's impression; we are not planning to terminate the program.

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FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

LEVEL OF EDUCATION PAYMENTS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, my question is for the Minister of Finance. I should like to return to a matter that was raised in the House on Tuesday. Apparently the Government is contemplating imposing the six and five formula on post-secondary education. However two different messages seem to be coming from the Government. In the House on Tuesday the Minister of Finance maintained that there would be no cutbacks in the health portion of the established programs financing. Later the Secretary of State indicated to the press that, whatever cutbacks there might be, the Provinces would continue to receive EPF funds in a lump sum and it would therefore be up to the Provinces to decide whether universities or hospitals would be affected.

We hope that the Government will not go ahead with this but, if it does, could the Minister tell us how it will be achieved? I would like some clarification on the mechanics of what the Government has in mind. In terms of provincial discretion, it will be crucial how they go about it.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am very pleased to clarify this for the Hon. Member. As I indicated, no change is considered to the health financing formula and the payments under the existing formula. If a change is made under post-secondary education, it would be a change increasing post-secondary education payments to the Provinces by six and five per cent in the next two years. This is paid to the Provinces under the bloc funding arrangement. There would be a cheque for the health contribution and a cheque for the post-secondary education contribution, but, as the Hon. Member knows, the Provinces take that money and put it in their Consolidated Revenue Funds. They can then allocate it in any way they want. No particular stamp is put on the cheque saying "This is an education dollar, this is a health dollar". The Provinces—and sometimes people say that this is unfortunate—can use it to build roads, to pay civil servants—

Mr. Nielsen: Or for coal liquefaction.

Mr. Lalonde: —rather than allocate it to education. We have seen this in many instances. At the present time the federal contribution to post-secondary education is well in excess of 50 per cent.

The Provinces will remain free to allocate funds they receive from the federal Government to education, highways, publicity, or whatever way they want. There is no way that we can control exactly where our funds are used. We are trying to get a better accounting in that regard and to make sure that at least the Provinces are spending the equivalent of the moneys that we are sending to them. As I say, we are paying well over 50 per cent of the total cost of post-secondary education while the share of the Provinces is between 30 and 40 per cent.

Madam Speaker: Order, please.

Mr. Blaikie: That is precisely the point, Madam Speaker. We want more accountability. This Party has always been in favour of stricter earmarking of federal transfer payments to the Provinces. It seems that the Minister of Finance and the Government are backing down on this by adopting a penal attitude toward the Provinces as opposed to a positive one.

POSITION OF PROVINCES

Mr. Bill Blaikie (Winnipeg-Birds Hill): Has the Minister considered more positive, creative ways in which the federal Government could have some leverage over the Provinces that are not spending up to expectations on post-secondary education while the Provinces that are spending what is expected of them will not be penalized by this across-the-board measure? Has the Minister considered any alternatives other than this big stick approach?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, if this is a big stick approach it is a rather small stick. In effect, for 1983-84, the federal payments to the Provinces per full-time student will go up from $4,520 for 1982-83 to $4,753. The federal Government is going to increase its post-secondary education contribution very significantly. It is up to the Provinces to decide if they really want to use that money for post-secondary education. Some Provinces are doing better than others in that regard.

I agree with the Hon. Member that most Provinces are contributing a lot less to post-secondary education than the federal Government. Discussions are taking place between the Secretary of State and the Ministers of Education concerning a better accounting of the federal contribution in that regard. The discussions have been progressing reasonably well and I hope there will be a satisfactory resolution of this issue.

On the other hand, I have to tell the Hon. Member that the federal Government does not have the authority and is not looking for the authority to dictate to the Provinces how they should spend their own money.

Madam Speaker: I ask the Hon. Minister to be more brief in his answers. I think he is taking a little too much time with them.

Mr. Blaikie: Madam Speaker, basically what the Minister of Finance is saying is that somehow this Liberal Government hopes that two wrongs can make a right—that the Liberal Government, imitating Progressive Conservative provincial Governments, will somehow arrive at a solution—

Madam Speaker: Order. The Hon. Member must ask a question.

STATUS OF ESTABLISHED PROGRAMS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, does the Government no longer regard these programs as established? The legislation is called the Established Programs Financing. Does it no longer regard these programs as established? Why is it going ahead with a move that will hurt everyone involved in post-secondary education, particularly those Provinces which, regardless of the double talk of the Minister, will receive a decrease in funding compared to what they might otherwise receive, if the Government does not go ahead with the six and five program in this year. Do not kid us about increases.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member can be assured that the programs will remain established. Any change that would require legislation would have to be made through a change approved in the House.

I can tell my hon. friend, for instance, that I have had meetings with the authorities heading the Canadian Association of Universities and Colleges of Canada last fall when I discussed this matter with them. They indicated that they would be ready to accept, in the spirit of restraint that we all have to apply in Canada, a limitation on increases to six and five per cent over the next two years.

I think the attitude taken by the Canadian Association of Universities and Colleges is a very responsible one, and I would invite my hon. friend to act as responsibly.

BROADCASTING

GOVERNMENT POLICY ON PROVISION OF SERVICES TO NORTHERN AREAS

Mr. Ray Chénier (Timmins-Chapleau): Madam Speaker, last week the Minister of Communications tabled a broadcasting strategy paper. One of the thrusts of the paper dealt with broadcasting for native people or native organizations in the Far North. Can the Minister tell us what he has in mind for this area?

• (1430)

Hon. Francis Fox (Minister of Communications): Madam Speaker, I thank the Hon. Member for his question.

Some Hon. Members: Oh, oh!

Mr. Fox: I know that the Hon. Member and other Members, at least on this side of the House, are interested in listening to the answer. I have always indicated a very real interest in broadcasting going to northern residents, particularly broadcasting for native organizations in the North. I am delighted to announce that today the Government is making $40 million available to various native communications societies across the country for the purpose of native broadcasting.

Some Hon. Members: Hear, hear!

Mr. Fox: Knowing the Hon. Leader of the Opposition's very real interest in broadcasting for northern residents in general, I would like to say that we also made public today the five principles with respect to northern broadcasting. This is along the lines of the extension of services to northern remote communities about which the Hon. Member knows a great deal, and it is very much in line with the announcement made yesterday by the CRTC concerning CANCOM, allowing CANCOM in the future to make available an additional four channels of television to northern residents.

* * *

FINANCE

REQUEST THAT TAX ON UNLEADED GASOLINE BE REDUCED

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Finance. It has both employment and consumer price implications. Yesterday the Minister of the Environment announced in Toronto plans to restrict, and possibly eliminate altogether, the consumption of leaded gasoline. Since such a policy would force Canadian consumers to buy exclusively the much more expensive unleaded gasoline, would the Minister of Finance consider doing two things—first, reducing all federal taxes on unleaded gasoline and, second, instructing Petro-Canada to take the lead in reducing the base cost of unleaded gasoline, which Environment Canada officials say is grossly over-priced relative to the price of leaded gasoline, given the comparative costs of production of the two fuels?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, yesterday the Minister of the Environment made a proposal and said that there would be a public debate on the subject during the next two months. He invited representations from the general public and those concerned. It is obvious that the Minister and the Government will consider all views that will be expressed on the project announced by the Minister of the Environment yesterday. As to whether further measures should be taken, I shall assume the Hon. Member's remarks are suggestions he would like me to take into consideration.

* * *

[*English*]

TOURISM

REQUEST FOR ASSISTANCE TO INDUSTRY

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my supplementary question is directed to the Minister of State for Small Businesses and Tourism whose Department, in my view, should be one of the very high profile ministries in the Government. Further to what the Hon. Member for Hillsborough said regarding the high cost of gasoline, the Minister is aware of the recent news that Canada had a $1 billion deficit in the tourist industry. I believe the total was $2.5 billion of U.S. spending Canada and $3.5 billion of Canadian spending in the United States, for a minus of $1 billion.

Could the Minister tap the Minister of Finance on the shoulder, and the other Members of Cabinet, to see if something can be done? I know he is a hard-nosed nut, and I can see him shaking his head. I am wondering whether Cabinet would give consideration to doing something to help the tourist industry, which is the second biggest industry in the country, as the Minister knows. In my own Province of Ontario it is a $7 billion industry—

Madam Speaker: Order, please.

Hon. William Rompkey (Minister of State (Small Businesses and Tourism)): Madam Speaker, what I have just done is pat the Minister of Finance on the back rather than tap him on the shoulder because, in his recent statements in the House, he has clearly given an indication of his support for small business. I remind the Hon. Member that, by far, the majority of businesses involved in tourism are small businesses. I thoroughly agree with him that indeed we should give this industry an increasing profile and priority. I would remind him that, although energy costs are high, the Canadian dollar gives us a particular advantage.

Also I would remind the Hon. Member that, according to press reports today, many of the disincentives are related to taxes within the Provinces. If he had read the press reports I read today, he would know that Tourism Ontario Inc., for example, has approached its Government to get it to lower its taxes on accommodations, meals, alcohol and so on. There is a large mix of factors, but I assure him of our support on this side for the tourist industry.

* * *

PUBLIC WORKS

CANADIAN FORCES BASE CHATHAM, N.B.

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my question is directed to the Minister of Public Works. It concerns the closure of CFB Chatham in New Brunswick, which is placing in jeopardy hundreds of jobs in that region. Everyone knows that the Minister is the man who cans the ham in New Brunswick. The other day I put a question to him in which I asked when he would be prepared to meet with the CFB Chatham Steering Committee to resolve the problems. They have asked repeatedly to meet with the Minister. He did not answer or even address himself to that portion of the question. Again I ask him when he will go to New Brunswick and meet with the CFB Chatham Steering Committee to resolve the impending tragedy.

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I really have to ask the Chair for some clarification as to whether a Minister is responsible for his Department or his region, not because I do not want to try to answer questions fully but because I really must have guidance. The headlines in my own Province were rather derogatory—

Madam Speaker: Obviously Ministers may not answer questions regarding their so-called regional responsibilities.

* * *

NUCLEAR ENERGY

HEAVY WATER PLANTS IN CAPE BRETON, N.S.

Mr. Howard Crosby (Halifax West): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. No doubt the Minister is aware that the official unemployment rate in Cape Breton, Nova Scotia, is over 18 per cent, and that thousands of other workers have given up their job search. He must also know that closure of the heavy water plants in Cape Breton will add 3,000 Nova Scotians to the jobless ranks. Does the Government intend to allow closure of the heavy water plants at Glace Bay and Strait of Canso and, if so, what alternative employment can the Minister offer to the 3,000 Nova Scotians who will lose their jobs? I do not mean Alastair Gillespie and his Scotia Coal Synfuels Project.

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, we are well aware of the problem and we have been working on it. At this time AECL is working very hard to find some new markets. There is some potential for the development of a second Lepreau in New Brunswick and so on, so we have decided for the time being that we can keep these two plants in operation. If we are successful in looking for new markets or new sales of Candu

reactors, we might be able to keep those plants in operation for a longer period of time. The Government is doing its utmost to ensure that we save these jobs, but of course it is all within the normal possibilities of selling that heavy water.

* * *

[*Translation*]

TRADE

LUMBER EXPORTS TO UNITED STATES—GOVERNMENT POSITION

Mr. Michel Veillette (Champlain): Madam Speaker, first of all, I want to congratulate the Minister of State (International Trade) on his excellent work during negotiations with the United States Department of Commerce on lumber exports.

In a press release received in our offices, it was mentioned that the U.S. Department of Commerce would continue its enquiry and that a final decision would be made on May 23. Could the Minister inform the House what points are still at issue and what he intends to do until May 23?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I am satisfied with the preliminary decision given by the U.S. Department of Commerce. Factual documentation required for the final decision has been provided by the federal and provincial agencies concerned to the Department of Commerce. We are continuing our representations to the United States and await the final decision with confidence.

* * *

• (1440)

[*English*]

SHIPBUILDING

REQUEST FOR ACCELERATION OF VESSEL REPLACEMENT ORDERS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I have a question for the Minister of Supply and Services. It stems from the very serious plight of Canadian shipyard workers in which they find themselves today. Would the Minister not agree acceleration of the Navy's fleet replacement program, the much needed fleet replacement program for the Coast Guard and oceanographic vessels, and a reinstitution of boatbuilding subsidies might not only save those dwindling jobs still in place but at the same time bring back into the work place the many thousands of Canadians who have been displaced by lack of activity? If the Minister agrees with that, does the Government intend any particular action now before we lose our pool of skilled workers from our major shipyards?

[*Translation*]

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I wish to thank the Hon. Member for his question. This is the second time in the little while that I have been asked about our shipyards. I want to congratulate the Hon. Member on asking a question of general interest. I agree this is one of the most important industries in Canada because it involves underdeveloped areas throughout the country. I can assure the Hon. Member that we are doing our best to accelerate the Canadian Government's fleet replacement program and maintain adequate levels of employment in Canada and in our shipyards.

[*English*]

I would like to advise the hon. gentleman that I would be pleased to provide him with a copy of my speech to the Canadian Ship Repair and Shipbuilding Association in which I covered the very points he mentioned.

Some Hon. Members: Oh, oh!

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BANKS AND BANKING

INCREASE IN PROFITS OF CHARTERED BANKS—PENALTIES FOR MORTGAGE RENEWALS

Mr. David Orlikow (Winnipeg North): Madam Speaker, I have a question for the Minister of Finance. Bank profits in the first quarter of 1983 will total $484 million, an increase of 41 per cent and an all-time first-quarter high. At the same time home owners, who were locked into mortgages arranged in 1981 and 1982 at rates of 18 per cent to 21 per cent and who are now trying to renegotiate them because the mortgage interest rate has been reduced by a third or more, are being told by the banks that the three-month penalty, which they had to pay, until recently, to renegotiate their mortgages has been changed. They are now being asked for a cash penalty of $5,000 to $6,000. This is a completely unacceptable amount. Would the Minister discuss these exorbitant penalties with the senior officials of the banks and urge the banks to deal with their customers who have mortgages, in a more equitable way?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I will be very pleased to pass on the representations made by the Hon. Member to the Inspector General of Banks.

Mr. Deans: That is what you said two months ago.

Mr. Lalonde: I am not surprised at the Hon. Member's comments because I indicated the corporate sector last year had one of its worst years in history. Obviously, if there is to be any recovery there will have to be increased profits. Knowing the losses incurred by companies last year, one should not be surprised that there would have been some increase in profits this year. In percentage terms this will appear considerable. As a matter of fact I forecast in this House that we would receive this kind of comment from the New Democratic Party.

EFFECT OF MORTGAGE RENEWAL PENALTIES

Mr. David Orlikow (Winnipeg North): Madam Speaker, the Minister surely knows the one corporate sector that did not suffer losses was the banks. The figures announced yesterday and today indicate that the banks' profits are at an all-time high. Does not the Minister realize that, to the extent mortgage holders have to pay these very high monthly rates, they are not able to buy consumer goods and that the purchasing power of those consumers is reduced? If the banks would allow people to renegotiate their mortgages, people could begin to buy the products produced by Canadian manufacturers, the sector that is really suffering, while the banks are not.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have already said that I would transfer the representations made by the Hon. Member to the Inspector General of Banks. I would like to remind him that the return on assets of the banks, which is the best measure of the profitability of banks, has gone up from .47 per cent last year to .56 per cent, around a half a percentage point. This is still below historical averages. My hon. friend should look at the situation. I invite him to read the report of the parliamentary committee which had hearings last year on this subject. The committee came to the conclusion that bank profits in the circumstances were not considered to be excessive.

* * *

[*Translation*]

EMPLOYMENT

JOB CREATION UNDER NEW EMPLOYMENT EXPANSION AND DEVELOPMENT PROGRAM

Mr. Rolland Dion (Portneuf): Madam Speaker, my question is directed to the Minister of Employment and Immigration, if I can get his attention. In view of the fact that the Valcartier Canadian Forces Base is in my riding and, as the Minister is no doubt aware, the Quebec City area and the riding of Portneuf have been severely affected by unemployment, perhaps the Minister could inform the House what progress has been made by his Department and the Department of National Defence with respect to job creation under the NEED program?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, we have signed a job creation agreement with the Minister of National Defence which provides for 3,000 jobs under the terms of the NEED program.

* * *

[*English*]

ENERGY

OIL SANDS DEVELOPMENT PROJECTS

Mr. Jack Shields (Athabasca): Madam Speaker, my question is for the Minister of Energy, Mines and Resources.

The Alberta Chamber of Mines, the Canadian oil industry, and the Canadian Chamber of Commerce submitted briefs to the federal Government urging an accelerated program for oil sands development, because it is essential to Canada's goal of oil self-sufficiency by 1990 or even by 1995. At a time when 2 million Canadians are unemployed, who want jobs and who want to work, when is the Minister going to design a program that will assist in the development of Canada's resources and allow those people to go back to work? When is the Minister going to do something in the Department that he took over from the other disastrous Minister of Energy?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, we are continually reviewing different propositions. Right now we are in communication with the Government of Alberta and with the Government of Saskatchewan concerning heavy oil projects and so on. There are some projects going on at this time.

Of course the megaprojects of the past, when everyone was forecasting the price of oil would go to $50, $60, or $70 a barrel, are not realistic with today's prices. We have some propositions to the industry in conjunction with the Provinces. These are being studied by the companies and the Governments. Some projects might go ahead, but with the decline in world oil prices it will make these projects much more difficult to materialize economically. However, we are working in close co-operation with the Governments of Saskatchewan and Alberta. In fact yesterday I was discussing two projects with the Saskatchewan Minister of Finance. We both recognized that first we have to look at the economic viability of the projects.

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[*Translation*]

SCIENCE AND TECHNOLOGY

INTERNATIONAL BIOTECHNOLOGY CENTRE—POSSIBLE CANADIAN LOCATION

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of State for Economic Development and Minister of State for Science and Technology. About three weeks ago, an article in one of the newspapers quoted the Hon. Minister as having said that Canada would certainly not ask to be considered as one of the possible locations for the International Biotechnology Centre sponsored by the United Nations. In view of this statement, could the Minister inform the House today whether this means that Canada will definitely have to drop a project that was being eagerly sought after, not only by Montreal but also by two or three other provinces?

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I wish to thank the Hon. Member for his question, because biotechnology is a subject that is of

tremendous interest to the whole country. We are very keen on setting up biotechnology centres in Canada, and especially in the Province of Quebec, because the Government of that province is also very interested. The project in question, the UNIDO project, was not very attractive to us because of the terms and conditions set by this organization. However, that does not mean we are not interested. On the contrary, we are eager to act in this area across the country, and as I said at the beginning of my comments, especially in the Province of Quebec.

* * *

• (1450)

[*English*]

LABOUR CONDITIONS

PROJECTION OF UNEMPLOYMENT LEVELS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Minister of Finance. Is he aware of the data released recently by Data Resources of Canada which show that unemployment will continue at 1982 levels through 1983, 1984, and into 1985? If he is aware of that unfortunate level of unemployment, would he indicate what concrete steps we may anticipate to relieve that situation?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have not seen the particular figures which have been put out by Data Resources. I am aware of a number of forecasts, some of which are mort optimistic than others and some more pessimistic than others.

I have indicated that, when I address issues in my budget, the issue of unemployment would be very high on the list of top priorities. I would invite my hon. friend to wait for the budget.

* * *

TRADE

REQUEST THAT MINISTER TABLE DOCUMENTS DEALING WITH FOREIGN-OWNED BRANCH PLANTS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is directed to the Minister of State for International Trade. Yesterday I referred to some confidential documents that quoted senior Government officials and trade commissioners as saying that up to 75 per cent of the branch plants operating in Canada were prohibited from exporting by their foreign parents, thus losing a lot of jobs.

This morning I sent a note to the Minister's office asking that he make six specific documents public. I will send that note to him again now. I have enclosed the titles of the documents, their dates, and the file numbers. Those documents include ones such as the Special Study on Export by Canadian Subsidiaries, which names companies that prohibit their branch plants from exports. There is also the main report on Exports by Canadian Subsidiaries—

Madam Speaker: Order. Does the Hon. Member have a question? This is Question Period.

Mr. Nystrom: The documents include the two to which I have referred. My question is very straightforward. Will the Minister table these documents so that the Canadian people will know what advice the Government has been receiving from its senior officials since the 1950s about the lack of export opportunities for branch plants of foreign multinational companies?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I thank the Hon. Member for sending me a copy of his note just now. I did not receive his note this morning because I was away from my office at meetings.

I note that he is asking for documents that are dated in four cases, April, 1963; in another case, 1961, and the other in 1958. I do not know if he is studying ancient history. These hardly seem current. I have to say to the Hon. Member, not having had notice of the nature of the documents until I came to the House, that I will make inquiries as to their status and whether they are eligible for release. If the Hon. Member already has them from some illicit source, I cannot see why he wants them released.

Mr. Nystrom: It is because the public deserves to know. Because of the mania for secrecy by the Government across the way, I am not allowed to release these documents without putting someone in jeopardy. That is why I asked the question.

REQUEST FOR RELEASE OF STUDIES

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I will ask once again. Will the Minister make a commitment to make these documents public? Will he also make a commitment to make any studies that have been done since the 1960s, regarding the activities of foreign companies in this country, public as well? I suspect that the exact same practice is going on today that went on throughout the 1940s, 1950s, and 1960s and cost this country tens of thousands of jobs.

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I know that there are many thousands of jobs in this country as a consequence of the exports of Canadian companies, including many that are foreign owned. I suggest that the Hon. Member is cognizant of the fact that the proper way for him to proceed for the production of papers is to seek an order for return. I suggest that he do so.

CANADIAN NATIONAL RAILWAYS

MANUFACTURE OF ROLLING STOCK

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I would like to attempt to get some information from the Minister of State for Regional Economic Expansion who, I am sure, has conferred with his colleague, the Minister of Transport, on this problem. What are the future intentions of the CNR with respect to the manufacture of its own railway rolling stock? It is of great concern to the Hawker Siddeley works in Trenton, Nova Scotia, to a plant in Montreal, and to a plant in Hamilton as well. There are many thousands of workers who are wondering about the policy.

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the Hon. Member knows that Canadian National Railways are not the responsibility of the Minister of Industry, Trade and Commerce or DREE. I would suggest that he pose the question to my colleague, the Minister of Transport, who is responsible.

Mr. MacKay: I thought, because there were so many jobs involved, the Minister would know.

NOVA SCOTIA STEEL PLANTS

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my supplementary question to the Minister is about another situation in Nova Scotia that is causing concern. The Deputy Prime Minister recently announced the possibility of a steel fabricating plant in his constituency that is going to have the possibility of creating 1,000 jobs. As the Minister knows, a short distance away there is another plant that has closed down. It is the same Hawker Siddeley plant that can duplicate the very jobs that the Deputy Prime Minister is hoping to create in his constituency. Is this Government policy, departmental policy, or more political puffery from the Deputy Prime Minister?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as the Hon. Member knows, the Deputy Prime Minister has devoted the majority of his adult life to the people of that particular area in terms of creating jobs. There are several substantial projects which are on-going at the present time to create jobs in that area.

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FISHERIES

REPORTED THREAT TO RAM SEALING SHIPS

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is directed to the Minister of Fisheries and Oceans. He will know that this is not a hypothetical question because an organization known as the Sea Shepherd Conservation Society, which owns a converted trawler called the *Sea Shepherd*, is currently hove to off St. John's, Newfoundland, and threatening to ram the three sealing ships that are planning to go to the ice within the next few days.

What action does the Minister intend to take under the Fisheries Act to protect these three ships which have Canadians on board? Does he intend to call in the assistance of the Coast Guard and/or the navy to ensure that this vessel will not ram the Canadian sealing ships? As he knows, this vessel has already boasted of having sunk three whalers.

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, obviously no Canadian should be allowed to prevent other Canadians from practising a lawful activity, whether fishing, seal hunting, or whatever. If a small group like the one on the *Sea Shepherd* tries to prevent other Canadians from undertaking such an activity, that of course will have to be looked at by my colleague, the Minister of Justice.

If any group wants to impose its will on other Canadians, I would call it tyranny and totally unacceptable.

REQUEST THAT SEALING SHIPS BE PROVIDED WITH ESCORTS

Hon. James A. McGrath (St. John's East): Madam Speaker, does the Minister intend to provide these three ships with escorts from either his own fleet or the Armed Forces, so that they can leave port and head for the ice without fear of harassment or being rammed?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, with respect to movement on the sea, it involves regulations of the Department of Transport and my own Department. There is also the responsibility and assistance that we can have from the Department of National Defence. At this moment an interdepartmental group is monitoring the situation. I am very pleased to have the support of the Hon. Member that that group should not be allowed to prevent other Canadians from practising their lawful activities.

* * *

INCOME TAX

APPLICATION TO WAGES EARNED ON INDIAN RESERVES

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is directed to the Minister of National Revenue. The Mohawks of the Bay of Quinte had plans to put men to work clearing and preparing land for the planting of 28,000 trees. The work is to be done on the reserve and the whole project will come under the Canadian Forestry Service reforestation program under which unemployment insurance benefits are supplemented and paid to those workers involved.

At the present time the whole project is on hold awaiting a formal ruling on the question of whether or not wages paid to the workers will be taxed. Would the Minister tell us if the wages paid to those natives working on reserve land are subject

to tax, and when can we expect a ruling on this particular matter?

• (1500)

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, if I remember correctly, unemployment insurance benefits paid to Indians who live on the reserve are taxable. Consequently, funds used to pay for the kind of projects the Hon. Member has just mentioned, funds that are paid out of the Unemployment Insurance Fund, would be taxable, while the additional amount to supplement the amount paid to a person as wages would not be taxable. In other words, there are two wage components, one from the Unemployment Insurance Fund, which would be taxable, and the wage supplement paid by another agency through the band council or another organization on the reserve, which would not be taxable.

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PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table reports of the Clerk of Petitions stating that he has examined the petitions presented by Hon. Members on Wednesday, March 9, 1983, and finds that they meet the requirements of the Standing Orders as to form.

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POINT OF ORDER

MR. CORBETT—QUESTION ASKED OF MR. LEBLANC DURING QUESTION PERIOD

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, I have a point of order which deals with the effort of the Minister responsible for Public Works to sleaze out of his responsibilities to answer a question with reference to a matter pertaining to his Department in New Brunswick by asking the Speaker for clarification as to whether or not in his capacity he is responsible for answering a political question with regard to the Province of New Brunswick. The record will clearly show that the question as I asked it was directed to the Minister responsible for Public Works. He knew that, and I suggest that it is time he started taking his responsibilities seriously.

Some Hon. Members: Hear, hear!

Madam Speaker: The Hon. Member has made a point, but I do not consider it to be a point of order. I ruled on that matter. I was asked for guidance. The Minister felt that that particular question referred to wider responsibilities than those of his Department and, of course, that is the rule.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, today being Thursday, I would like to ask the Government House Leader whether he can advise us as to the business for next week.

I hope that in his explanation the Government House Leader will correct an impression which the Minister of State for International Trade tried to create in the country when he suggested there was a connection between the Government's commitment to fund the Calgary Olympics and the sports pool legislation. The Government House Leader knows that there is no connection. I would ask him to straighten that out for his colleague. At the same time, perhaps he could tell the House when the Government, which controls the sports pool legislation, intends to bring forward that legislation.

[*Translation*]

Mr. Pinard: Madam Speaker, as far as the business of the House for today and tomorrow is concerned, we shall continue debate in Committee of the Whole on Bill C-139. Next week on Monday, we shall complete second reading of Bill C-143 to authorize the Government to borrow certain sums of moneys. The House is aware that if necessary, debate will be interrupted at 5:45 p.m. Monday evening, for the vote. Next Tuesday and Thursday, we shall resume debate in Committee of the Whole on the important and urgent Bill concerning income tax. Next Wednesday will be Private Members' Day, as usual.

As far as the legislation on sports pools is concerned, I can confirm to the Hon. Member that it is very high on the Government's list of priorities, and, since he raised the issue, the Hon. Member will have to admit that on numerous occasions I have suggested completing debate on this Bill in one day it is now at the report stage and his answer was always negative. If the Hon. Member changes his mind, he should say so, since I am willing to reserve time tomorrow for completing debate on the report stage and second reading of the sports pools Bill.

[*English*]

Mr. Lewis: Madam Speaker, the Government House Leader finds it easy to gag his colleagues, and that is the way the Government operates. Over on this side of the House, we feel it should have full and honest debate, and we are prepared to debate at any time.

Mr. Deans: Madam Speaker, concerning the matter of the sports pool Bill, we are opposed to it and are prepared to deal with it the moment it is called.

I want to raise another matter, however, with regard to House business. The President of the Privy Council no doubt

heard, in a question today posed by one Conservative Member, although I cannot recall which one, of the dilemma confronting Allan Wilford, the President of the Farm Survival Association. Mr. Wilford is quite rightly demonstrating against the banks' usurious actions.

I wonder if the President of the Privy Council would indicate to the House whether he would be considering calling either Bill C-653, which is an amendment to the Farm Credit Arrangements Act, for debate in the House of Commons in committee, or whether he would consider sending it to a standing committee for consideration. Given the fact that it is a Private Members' Bill, would he perhaps consider bringing forward a Government Bill which would accommodate the same desires?

If he were to do any one of those three things, I want to assure him, at least on behalf of the Hon. Members of this Party, that we would be prepared to deal with the matter expeditiously.

[*Translation*]

Mr. Pinard: Madam Speaker, I am told that a friend of the Hon. Member for Hamilton Mountain (Mr. Deans) has been charged with theft before the courts in Ontario, and my learned friend will understand that I do not intend to comment on matters that are *sub judice*.

[*English*]

Mr. Deans: I am not interested in whether the President of the Privy Council can answer whether he is stealing or not. That is not the issue. The contents of the Private Members' Bill would resolve a very difficult problem for a large number of farmers, particularly in Ontario but in other parts of the country as well. Is the Government prepared to have that Bill called or is it prepared to duplicate it with a Government Bill? I want to assure him, and I think I am speaking on behalf of all Hon. Members, that if the Government were to proceed with this Bill or with another similar Bill, we would guarantee dealing with it as expeditiously as humanly possible.

[*Translation*]

Mr. Pinard: Madam Speaker, if only I could say that past experience has shown the Hon. Member is indeed able to deliver the goods when he guarantees support for a Bill. Unfortunately, we have had some negative experiences in the past involving both the Progressive Conservatives and the New Democratic Party. In the circumstances, if the Hon. Member has any proposals to make regarding legislation on sports pools, agriculture, income tax which bill is very urgent or on the Borrowing Authority Bill which is also very important and very urgent, if the Hon. Member has any definite proposals to make with respect to these bills, I feel that the appropriate place to discuss the issue is at our meetings of Parliamentary House Leaders, and I am very receptive to any suggestions aimed at accelerating the legislative process in this country.

[*English*]

Mr. Wise: Madam Speaker, I rise on a point of order directed to the comments made by the President of the Privy Council with reference to House business. I would ask a question supplementary to those raised earlier during the Question Period by my colleague, the Hon. Member for Bruce-Grey and also by the House Leader for the NDP.

I simply want to be clear on the Government's position with regard to the Private Members' Bill, the bankruptcy Bill or a new piece of legislation dealing with the specific subject. It is my understanding, after listening to the explanations, that the Government House Leader indeed has no intention whatsoever of moving in this area, either through separate legislation on behalf of the Government, the Government's own Private Member's Bill, or through similar amendments to the Bankruptcy Act through Bill C-12. Am I right or am I wrong?

Mr. Baker (Nepean-Carleton): I rise on the same point of order, Madam Speaker. The House and the Government House Leader will know, and certainly the Hon. Member for Lambton-Middlesex (Mr. Ferguson) will know, that when this matter came before the House before I gave an assurance that if the Government were to allow the introduction of the Bill of the Hon. Member for Lambton-Middlesex, I would be very pleased to second it. So the ball is very much in the Government House Leader's court with respect to bringing forth that legislation. It would be of great assistance to Canadian farmers.

Mr. Nielsen: As well as Bill C-95.

Mr. Deans: Madam Speaker, I do not want to belabour the point, but I do want to make one other suggestion, if I may, for consideration. The Government House Leader quite correctly said that this is a matter which we should perhaps negotiate. I am, of course, prepared to negotiate on any matter at any time. However, this matter is serious inasmuch as it will directly affect an individual who has chosen the only course which apparently, in his mind, is open to him to try to get the Government to move. Would the Government House Leader be prepared to meet this afternoon to discuss some way of resolving this particular matter?

• (1510)

[*Translation*]

Mr. Pinard: Madam Speaker, an Hon. Member asked me whether he had understood correctly. I think what I said was quite clear. He can check in *Hansard*. If he does not understand, there are others who will. My answer was very simple, clear and complete. As far as the offer made by the Hon. Member for Nepean-Carleton (Mr. Baker) is concerned, it is only a partial one in that it only indicates his intention of seconding the Bill, and we have no guarantee that the Bill will be concurred in without debate. I would like further explanations from the Hon. Member for Elgin (Mr. Wise) regarding amendments he would like to make for the same purpose.

[*English*]

Mr. Baker (Nepean-Carleton): You have the offer. Talk to the House Leader.

Mr. Pinard: Madam Speaker, I just want to give a proper answer to the colleague of the Hon. Member for Nepean-Carleton. I was interested in his suggestion of considering an amendment to the Bankruptcy Act. I would like to see the wording of such an amendment to make sure that it responds to the concern expressed. If the Hon. Member for Nepean-Carleton is against such a move, then there is no way that this will be discussed further in the House.

Mr. Baker (Nepean-Carleton): Madam Speaker, on a point of order, I do not think that the hon. gentleman ought to misrepresent my position. My position has been quite consistent. I said at the beginning that if the Bill brought forward in the name of the Member for Lambton-Middlesex, which would help farmers, was allowed to be brought forward by the Government House Leader, I would second it, if that became necessary. I repeat that assurance. That was the reason for the intervention. It was not to suggest in any way that I was against the provisions in the Bankruptcy Act, as he has tried to misrepresent.

Mr. Pinard: Madam Speaker, the fact that the Hon. Member would second the Bill does not help in any way. We do not need him to support any Bill moved by the Hon. Member.

Some Hon. Members: Oh, oh!

Mr. Baker (Nepean-Carleton): Bring it on, then.

Mr. Pinard: The question is, if the Bill is put, will it be adopted right away without debate? That is the commitment I have been asking for. The Hon. Members know very well that we have to deal with the Income Tax Act, with the borrowing authority Bill and now they are asking that we give more time to other pieces of legislation. For this reason I am saying that I doubt very much that the Tory Party is in a position to deliver, when some of their individual Members pretend that this Bill could be dealt with efficiently in the House.

Mr. Baker (Nepean-Carleton): I am trying to help you.

Mr. Beatty: He wants the Soviet Union type of efficiency.

Mr. Deans: Madam Speaker, on a separate topic, I wonder if the Government House Leader could either affirm or deny—

Madam Speaker: Order, please. I believe I have a point of order on this topic.

Mr. Hnatyshyn: Madam Speaker, I rise on a point of order. I am trying to assist the Government House Leader, as always, in the course of Government activity, and it is in that spirit that I rise. In order for us to make an assessment with respect to the amount of debating time that may be necessary on any piece of legislation, it seems to us in the Opposition that the common courtesy would be for the Government House Leader to get up and give us an indication as to whether or not a decision has been made as to when the Speech from the Throne for the next session will be brought down.

Mr. Nielsen: The one they said is ready.

Mr. Hnatyshyn: Maybe the one that is ready now, and has been for some months, if not years. I wonder if the Government House Leader might give us a little hint, so that we on this side could give proper attention to the idea of transacting Government business forthwith and without delay, as to when this session will end.

This has been the longest session in the history of Canada. We would like to know when we will have a new Speech from the Throne so that we can assess what we can do with Bills now on the Government timetable.

Mr. Baker (Nepean-Carleton): That would be very helpful.

Mr. Pinard: Madam Speaker, I can assure the Hon. Member that if this session has been the longest in history it also has been, and is, the most important and the most productive.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Producing two million unemployed.

Mr. Pinard: In almost three years we have succeeded in adopting over 150 Bills. That is well above average as compared to any normal session which, when there is not an election, adopts less than 50 Bills a year. We have not completed three years yet but already we have adopted over 150 Bills. We have patriated the Constitution; we have a new Charter of Rights; we have a National Energy Policy—

Some Hon. Members: Oh, oh!

Mr. Pinard: —we have had two economic statements. This is and has been the most important and the most productive session ever.

Mr. Kempling: The country is bankrupt.

Mr. Pinard: The Hon. Member wants to know when is the next Speech from the Throne or when shall we stop dealing with the economy and start an eight-day debate, generally speaking. It has been made very clear under the parliamentary reform with which we are experimenting. I had to make a statement at the beginning of this semester, in January. The letter was made public, was sent to the House Leaders of both opposite Parties. This contained a list of all the Bills that have to be completed before we consider proroguing. With good will we could complete all the remaining stages of the important Bills. All this could be completed easily, with good will, within the next 15 days or so.

However, if there is no good will it could take longer, if the Opposition keeps forcing the Government to limit debate. We are under negotiation. If we do not achieve the results that we

would like at this time, at least we on this side are trying to allow this session to come to an end, even though it has been very, very productive. The Hon. Member knows that the Income Tax Act is urgent and important. He knows that the borrowing authority is needed by the Government at this time and it is also important to get the money for the sports pool in Calgary as soon as possible.

Mr. Baker (Nepean-Carleton): Bring on the Bill.

Mr. Pinard: I would welcome the consent of the Hon. Member's Party to conclude debate on the sports pool tomorrow. That was the offer that was rejected a few moments ago by his House Leader.

Therefore, Madam Speaker, although this session is about to end, we have to conclude debate on the Bills I have just indicated, and it is most likely that with good will this could be achieved within the next few days.

Mr. Deans: Madam Speaker, on the point the President of the Privy Council just raised, if it is true, and I agree that it is, that this has been the most productive session in parliamentary history and we have covered more ground than any other Parliament, why are we always being accused of stalling and not co-operating?

ROUTINE PROCEEDINGS

[*English*]

SCOTIA COAL SYNFUELS PROJECT

TABLING OF DOCUMENTS OBTAINED FROM CAPE BRETON DEVELOPMENT CORPORATION

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, in response to requests put forth by the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty) and the Hon. Member for Central Nova (Mr. MacKay), and in the spirit of the Access to Information Act, I wish to table, under Standing Order 46(2), documents pertaining to the Scotia Coal Synfuels Project. These documents were obtained from the Cape Breton Development Corporation.

Some Hon. Members: Hear, hear!

Mr. Beatty: Madam Speaker, on a point of order, the Hon. Member has indicated that he is tabling these documents in response to our request. Can the Minister give us assurance that all relevant documents from Devco's files are being tabled and none is being withheld, including documents of an intergovernmental nature?

Mr. Lumley: Madam Speaker, I said that in the spirit of the Access to Information Act the documents I indicated are tabled.

Mr. Beatty: Madam Speaker, is the Minister then implying that there are some documents in Devco's files which are relevant to this case which are not being tabled today? For example, would he claim an exemption under the Access to Information Act for some documents that were not tabled today, or can he give the House the assurance that all relevant documents are being tabled?

Mr. Lumley: Madam Speaker, I would first of all suggest to the Hon. Member that he take a look at the documents. Obviously there are some documents and minutes of the consortia that involve commercial confidentiality which would not be included, but in each case there is a note with respect to those particular minutes or documents which are not included in detail.

* * *

[*Translation*]

PETITIONS

MR. ROY—MAGNIFICENT WORK OF LIGUE D'ACTION COMMUNAUTAIRE DE LAVAL (QUÉBEC)

Mr. Marcel Roy (Laval): Madam Speaker, pursuant to Citations 669 and 671, Beauchesne, Fifth Edition, I intend, at the request of 100 petitioners from Chomedey, to express their appreciation and to thank the members of the Ligue d'action communautaire de Laval for the magnificent work they have done to improve home services and recreation. These senior citizens are seeking the support of the House to ensure the continuation of this project which has brought some more sun into their lives and is a liberal ray of hope.

* * *

• (1520)

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 4,312.

[*Text*]

DEPARTMENT OF EMPLOYMENT AND IMMIGRATION—HOTEL ACCOMMODATION

Question No. 4,312—**Mr. Mazankowski:**

Did the Department of Employment and Immigration purchase $1,026,430 of hotel accommodation services from Guaranty Properties Ltd. of Toronto and, if so (a) for what purpose (b) which hotels were used (c) how many rooms were used and for how many days (d) what was the daily cost per room (e) how many persons used the rooms (f) what was the average and maximum length of stay (g) what special services were required and what were the costs of the services (h) what charges, if any, were assessed to those persons using the rooms?

Order Paper Questions

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Employment and Immigration and Supply and Services as follows:

Two contracts were awarded, on behalf of the Department of Employment and Immigration to Guaranty Properties Ltd. (i) Contract T0X81-10655/1 valued at $343,000.

(a) To provide hotel accommodation and meal services to persons detained for immigration pursuant to the authority of the Canadian Immigration Act for the period of April 1, 1982 to March 31, 1983.

(b) The only hotel used was: Waldorf-Astoria Hotel, 88 Charles St. East, Toronto, Ontario.

(c) The Department contracted for 21 rooms per month for detainees plus five rooms for administration. For the period April 1 to May 6, 1982, a possible 756 accommodations were available (21 rooms X 36 days). In that period, 671 room/days were used.

(d) $32.10 (including three meals a day).

(e) A total of 940 detainees used the rooms.

(f) Average length of stay was 5.7 days, maximum stay was for the complete 36 days.

(g) No special services were provided.

(h) No charges were assessed to users.

(ii) Contract T0X81-11083/1 valued at $683,430.

(a) For accommodation with cooking facilities for newly arrived immigrants for the period of April 1, 1982 to March 31, 1983.

(b) See reply to part (i)(b).

(c) The contract is still in force. There is a provision that only the rooms actually occupied will be paid for. All rooms have been occupied to date. The contract is for the provision of:

50 rooms per month—April and May, 1982

60 rooms per month—June to August, 1982

70 rooms per month—September to December, 1982

40 rooms per month—January to March, 1983

(d) $30 (excluding meals).

(e) Rooms were occupied by family units of varying size.

(f) Neither average nor maximum length of stay can be determined at this stage.

(g) No special services were provided.

(h) No charges were assessed to users.

[*English*]

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

[*Translation*]

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered.

[*English*]

Mr. McKenzie: Madam Speaker, I rise on a point of order. Last week I asked the Parliamentary Secretary to make inquiries with regard to question No. 4,175 which was placed on the Order Paper on March 24, 1982. It is with regard to the Government's hiring teams that are hiring in universities in Ontario and Quebec. It is a detailed question asking which Department has these hiring teams, whether they are going right across Canada, in what areas they will be hiring and what nationalities will be hired.

A number of complaints have been filed with the Canadian Human Rights Commission with regard to the discriminatory hiring and promotional policies of the Liberal Government. It is causing the Canadian Human Rights Commission great difficulty in reaching a decision on these complaints because the Government is not providing them with the proper documentation.

The information requested in my detailed question on hiring teams is the type of information that the Canadian Human Rights Commission requires. Will the Parliamentary Secretary inform me what the problem is? Is there any particular Minister who is not co-operating or any Government Department that is not co-operating? What answer does he have for me after having made this inquiry last week?

Mr. Smith: Madam Speaker, the Hon. Member is quite correct, he did raise this last week. I want to assure him that I did initiate inquiries as a result of the point he raised last week, but to date I have not received a response. I will again follow up on it.

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

Madam Speaker: Pursuant to the provisions of Standing Order 58, I do now leave the Chair for the House to go into Committee of the Whole.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration in Committee of Bill C-139, to amend the Statute Law relating to Income Tax (No. 2)—Mr. Lalonde—Mr. Blaker in the Chair.

The Deputy Chairman: When the House rose at one o'clock, the Committee of the Whole was considering Clause 4 and a series of associated Clauses and Subclauses. If my recollection

serves me correctly, the Hon. Member for Mississauga South had the floor.

Mr. Blenkarn: Mr. Chairman, prior to lunch we got into the question of certain money funds that were organized and have been organized principally since the budget of November 12, 1981, making it possible for Canadians to invest in Canadian Government bonds and other Canadian Government securities in such a fashion that the funds can accumulate, accumulate and accumulate and there will be no accrual of tax. The various offerings in these funds were being peddled in the Toronto area and indeed across Canada. For reference this afternoon, I want to put on the record the detail of a company called "The Money Fund Limited".

The Money Fund is organized as a fund to invest in the medium-term debt obligations issued or guaranteed by Canada or a Province of Canada or an agent thereof in any financial institutions having a Standard and Poors rating of AAA. The question is asked in their prospectus which has been approved, issued by Bache Halsey Stuart Canada Ltd, 170 Laurier Avenue in Ottawa: "Why is an investment in a Money Fund tax-sheltered?" The answer is: "A Canadian resident investor will not be taxed on an accrual basis or have taxes payable in Canada or Nassau until such time as the B shares are redeemed".

The next question is: "Will an investor be liable for any taxes on the redemption of First Series A shares". The answer is: "No, there are no taxes payable by an investor upon redemption of the shares".

On the question of their B shares, they say: "All of the investment growth will be attributable to B series shares. The value of the shares will be subject to tax on the capital gain realized on any redemption of the series B shares".

The next question is: "Can this investment be used as bank collateral?" Here is the answer: "Yes. Bank of America Trust and Banking Corporation Bahamas Limited will normally provide excellent collateral loan facilities with shares of the Money Fund as collateral. The interest on the loan may be tax deductible as an expense to the investor."

That particular fund is open to any investor who wants to put $100,000 into it. In effect, the investor puts up $100,000. The fund issues him Series A shares, annually the interest which is payable and collectible in the Bahamas on Government of Canada securities, which by the way have no withholding tax on them, if received by the trust company in Bahamas. In place of giving the Canadian shareholder his interest on his share of the income received on the bond, the Canadian receives a Series B share. That Series B share can be redeemed at any time. It is totally open. Indeed, the Series A share in the fund is totally open and redeemable at any time.

The Series A share redeemable without cost because that is the original capital. The Series B share comes back to the Canadian subject to Canadian capital gains tax only because, after all, it is a share. In other words, there is no tax on the accumulation principle for money taken out of Canada and invested with these people. These people are able to and have cleared their share issue with the Securities Commission of Ontario. The opinions with respect to the legality and the tax position on these securities has been cleared by the top solicitors in the country, indeed with the tax Department, if my memory serves me correctly.

This morning there was mention of the Casuarina Corporation. The Minister says that was six years ago. May I point out to him that the confidential offering memorandum for Casuarina is dated May 3, 1982. I pointed out this morning that Casuarina has already pulled out of Canada $80 million of investment funds that would have gone to mutual insurance companies in Canada. They would have been used in Canada for long-term mortgage investment in this country. The money was pulled out of Canada because of the nature of the income tax amendment now before us. There can be no justification whatsoever for this kind of activity that is allowed to take place, yet the very nature of the amendments before us initiate this activity and force money out of the country.

The Minister said privately before lunch that he had a legal opinion that people who went into these kind of schemes and invested in annuities or in these money funds outside of Canada may be avoiding Canadian income tax. I challenge him to present to this Committee that opinion. If he cannot produce that opinion, then he should withdraw all of these Clauses because these Clauses deliberately cause headaches and problems for Canadians. They take away the investment potential of Canada. They take money out of Canada and put it in foreign countries. That is what this income tax amendment and this part of the Section does. This Government does not realize what is happening.

This morning the Minister talked about the history of the annuity business in Canada. He was quite right. We were developing a very good deferred annuity business in this country where trust and insurance companies would take money in on long-term deposits and the interest would accumulate. That money was available for long-term mortgages and industrial bonds. What this Clause does is to force money invested in Canada by Canadians into short-term investment. It shortens the length of debt securities. It destabilizes the investment climate of the country. This particular series of Clauses is doing more harm to the investment climate of this country than any other series of Clauses in this horrendous set of amendments.

• (1530)

Has the Minister any current figures on the current attitude of Canadians toward buying deferred annuities since December 1, 1982? Have any Canadians bought them?

Mr. Cosgrove: Mr. Chairman, I indicated before the one o'clock break that the issue the Hon. Member for Mississauga South has just characterized is generally known, I am told, as offshore mutual funds. It is likely that there are not a large number of Canadians knowledgeable of, or who have come in contact with, this provision. As the Hon. Member indicates,

they require the services of the highest price lawyers in Canada to set up the trust and give opinions on the matter. I for one have not had a reason to call upon such highpriced opinions or help. Obviously the majority of Canadians have not done so as well. It is probable, Mr. Chairman, that these Canadians who, because of their financial resources are able to call upon the best and most expensive advice on the conduct of their financial affairs must be first, the envy of some other Canadians, and second, I would think that some Canadians must feel a little frustrated, even a little angered, at the fact that there are some high rollers who have the resources necessary to take special advantage of the tax system.

However, getting back to the offshore mutual funds issue, it is not an offshore mutual annuity question; it is an offshore mutual fund tax technique.

Mr. Blenkarn: So what?

Mr. Cosgrove: The Hon. Member says, "so what?". The answer is that this special tax treatment has been in place for a number of years. It has nothing to do with this budget or specifically with annuities. It is only that annuities may be one of the riders under the trust, the mutual fund vehicle, that the issue now comes up. So I contest his protestation that this vehicle is the result of any of the Clauses which are before Parliament today on this issue.

Mr. Thacker: That is some answer.

Mr. Blenkarn: Some answer, as my friend says. The Minister says it is only the high rollers. Let me tell him that in the Casuarina prospectus the per unit cost is $10,000, not a great deal of money bearing in mind that the maximum amount of Canada Savings Bonds purchased by one individual is $35,000. If the Minister wants to buy the Money Fund, he can go down to Bache here in Ottawa and buy it. No problem, he does not have to be a high roller there. The Casuarina fund is financed and organized by the Royal Bank of Canada, not exactly an unknown institution in Canada. I am sure that if he really wanted to get involved he would just have to see his local Royal Bank manager, and that could be organized for him. The Minister says that is not an annuity, that is a money fund. Well, I want to point out that these Clauses deal with any investment situation where the money is invested and interest accumulates. The normal tax treatment in every jurisdiction in the world, other than this one if this Bill passes, is that interest is not taxable until it is received by the lender. Whether it is an annuity, an insurance policy, a guaranteed investment certificate or Canada Savings Bond with a cumulative feature, does not matter one iota.

The principle, Mr. Chairman, is that this Government wants to tax interest which has not been received. If people are going to save money in this fashion, they are going to earn a lot of money, and the Government says it is not going to get its tax fast enough. So the Government says, "Let us wring the neck of the golden goose; we will get the eggs out faster that way". I want to tell the Minister that he has wrung the neck of the golden goose. He has not answered my question about the experience on the sale of deferred annuities since the beginning of December, 1982.

Mr. Cosgrove: Mr. Chairman, the Hon. Member urges the Government not to take any leadership in drafting a tax system which we promote on the basis of equitable treatment of all Canadians. Yet scarcely a day goes by in the House that we are not urged by Hon. Members opposite that we do need specifically Canadian designed policies in, you name it, energy, housing, or interest rates. Then, because the Government of Canada takes leadership in proposing an equitable system for the vast majority of Canadian taxpayers, he complains that we are taking leadership. I do not know where the consistency is in that.

To make the observation that investment in annuities is down, as I indicated this morning, what does that add to our understanding of what has happened in the economy? Can you name six sectors of the economy which have shown improvement, or where financial investments have not suffered as a result of the downturn in the economy in the last 24 months? I doubt it.

Mr. Blenkarn: The Minister still refuses to tell the House how much the sale of deferred annuities has decreased in the country since the Minister decided to bring in Subclauses 4(6) to (11). The money funds that I spoke of were deliberately set up to avoid the problems created for investors in those Clauses, the ones we are now dealing with.

The Minister said that the annuity business was great in Canada. That is what he said before lunch. I asked him what has happened to the sale of deferred annuities since December 1, 1982? He weaseled, he did not answer. I am going to sit down and expect an answer from him because he should have an answer and he should have it now.

Mr. Cosgrove: Mr. Chairman, I am going to repeat the answer that I gave before the break, and the one which I just gave a few moments ago, that the sale of annuities is down.

• (1540)

If the Hon. Member for Mississauga South is so familiar with this fantastic tax scheme that permits people to have a tax advantage by getting high priced assistance—he has mentioned the name of McLeod, Young and Weir—I suspect he could get specific information on that question from the people who are offering those schemes. I have not been into the offices of McLeod, Young and Weir recently, but the Hon. Member has. I am sure they could give him that information.

The Deputy Chairman: The time allotted to the Hon. Member for Mississauga South has expired. The Chair recognizes the Hon. Member for Winnipeg North.

Mr. Orlikow: Mr. Chairman, I rise to make a plea to Members of the Official Opposition to let the House get on with its business. Millions of Canadians whose only income comes from wages or salaries, do not have money to squirrel away in an annuity or RRSP or any of the hundreds of loopholes which the tax laws provide so that people with money can

avoid paying taxes. I wish we could get off these pleas which we have heard all day for more concessions and more loopholes for people who already have more than enough.

I should like to discuss the problems of the people who cannot save money and those who can save a little but cannot afford the high-priced lawyers and accountants who give advice to people with money on how to avoid paying taxes.

Organizations such as the National Council on Welfare have documented evidence that large numbers of people in this country get away with paying little or no tax because of the loopholes in the tax laws. In 1978, approximately 2,316 people with assessed incomes of more than $50,000 did not pay any tax at all and 96 of them had incomes exceeding $200,000. In 1979 the Government lost more than $30 billion in revenue as a result of tax loopholes.

I wish we were not spending our time discussing ways to find more tax loopholes, which is what my friends from the Conservative Party are trying to do, but instead discussed ways to plug loopholes. People with money should pay their fair share of taxes and thus lighten the burden on people on low and middle incomes who do not have the money to invest or hide and who pay more tax than they should because they do not know how to avoid it.

Mr. Hawkes: Mr. Chairman, I am glad that the NDP has joined the debate. I think that Members of that Party are missing the point. What we are concerned about is the small Canadian who is being hurt by particular parts of this tax Bill. If the Hon. Member listens carefully perhaps we can identify some of those areas for him.

May I ask the Minister to reconsider the issue of court ordered asset splitting in relation to matrimonial matters. He knows that quite often in the process of a divorce, the courts order the splitting of assets. The Minister indicated that if the law remained as it is, then at the moment of divorce those people will be liable for increased taxation. This comes at a time when they can least afford it, financially or emotionally.

Has the Minister reconsidered my request for an amendment that would exempt people involved in that kind of forced-family splitting of assets from an increase in taxes? Has that matter been reconsidered, and can we expect an amendment that will remove that negative part of the Bill?

Mr. Cosgrove: Mr. Chairman, I will repeat an answer that I gave this morning and on a previous day when we considered that question. I have to remind the Hon. Member that the law with respect to what a judge may do, as it pertains to property rights between spouses at termination of marriage, lies explicitly within the jurisdiction of the Provinces. The Hon. Member is obviously interested in the question because he has quoted statistics on marriage breakup. I suggest that he should address himself to the provincial jurisdiction in his efforts to obtain more humane treatment of people faced with this situation.

Life insurance, annuities, etc., is only one area that is affected by a court looking at a household. A consideration of the whole issue of matrimonial relations and how they are governed upon termination, has presumably to be done in a co-ordinated way so that it addresses not only life insurance but such things as real estate, family car, etc.

While the Hon. Member's interest is legitimate, I think it is directed to the wrong jurisdiction.

Mr. Hawkes: Mr. Chairman, I am not talking about the federal Government taking over provincial jurisdiction but about a federal tax law. I would point out to the Minister that people in the middle of a divorce will have to surrender assets, to use his own term, and will thus be liable for extra taxes.

If we proceed without the amendment which I suggest, then people in the midst of the most difficult time of their lives will be forced to incur an additional tax liability that they cannot afford. I am simply asking whether the Minister will bring forward an amendment in relation to the kinds of assets we are discussing that fall under federal jurisdiction so that the tax liabilities of the parties will not be increased. People do not want to surrender the assets but simply to split them. The technical part of the Bill requires them to surrender before the split, however, and this involves a tax liability which they do not need, do not want and which I do not think is humane. Would the Minister consider an amendment along the lines I have suggested?

Mr. Cosgrove: Mr. Chairman, once again, the issue of how assets are dealt with by a court—whether they should be split, apportioned to one or the other, whether to set off one asset againt another, falls strictly within the provincial jurisdiction. In designing the rules for settlement, I think they have to take into account not only this law which deals with insurance but the law as it pertains to real property and other assets.

To be consistent, the question should be put to the Government that sets the rules about what happens upon dissolution of marriage.

Mr. Hawkes: Mr. Chairman, "consistency" is the operative word. Earlier we were talking about fairness. Does the Minister think it is fair to leave the law the way it is now?

Mr. Cosgrove: Yes.

Mr. Hawkes: Another issue that I brought out was that of giving people the flexibility to change companies. We have regional insurance companies in Canada, but not all companies operate in all regions, yet we have a very mobile population. If this law passes in the way it is written, and I move, for example, from one region of Canada to another and I wish to change my insurance company, I will be required to surrender my first policy, pay tax on the accrued income, and have less money to invest in the subsequent policy. I will be at a disadvantage as compared to those people who do not move and choose to stay with the same company. Will the Minister consider this matter once again and consider allowing me to change insurance companies without having to pay tax?

• (1550)

Mr. Cosgrove: The Hon. Member's concern is laudable. It is interesting to note that not a single insurance company in Canada, nor any consumer group, thought that the matter should be the subject of representation; there has been none. It reflects the reality of the improvement of the way in which not only the insurance business but financial services are offered across the country. There may be regional offices, but companies have the ability, inexpensively and quickly, to deal with Canadians moving from one coast to the other.

Mr. Hawkes: Earlier today I asked the Minister and his officials if they could use the lunch hour to enable them to indicate to us how much money historically had been accumulated through annuities and life insurance and thus was available as a pool of capital to lend out to business and industry to modernize and make our country more efficient and effective. Does the Minister have those figures at this point?

Mr. Cosgrove: Mr. Chairman, I took advantage of the hour between one and two o'clock, in addition to answering telephone calls, signing letters, receiving other representations by officials and having lunch, to spend some time on the question raised by the Hon. Member. After reflection, I would again ask him to consider the area in which he is now inviting the Committee to enter. It is an area of capital markets and capital market formations, and it would be better addressed in another forum. I suggested this morning, for example, that when the Minister of Finance was before the Standing Committee on Finance, Trade and Economic Affairs later this week or next week there would be an opportunity to ask him and his officials questions in that regard.

Capital formation is not restricted to insurance or annuity policies. The subject matter before the Committee at this time is not restricted or confined to the Income Tax Act. There are many other pressures or economic forces which come to bear on the larger issue. The Minister of Finance periodically reports on long-term, larger financial and economic projections and performance. I would recommend that this question be put before another forum so that, as the Hon. Member for Winnipeg North recommended, we could spend our time more profitably on the material which is actually before us.

Mr. Hawkes: I find it incredible that we can be considering such an important piece of tax legislation without any information or data on what it will do to capital formation in the country. This industry has been a significant part of how we have put together pools of capital to enable us to build plants, develop mines and drill for oil and gas. If we are destroying or hurting that market in any significant way, it simply means that there will be fewer jobs in the future. I draw to the attention of the New Democratic Party that without the formation of capital we cannot be productive and efficient and there will be no jobs. This is part of what has gone wrong in the country.

I remember standing in the House in October, 1980 and saying that if Members supported the National Energy Program, we would drive significant billions of dollars of capital out of the country and that if we did that, we would also drive out jobs and tax revenue. I stand here some two and a half years later, and all of that has come to pass. Capital was driven out of the country and jobs disappeared; we have 1.6 million unemployed. I am afraid that these few Clauses in the tax Bill may have similar implications in the future.

Also I am very disturbed that the Minister of Finance clearly indicated to the House that they have not done their homework, that they do not have data a projection or a guess about the degree to which capital markets will be hurt by this particular piece of legislation. This hurts job creation, this hurts the productivity of the nation, and it increases deficits. I think this matter is critically important, and I hope the Government will reconsider its position.

I would like to ask the Minister a few more questions. What happens if I have a life insurance policy which matures on my sixty-fifth birthday and I want to change it into an annuity to last through my retirement? Do I have to pay tax at that point?

Mr. Cosgrove: The only exception to that case would be the one I indicated to the House in the case of disability, which obviously is not the case raised by the Hon. Member.

Mr. Hawkes: My question was: do I have to pay tax at that point? If my policy matures at age 65 and I want to change it at that point into an annuity, have I surrendered it at that stage and am I therefore eligible for tax before I move it into an annuity?

Mr. Cosgrove: Yes, Mr. Chairman.

Mr. Hawkes: What happens if I die one day before that comes about? Do I have any tax liability at that point?

Mr. Cosgrove: I assume not. If death occurs before the surrender is applied for or committed, the Hon. Member's estate merely receives the benefits from the policy without tax.

Mr. Hawkes: Is there a sense of fairness or a sense of justice in the fact that I can save a large tax bill by dying one day sooner?

Mr. Cosgrove: I do not think the Hon. Member would be concerned at that point about whether or not he has saved anything. Probably in the back of his mind was his concern for his estate, his business partners and his family, which obviously was the reason he took out the policy in the first place. The benefits from the policy would be available to the estate in that case, and it would be a very commendable action on his part.

Mr. Hawkes: Why would the Government not just let me roll it into an annuity and, as I took it out on a monthly or yearly basis, let me pay the tax at the point at which I wanted to use the money I had saved all my life? Why could the Government not let me do it that way? Why does it have to

take some money before I can invest it in an annuity thus reducing the size of my annuity and my monthly payments for the rest of my life? The Government is really borrowing or taking my money before I have a chance to use it. Why could the Minister not consider an amendment of that kind?

Mr. Cosgrove: In the Hon. Member's example he has received income. The principle of the Income Tax Act is to tax income. The Government uses the resources it gains through the taxation of income to meet some of its bills, presumably offering some of the services of the federal Government to the Hon. Member or to people associated with him. That is one of the major ways in which the Government of Canada finances public services.

• (1600)

Mr. Hawkes: Mr. Chairman, can the Minister see that if I have my assets in the form of grain in the granary which is there for my retirement, I will not be taxed on that unless I sell it? If I happen to live in a city and have been a salaried worker all my life, my life insurance policy is like the granary, but, all of a sudden, the day I turn 65, I will be taxed on the whole thing. Yet the other chap who has his money in a different form of asset, such as grain, will only be taxed when he delivers the grain to the station and sells it. Why do we have this kind of inequitable principle? A great many Canadians live on salary all their life. They do not have a whole lot of money. They would like to keep whatever they have been able to acquire to see them through their retirement years. Why is the Government stepping in and telling me that I am taking this into income when I am not? All I am trying to do is to invest it on a long term so it pays back a little every month rather than all at once. That is what I really want to do with it. Why will the tax man not allow me to do that?

Mr. Cosgrove: Mr. Chairman, I would have to repeat my last answer. One of the major tax areas available to the Government is income tax. We do not have a grain tax or a grain collection system. Obviously, as the Hon. Member indicates, not everybody is into grain. We have an income tax system. It is a universal system. It is one where assets can be assessed on the basis of income easily identifiable in connection with financial institutions. It is a much more convenient way of assessing a plan against resources to be transferred into resources of the Government in order to finance Government services. We are being consistent, whether it is income which the Hon. Member earns through wages, through his occupation or through the sale of assets. The build-up in the life insurance policy that accrues over and above the cost of protection is viewed as income, and when received by people it is taxable under the Income Tax Act.

Mr. Hawkes: Mr. Chairman, earlier this day we talked about those Canadians who have a pension plan or an RRSP. If I were a small-businessman and I wanted to put something away for my retirement, I could put money in an RRSP, which is before-tax money. In other words, the taxpayer is making a partial contribution to my retirement by letting me defer tax on that amount until retirement. What is the maximum amount of that deferral?

Mr. Cosgrove: Mr. Chairman, if I understood the Hon. Member's question, for the RRSP it is $5,500 and for the RPP it is $3,500.

The Deputy Chairman: May I advise the Hon. Member for Calgary West that his time on this point has expired.

Mr. Blenkarn: Mr. Chairman, before my time expired last time, I was discussing with the Minister deferral of income. The Minister seems to indicate, in the way the Government is approaching these Sections, that people buy annuities, put money into guaranteed investment certificates, guaranteed investments, insurance policies that are single-premium pay insurance policies or accumulating funds only if they want to avoid income tax. The Minister knows that taxation is only one of the things that motivates people. Indeed, the Minister said that himself.

The Minister indicated earlier that there was a fair tax impact on the Government when the tax is not paid, it is deferred, taxes deferred are to some extent avoided. What studies does the Minister have in his Department with respect to what changing attitudes Canadians will have toward long-term savings as a result of the imposition of taxes on an accrual basis? What changing forms of investment are likely to take place? Does he not foresee that Canadians will, generally speaking, invest their money for shorter and shorter periods of time? On that basis, they will receive their income within the year and, therefore, have the income with which to pay the tax. Does he not foresee that indeed we will have shorter investment certificates—one year, no more than that. That is the kind of thing that is likely to develop? Will the Minister tell us what studies are available on how that will affect the long-term capital market?

Mr. Cosgrove: Mr. Chairman, we know that Canadians are saving and probably investing at rates unparalleled in the history of Canada. Obviously there is room for debate as to whether investments should be locked up for 20 years, whether, as the Hon. Member for Mississauga South says, a move toward shorter investment is good or bad, or whether a move toward shorter investment permits people flexibility in being able to direct funds toward new opportunities in a fast paced technological world. It is almost impossible to guess or to generalize whether one is better than the other. I suppose a mixture is what will occur. Some people will go for short investments for their particular reasons while others will look for long-term investment for their particular reasons. That really is the choice of the individual. Surely, the Government should not be conducting in depth psychological analyses to try to mind-bend people as to what is the best investment for them.

Mr. Blenkarn: Mr. Chairman, the Minister has already admitted that there has been a tremendous drop in the sale of deferred annuities. I suggest to the Minister that deferred

annuities as sold in Canada by Canadian life insurance companies to Canadians is a dead issue. No longer will they be sold. Nobody will buy them because they become taxable on an accrual basis. The only way an annuity earns is by accruing income and adding income to capital and capitalizing it, and so on. It is quite true you pay the tax on the income portion accumulated in the annuity as you draw out the money in the normal course. But now the system is that you pay the tax every three years at least, and there would be no way a person could invest in that type of certificate.

I suggest also to the Minister that cumulative GICs with trust companies are no longer a viable investment unit unless the cumulative period was less than three years.

I suggest to the Minister that single-pay premium life insurance policies that might, for one reason or another, be purchased by someone who had a block of cash and wants to protect an interest for a long period of time is no longer a viable method of protection because the single-pay policy causes the owner of the policy to be subject to tax every year or every three years on the imputed earnings behind the policy without receipt of income with which to pay the tax. I suggest to him that that form of long-term investment has been forced out. In other words, while these methods of investment may have been available as tax deferrals, at least the Government was getting taxes from the people who held these investments as the interest or other amount was paid out on the investments. Now that the Government has become so greedy as to collect its taxes on an annual accrual basis, it has, in effect, squeezed the neck of the golden goose so hard that there is no life in the goose at all. For all practical purposes it has wiped out accumulating GICs, accumulating bonds, accumulating deferred annuities and single-pay and accumulating investment type insurance policies. It has wiped out that source of investment opportunity for Canadians in Canada.

• (1610)

The Minister will know that we have pointed out that if Canadians want to invest in those type of instruments, there is no problem. They can go offshore to the United States or Great Britain. They can do this with a type of trust agreement, money fund or any number of ways. They are only prevented from doing it in Canada.

What studies has the Government done to determine what it really expects to accomplish with these Clause? What additional revenue does it really expect to receive? Having squeezed off the revenue source, is it not likely that the Government will receive no revenue? All it has done is to drive capital out of the country. Will the Minister tell us what revenue source the Government hopes to have as a result of these changes, bearing in mind that it has squeezed the neck of the golden goose so that there is no possibility of its even breathing, let alone laying eggs?

Mr. Cosgrove: I believe that the Hon. Member's analysis is too narrow. His question is not as broadly focused as that of his colleague, the Hon. Member for Calgary West, who pointed out that one of the objectives of the tax policy certainly is a legitimate concern for job creation.

While the Hon. Member for Mississauga South may have a hang-up about interest-bearing securities and giving a preference to that kind of long-term investment, I would invite him to consider the same question that his colleague from Calgary West asked us to consider. Is that good for the mix that we would want in the economy, those investments in which we are trying to interest people who have funds available? Is a long-term debt security instrument, which has a preference over other types of investment opportunities such as shares and stocks necessarily the best thing that we should do at this time in the country? Is it the best thing to do when investment is down, production is down and the interest of small businessmen is at a low point? For example, they are not able to draw the same kind of investor interest in share or stock support for their projects.

Mr. Blenkarn: I am glad that the Minister now realizes that what we are really talking about is jobs. We are really talking about the growth of the country and investment in the country.

What we are concerned about is the way these Clauses in particular and this Bill drive out long-term capital to other countries. The people who want to invest in this way are not prevented from doing so. They will not pay tax on their accumulating income. They will go somewhere else and do so without any problem.

Incidentally, the Minister said earlier that they would have to pay high-priced lawyers. Let me advise the Minister that the new round of accumulating money funds for investment offshore will now be sold in units of $1,000. They are not large units so that the ordinary Canadian will be able to buy them offshore in competition with Canada Savings Bonds and not have to worry about paying tax on the accumulating money as he will be required to do under this Bill.

Again, in terms of real revenue, what does the Minister really believe he will get by virtue of these Clauses? Does he think, for example, that by passing this kind of punitive measure he will somehow persuade Canadians who want to invest in instruments that are banned by this punitive measure to invest in something else in the country? Does he not think, though, that they will take their money somewhere else in the world where they can invest it as they please? What kind of revenue does the Minister hope to receive in the future by a tax on these kinds of investment vehicles?

Mr. Cosgrove: Mr. Chairman, as I indicated earlier, the objective is to eliminate the drain which is a result of the deferral that otherwise would be available in these instruments, which is estimated to be some $75 million because of the high interest rates in the last two years. That is revenue that is not available to the Government in order to meet its obligations.

I point out as well that the Bill lowers the top marginal rate, which is a policy decision by the Government to induce those in the higher income brackets to be able to use the difference between the former rate and the lower rate for investment purposes. What this Clause does specifically is to take away the privileged or preferred spot that annuities held over such

other instruments in the economy which are the vehicles for the direct creation of jobs. I am talking about stock and bond opportunities for investment.

The Financial Post article which I drew to the Hon. Member's attention calls the buyers of this annuity instrument sophisticated, well-healed investors, perhaps a little wary of the stock market, who can afford to tie up income for a long time in order to avoid paying tax on it at current high marginal rates. We are trying to provide some direction through the marginal rate reduction, which I have discussed, and through increases in the small business limits to show that there is a need for investment in other areas. Certainly, the Government ought not to continue to provide such a nonproductive preference to non-job generating areas of return to investors.

Mr. Blenkarn: It is unfortunate that we have a Minister of State for Finance who does not realize that a cumulative bond such as a Canada Savings Bond is precisely the same debt instrument as a bond that does not accumulate. The only difference between a cumulative certificate and an annual or semi-annual pay certificate is the date on which the payor is required to pay interest out to the payee. The money that goes into these certificates is precisely the same money that goes into any other certificate. Through these Clauses, the Minister is forcing those people who wish to have an accumulating type of investment, either a GIC, Canada Savings Bond or insurance policy or annuity, to go to some other country with their money where they will be treated honestly and fairly as they were by Governments in the past in this country.

We are talking about investment money being driven out of Canada because that money is invested where investors wish to place it. It is the absolute and supreme arrogance of the Minister and the Government for them to suggest that their tax laws can force investors to invest in modes in which they do not want to invest. Do they not realize that the 49th parallel is a pretty imaginary line and that investors can take their funds and invest them wherever they want in this big, wide world, and in the kinds of investment instruments that they want? They are not forced by the Minister or by the Income Tax Act in Canada to do something that they do not want to do. Therefore, we are really discussing jobs and investment, the creation of new opportunity, which the Government wants to drive out of the country.

• (1620)

Blindly, the Minister has decided that this is the way he should go. The philosophy was developed from the top floor of the Place Bell tower by people who have no understanding of the way the world works. They are hidebound in this city of Ottawa. Their vision of Canada is limited on the south by the airport and on the north by the Ottawa River. That is their vision. They do not know what is happening or where they are going.

I want to say that we will not carry on with these Sections much longer. As far as I am concerned, I will suggest that we vote on these Sections right now.

Mr. Hawkes: Eight minutes.

Mr. Blenkarn: Here they are. They are all going to roar in now. The ducks are coming in, guys.

Mr. Cosgrove: Powerful man.

Mr. Chrétien: Back in power.

Mr. Fisher: He's better than our Whip.

Mr. Blenkarn: However, my colleague, the Hon. Member for Calgary West, says that he wants to speak for a while.

Mr. Hawkes: It is nice to have an audience for a change.

Mr. Prud'homme: We will be here until six. We will be here today and tomorrow and Monday and Tuesday. Do not worry. We might as well pass it now. We will be here. No, no, the numbers game, we will not fail on that.

Mr. Hawkes: Just before my allotted time expired, I was asking the Minister how much money a small-businessman could shelter for retirement purposes, and the Minister said, $5,500 or $3,500. How much money can a Cabinet Minister shelter in his pension plan?

Mr. Fisher: Mr. Chairman, all Members of Parliament, of course, follow the same sheltering rules as all Canadians follow. I understand that in after-tax dollars, we contribute more. However, we as a group are paying twice on those funds because we are taxed when we take them out again, too. Therefore, we pay for a good portion of our pension plans with after-tax dollars, and we pay again.

Mr. Hawkes: I was hoping I would hear the response that it is the same for all Canadians. I would bring to the Minister's attention the case involving corporate executives. Is it not true that an executive, himself, can put money in, but then the company can put in an almost unlimited amount to provide a pension of $60,000 a year, inflated, and that that money which the company puts in is not taken into income and is not taxed?

Mr. Cosgrove: Mr. Chairman, the Hon. Member has raised interesting subjects. However, again, with 150 clauses before us, I think we should really try to deal with items which are before us. I understand that it is not germane to the Act before the House.

Mr. Hawkes: The Minister stands and speaks of fairness time after time. I simply want information as to whether the system is fair. It is our conviction that life insurance and life insurance annuities are really the poor man's vehicle in preparation for retirement. They are in somewhat the same category as the family home. If one considers the assets of an average Canadian preparing for retirement, one finds that there may or may not be a pension plan. There is usually a family home involved, and there is quite often a life insurance policy or some kind of annuity which is bought in later life.

We on this side are suggesting that by becoming involved in the notion of accrual as it affects these Clauses, an additional

tax is really being placed on average Canadians. Those who are rich enough to afford gold, silver or stamps, or who have a granary full of grain, do not have to pay on the basis of accrual. They pay only at the moment they begin to use incomes. In this tax Bill there is a provision to tax when a court directs that assets of those involved in a divorce must be split. There is a provision by which tax accrues the minute people become age 65 and want to turn their savings into annuities. If this comes into the system, it will cause average Canadians to face an extra tax. That is the problem concerning this particular piece of legislation.

I want to deal with one last issue and lay it out on the table. Does the Department have an estimate of the cost to Canadian society of the additional paperwork which this change in law will require? Just think about it for a moment. Every policyholder in the country will have to be notified, and each letter will require a 32 to 35-cent stamp. Material setting out the calculations and so forth will be required, meaning additional cost to the industry to notify policy holders to their tax position. Does the Minister have an estimate of the cost to Canadian society?

Mr. Cosgrove: Mr. Chairman, as the Hon. Member for Parry Sound-Muskoka indicated this morning, from his own investigation he found that only 5 per cent of life insurance policies, a very small amount, would be affected by the three year accrual route.

Further, we all know that insurance companies are leaders in terms of information management, of taking advantage of the new technological gains to assist them in very economic handling of all types of information recording, including the small 5 per cent of their policies which would be subject to the rules in the Bill before us. The information of the Hon. Member concerns the profile of persons taking advantage of annuities. His description of annuities as being the poor man's vehicle certainly does not coincide with that of the impartial writers and analysts of the situation. I would again refer the Hon. Member to *The Financial Post* of July 4, 1981. It states:

> Annuity brokers say most contracts are for more than $10,000. Many exceed $100,000 and, occasionally, million-dollar contracts are sold.

I would be interested in the Hon. Member's definition of a poor man.

Mr. Hawkes: I think the words I used were "average Canadian". Certainly, at the age of 65, having a $10,000 cash surrender value which one desires to turn into an annuity is not a rich man's game. If one reads the article carefully, one finds that, yes, there are some policies sold for $1 million, and tax laws can be written specifically for those kinds of cases. However, in reality, I would certainly not describe the number of people who will get caught in this as being wealthy.

• (1630)

The question which I asked was whether the Department has an estimate of the increased cost through the paper burden. The Minister indicates that in his opinion this cost is going to be slight, but there does not seem to be any data available.

Has the Department considered the increased cost to every partnership in the country which will have to re-write partnership agreements as their business expands, as dollar volumes change and the previous insurance policy that they had becomes inadequate and therefore has to be redone? I am speaking of survival-type corporate insurance. Has the Department considered those kinds of costs, and what that will do to the small business sector?

Mr. Cosgrove: Mr. Chairman, the officials remind me that obviously it is the insurance companies through their agents who offer the kind of service and advice that would be required by persons in partnership referred to by the Hon. Member. Increased costs would be negligible.

The Deputy Chairman: Is the House ready for the question?

Some Hon. Members: Question.

The Deputy Chairman: The Chair has before it a package of Clauses, Subclauses and amendments. Earlier today the Committee made it an order of the Committee that certain amendments proposed by the Minister were deemed to have been proposed and seconded and that a certain list of Clauses and Subclauses were to be grouped, along with the amendments, for the purpose of a vote. I think the House perhaps will accept my reference to that as Clause 4 and the Clauses and Subclauses grouped with it.

Accordingly, I would now put the vote on what I would refer to as Clause 4, but the Committee will understand that it consists of all those Clauses and Subclauses and amendments referred to.

Shall Clause 4 carry?

Some Hon. Members: No.

The Deputy Chairman: Those in favour will please say yea.

Some Hon. Members: Yea.

The Deputy Chairman: Those opposed will please say nay.

Some Hon. Members: Nay.

The Deputy Chairman: In my opinion, the yeas have it. Clause 4 and the others grouped with it are carried on division.

Clauses agreed to.

The Deputy Chairman: Because of the grouping of Clauses, that would mean that Clause 5, and the amendment thereto proposed and seconded, has now been dealt with as well.

In the ordinary course of events, the Chair would look to returning to Clause 1 because that Clause was stood earlier on the grounds of a point of order raised by the Hon. Member for Simcoe North. Earlier in the Chamber there was some discussion as to how we might proceed. Perhaps I could hear those Hon. Members who wish to rise on this point.

Mr. Blenkarn: Mr. Chairman, we have had several discussions with respect to the grouping of Clauses. It would be our view that Clause 1 should be discussed next, and should be discussed separately. We would then go on to Clause 6 which deals with terminal losses. We would then go on to Clauses 8, 9 and 128(12) which deal with small business bonds. We suggest then that we go on to Clauses 7, 12(2), 44 and 45 which deal with loans to shareholders and employees, or employee benefits of that nature. We then suggest we go on to Clauses 54(1), 86, 90 and 109 which deal with small business taxation.

The Deputy Chairman: I understand that Clause 1 is to be debated separately, but I wonder if the Hon. Member for Mississauga South would indicate to me whether or not it is the case that the remaining Clauses or Subclauses which he has mentioned—

Mr. Blenkarn: That would be the next five separate groupings. If we could go to Clause 1 now we could carry on with that until we had a reasonable discussion on Clause 1. Then I suggest we have a discussion on Clause 6, followed by Clauses 8 and 9, which deal with the small business bond, but that would be a separate discussion.

The Deputy Chairman: I will hear the Minister of State for Finance, if he wishes to make a contribution on the point, but the Chair is not clear as to how the remaining Clauses after Clause 1 are to be grouped. Are they all in one group or are they in several groups? As I understand it, there may be agreement to proceeding to Clause 1.

Mr. Cosgrove: Mr. Chairman, I want to deal with the proposal that we go to Clause 1. I am not proposing that we proceed to Clause 1 at this time.

In considering Clauses 3 and 16 we had a request from the Member for Mississauga South that the issue of notaries from the Province of Quebec be included in the exempt category under work in progress. I indicated that there were no amendments put forward to those Clauses because that exception would have to be dealt with by way of definition, under the definition section included in Clause 128 of the Act, and that because it was urged that the section be expanded so as to include notaries from the Province of Quebec, I indicated that we were in agreement to put forward Clause 128, which in effect was an expansion of the exemption under Clause 3.

I know that the Hon. Member for Mississauga South wondered why we had to go to the definition section instead of amending Clause 3. I provided him with an explanation. I wonder, Mr. Chairman, before we do proceed with Clause 1, whether the Hon. Member for Mississauga South and other Hon. Members would indicate whether they are now agreeable to having that Clause amended by the amendment to Clause 128.

Mr. Blenkarn: Mr. Chairman, it was indeed unfortunate that the Government, in its effort to smash professional groups and tax professionals unconscionably on their work in progress, insisted on refusing—

The Deputy Chairman: Order, please. My understanding is that at the moment there is some negotiation taking place in Committee as to whether or not the Committee will consider Clause 1 and Clause 128(1) together. Am I correct?

Mr. Blenkarn: That cannot be done.

Mr. Cosgrove: Mr. Chairman, the Hon. Member for Mississauga South proposed that we proceed with Clause 1. I inquired whether the Hon. Member for Mississauga South would prefer that we deal quickly with the amendment to include notaries, which was requested by the Hon. Member early in the proceedings. That was my question.

The Deputy Chairman: That is my understanding. In view of the fact that we are in Committee of the Whole, I presume that the Hon. Member for Mississauga South would like to address himself to the question put by the Minister.

Mr. Blenkarn: That is what I was doing, Mr. Chairman. The problem is that we should have amended Clause 3 and Clause 16 when they were before the Committee. The Minister has now tried to correct his stomping through this Act by fooling around with Clause 128. Unfortunately, when he changes Clause 128 he increases the burden in the taxation of notaries beyond that contemplated in the Ways and Means motion. Because by amending Paragraph 125(6)(f)(i) of the Income Tax Act he makes it so that if a notary were to incorporate by some method, that notary would then have to pay a corporate tax rate at the level of 33 per cent. At the present time if a notary or a group of notaries are entitled to incorporate, they only have to pay at the small business rate of 15 per cent, or 25 per cent in total when the provincial tax is included. The effect then is that by amending Clause 128 the way the Minister wants to do it, he potentially increases the burden of tax on that group of professionals.

• (1640)

The Deputy Chairman: The Chair has a difficulty. There is not before the Committee at this moment a Clause for consideration. As I understood the exchange between the Minister of State for Finance and the Hon. Member for Mississauga South, the issue is whether or not the Committee would now review Clause 1 or whether it would review Clause 1 provided that the Minister were permitted to put forth his amendment to Clause 128(1). That is my understanding. This is not the time for debate on Clauses or amendments which have not been put. The Chair has to know which Clause is going to be discussed or debated.

Mr. Fisher: Mr. Chairman, the question to our colleagues and friends opposite is very direct. One word, yes or no, will help us out. Is the Hon. Member willing to consider the amendment to Clause 128 prior to our deliberations on Clause 1? If so, we would then go to Clause 128. If not, we will go to Clause 1. The Hon. Member can help us with his reactions.

Mr. Blenkarn: Mr. Chairman, very simply the proposal by the Government is out of order. It does not comply with the Ways and Means motion. The Government cannot do it that way. The proposal by the Government is out of order.

The Deputy Chairman: I do not want to dispute with the Hon. Member for Mississauga South. However, in my view he has not raised a point of order as to the admissibility of the proposed amendment by the Minister. What he has indicated is quite correct, that it would require unanimous consent of the House to consider these two Clauses together. There is not unanimous consent. That is evident. The Chair would normally revert to Clause 1 in standard practice, having dealt with other Clauses subsequent to Clause 1. The Committee will recall that a point of order was raised on Clause 1. That has been disposed of. I would put to the Committee that we now begin debate on Clause 1.

Some Hon. Members: Agreed.

The Deputy Chairman: There is agreement.

On Clause 1—*Value of benefits*

Mr. McKenzie: Mr. Chairman, I have a few comments to make about automobile standby charges, and I have a couple of questions for the Minister. The auto standby charge is a tax levied on the personal use of company cars. The Bill proposes that the tax be raised from 1 per cent per month of the value of the car to 2 per cent per month, and in the case of lease cars the tax would be two-thirds of the lease cost. The 2.5 per cent figure in the November 12 budget has been revised downward to satisfy the initial burst of opposition. In cases where personal use does not exceed 1,000 kilometres per month, 12,000 per year, the standby charge would be reduced proportionately. The impact on the individual taxpayer is that the change will effectively double the tax payable by persons using company automobiles. It can be expected that this will reduce the desirability of company cars dramatically.

The over-all impact is that industry reaction focuses on the effect of the change on the purchase and operation of company cars. The initial result will be reduced orders for company fleets and reduced inventories for leasing agencies. Further opposition centers on the process of implementation of the changes. Confusion surrounding the calculation of the taxable benefit, the timing of the changes coming into force and the effect of terminal charges serves to perpetuate the general uncertainty of this proposal.

The Progressive Conservative Party position is as follows: While the principle of taxing this benefit is not unacceptable, the rate of taxation and the method of calculation is suspect. The negative impact of the tax increase overshadows the benefits of increased revenues. It should be amended downward. The sections of the Act dealing with calculation of benefits should be clarified along with the regulations.

I am sure all Members have received complaints from the Commercial Travellers' Association of Canada. They have sent us detailed letters on the adverse effects of this change. They point out that clearly the standby charge, based on an employer's cost, does not accurately reflect the real value to the employee. We have an example of how it is going to affect one firm in Ontario, Globe Modern Curriculum Press. They give the following example of how they will be affected by this tax change. I quote from their letter:

> We are book publishers and supply our representatives with station wagons because of the large number of samples they must carry. This heavy load requires us to equip these wagons with heavy-duty shocks and load-levellers as well. For each of us to empty our cars, and provide space for family is a real chore. Personal use is at an absolute minimum.
>
> Therefore, I consider your plans to tax personal use onerous, unnecessary and unethical and urge you to reconsider your planned legislation.

This letter was sent to the Minister of Finance in January of this year. I hope the Minister will give an indication of changes he will be making to this automobile standby charge.

A recent court case dealt with car expenses. There was a revesal in court of the Government's proposal. For years the Government has based its decisions on whether or not the salesmen can claim automobile expenses on their personal definition of "ordinarily". In a recent federal court trial decision where the Government disallowed a relatively small claim for automobile expenses because of their definition of "ordinarily", the Court found the meaning of the word "ordinarily" as equivalent to "normally" as opposed to "rarely or exceptionally". In view of this recent federal court decision, I would ask what corrective measures the Government plans to take and if the Government will remove this Clause from the Government's regulations.

Mr. Cosgrove: Mr. Chairman, I was encouraged to hear that the position of the Official Opposition is that they do not in principle object to the taxation of this item as a benefit. What they are concerned about is the rate of tax and, as indicated by the specific question of the Hon. Member, the way in which the calculation of that tax is arrived at.

To begin with, I should point out that, if it was not clear as we began consideration of Clause 1, the agreement was, I believe, that we would consider Clause 1 as amended. As we dealt with the various Clauses in the last vote, there were a number of amendments that were identified with "A" on the list that was left with the Chair.

I point out that there are two technical amendments to Clause 1. I presume that in saying they agreed to debating Clause 1, Hon. Members included as well those technical amendments which we have made available to Members opposite. I see the Conservative House Leader is checking on that point. That should be clear. We should not lose sight of it as we begin debating this Clause. For the assistance of the Hon. Member for Mississauga South, I am referring to a document which refers to Bill C-139, items dealing with small business corporations. I think the Hon. Member for Mississauga South would agree with me, Mr. Chairman, that the reference to Clause 1 is in effect reference to Clause 1(a), which is the same way in which we proceeded with the previous vote and which is repeated again with Clause 44, Clause

45, Clause 86, et cetera. We have made copies of these technical amendments available.

• (1650)

Mr. Blenkarn: Mr. Chairman, I will have an answer on this matter with respect to the acceptability, but obviously these motions are with respect to Clause 1 and this is the appropriate time to move them and the Minister, I presume, has now done so. I would not say that the amendments are entirely technical, but that is another matter for debate.

The Assistant Deputy Chairman: Order, please. The Hon. Member has made reference to those amendments having been moved. They have not yet been formally presented or proposed to the House.

Mr. Cosgrove: I was seeking the consent, Mr. Chairman, of Members opposite to deal with these amendments in the same way we dealt with the amendments on the last vote. That is, we have made them available to Hon. Members opposite, and we would ask that they be considered and agreed to as moved. If the Hon. Member wants some time to look at them, would he please advise us as soon as he can, in fairness to other Members who may feel there is something in the amendments to which they wish to address some questions.

Mr. Blenkarn: I am quite prepared to have the Minister move those amendments now and we will treat the Bill, as amended, as being the subject of what we are debating in the very same fashion as we treated the amendments in connection with Clause 4, Clause 5, and so on.

I think the way to handle this whole matter is for the Minister, at the beginning of discussion on a Clause, to move his amendments with respect to that Clause. The Clause is then presented to the House in the amended form. The debate will then be on the Clause in the amended form, so that when a vote is required at the termination of debate on the Clause, it will be on the Clause as amended.

Mr. Cosgrove: Mr. Chairman, I move, seconded by the Parliamentary Secretary to the Minister of Finance:

That Subclause 1(3) of Bill C-139 be amended by striking out line 43 on page 2 and substituting the following:

"employer or to the person related to the employer equal to the percentage there-"

I also move, seconded by the Parliamentary Secretary:

That Subclause 1(4) of Bill C-139 be amended

(a) by striking out line 12 on page 4 and substituting the following:

"the said Act preceding subparagraph (b)(i) thereof"

(b) by striking out line 24 on page 4 and substituting the following:

"read as a reference to "1½%"; and

(b) the cost to the employer of the automobile were the quotient obtained by dividing"

The Assistant Deputy Chairman: Order, please. Is it the pleasure of the Committee to adopt the amendment? The Hon. Member for Winnipeg-Assiniboine.

Mr. McKenzie: Mr. Chairman, we will have to study these amendments. We are not going to pass them at this particular time. I would like to carry on and get some more information with regard to these automobile standby charges.

Mr. Cosgrove: Mr. Chairman, the Hon. Member for Winnipeg-Assiniboine finished his first comment by asking for an opinion or some comment regarding what he referred to as a federal court decision. I do not know if that is a federal court decision of Canada or the United States. If the Hon. Member could provide us with the citation, I will have our solicitors obtain a copy, and I will attempt to give him an answer once we have had an opportunity to look at it.

Mr. McKenzie: Mr. Chairman, there is a complete write-up in the January 10, 1983 issue of the *Financial Times* with regard to this case. Perhaps the Minister could give us an opinion at a later date as to whether he is going to change anything regarding the standby charges due to this court case.

Now I would like to ask the Minister to calculate the standby charge on a fair value basis to the employee, not the cost to the employer. Right now the Government has raised this charge from 1 per cent of the original capital cost per month to 2 per cent. For example, when a car is four years old, the employee standby charge is still 2 per cent per month of the original capital cost, which cost never diminishes as the car depreciates. I ask the Minister if he will retain the present rules for a supplied automobile which is principally used for business. The proposed maximum of 12,000 kilometres for personal use is actually unfair. For example, even though the personal use is only 30 per cent and the business use is 70 per cent, the employee still incurs the maximum standby charge. It has been understood that with these proposed unfair tax changes, salesmen will use their second vehicle for personal use, thus eliminating any tax revenue for the Government. Perhaps the amendments the Minister has tabled will counter that. If not, perhaps he can give me his opinion on the question I have just asked.

Mr. Fisher: Mr. Chairman, the Member has asked a question which was raised in the Committee as well. His argument is that we should allow the standby charge to reduce as the car ages. Somehow the standby charge should reflect the lower value of the vehicle. He forgets that what we are trying to do here is to ensure that all taxpayers use after-tax dollars for their personal use of a vehicle. If the vehicle is the taxpayer's personal vehicle, then he has bought that car with after-tax dollars. In this case, it is an employer's vehicle which is being, in effect, lent to the taxpayer for personal use, and the standby charge has to reflect the original cost of the car and the fact that the taxpayer is going to be using after-tax dollars for personal use.

Mr. Blenkarn: No, he is not, the cars are written down.

The Assistant Deputy Chairman: Order, please. Perhaps the Hon. Member will allow the Chair to proceed with another formality.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Assistant Deputy Chairman: It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty)—The Administration—Conflict of interest guidelines, (b) Request for Committee review (c) Request for appointment of monitoring officer; the Hon. Member for Yorkton-Melville (Mr. Nystrom)—Automotive Industry—Request that Canadian content legislation be enacted (b) Canada-Japan negotiations.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration in Committee of Bill C-139, to amend the Statute Law relating to Income Tax (No. 2)—Mr. Lalonde—Mr. Corbin in the chair.

The Assistant Deputy Chairman: The Hon. Member for Simcoe North.

Mr. Lewis: Mr. Chairman, I have some general remarks to make with respect to Clause 1. I want to bring to the attention of the Government the concern of car dealers with respect to the doubling of tax which the Government is inflicting on people who have company cars. I received a letter from Bourgeois Motors in Midland, Ontario, in which the General Manager indicates he is concerned about the effect the budget is going to have on car sales. I have another letter from Thor Motors in Orillia which indicates the same concern. The Government is doubling the tax paid by employees on company cars. On what basis does it feel it is necessary to do that or to increase it, whether the car be owned or leased by the company?

• (1700)

Mr. Cosgrove: I indicate that what we were doing was updating the provision that has been in the Act since 1972 to reflect the change in the economy and the value to the employee of the benefit bestowed by an employer through the provision of a motor vehicle.

I have also pointed out that the 2 per cent rate has been in force in the Province of Quebec since 1979. The move reflects an update of the calculation of the benefit to people who work with a company which offers it.

Mr. Lewis: The Minister referred to what has happened to the economy under the Liberal regime. I think all Canadians know what has happened to the economy and to employees, especially those in the automobile industry.

Is it the view of the Government that the legislation will increase or decrease car sales?

Mr. Cosgrove: It is certainly a better deal for the employee who is taking advantage of this provision to continue to pay the tax on a vehicle provided by the employer rather than to provide the same kind of transportation for himself. The increased revenues received from the tax will assist the Government generally as it responds to the demands made on the economy which has experienced a downturn. For example, it would assist in an oblique way to provide the guarantee to the Chrysler Corporation, which the Government believes it was instrumental in assisting that company to maintain jobs and production of new lines in this country and in the United States. It is part of a larger scene where the Government is called upon to provide resources to help the auto industry at this time.

Mr. Lewis: The Minister's reply is going to make interesting reading for salespeople all across the country who have less take-home pay as a result of the downturn in the economy. What the Government is doing is doubling the taxation on company cars. That does not make any sense.

It seems to me that by suggesting that two-thirds of the leased cost should be charged to an employee for a company-owned car, the Minister is suggesting that the employee uses it eight months of the year for himself and four months of the year for the company. Does the Government subscribe to that theory?

Mr. Fisher: Mr. Chairman, the Hon. Member has hit on the key problem. I would remind him that people who do not drive these vehicles for fewer than 12,000 kilometers per annum can prorate the tax downward. The figures the Hon. Member quotes, which he says are charges against the employee, are not quite correct. The employee is asked to pay tax on those charges, not the charges themselves.

I hope it will put the argument into perspective for the Hon. Member to realize that we are talking only about uses applied to personal benefit and not business benefit. If someone drives the car for personal benefit two-thirds of the time and for business use one-third of the time, the car is surely a personal benefit which can be taxed. It would not be something that adds to the employer's benefit, but to the employee's benefit.

Mr. Lewis: Could the representatives of the Government define operating costs?

Mr. Fisher: As I understand it, Mr. Chairman, this includes gasoline, repairs, insurance and other charges that would be applied against the vehicle to keep it on the road.

Mr. Lewis: Has the Government considered that there is a difference between insurance for business use and insurance

for personal use? How would it expect the employers of this nation to do the fantastic calculations that would be necessary for each employee who drives a company car?

Mr. Fisher: As I understand it, the regulations on this are forthcoming. The employee will prorate these charges in the same way he does every other part of the operation of the vehicle.

Mr. Lewis: When will the tax be imposed? On what date?

Mr. Fisher: The tax is applicable for the 1982 tax year.

Mr. Lewis: I think we have come to the point, Mr. Chairman. The tax is imposed for the 1982 year, but the regulations will be forthcoming sometime. When does the tax on this employee benefit come into effect?

Mr. Cosgrove: I indicated earlier that the tax is in effect at the moment. The prorate is a practice which is reviewed by the Department of National Revenue on the filing of the individual tax return. There is nothing different about the way in which returns will be handled. The way in which the prorate is done is the way in which it has always been done.

Mr. Lewis: I respect the Chair's ruling on standby charges and on whether operating costs were included as a standby charge. When did the Government issue form S82-5?

• (1710)

Mr. Cosgrove: If the Hon. Member would provide us with a copy of the form, we would be happy to identify it.

Mr. Lewis: Mr. Chairman, this is unbelievable. It is the Revenue Canada taxation form that refers to benefits from employer-provided automobiles. It has an interesting last Clause which I would like to read while they scurry through their briefcases to find one. It reads, "The form will be available from your local District Taxation Office after November 15, 1982 and will be applicable to 1982 only. A revised form designed so that declarations can be made at the beginning of a taxation year will be issued at a later date for 1983 and subsequent years". Are we to understand that employees driving employer-owner automobiles will be taxed on the benefits portion of the driving they did in January, February and March, 1982, through to December 31, 1982? The Government does not have the form ready yet, but it will assess them and go back and collect the tax.

Mr. Cosgrove: I refer the Opposition House Leader to the Revenue Canada publication supplement to the 1981 employer's and trustee's guide for tax practitioners in the special released interpretation bulletin, IT-470, which indicates that all employers should maintain records and information necessary to establish mileage or kilometreage for business and personal use, as well as costs and expenses thereon.

Mr. Lewis: What that made available to employees and employers? The Government is trying to tax in 1983 what was paid or incurred in January 1982, but it still does not have the forms out. Where are the forms? Where will employers find out about this retroactive tax? When will the Government start coming clean with employees who have been driving such cars? Does it actually think that all employers across Canada have kept those records? This form, for the Minister's edification, only went out with the standard remittance form of the Department of National Revenue. When will they get their act together for the people of the country they want to tax?

Mr. Fisher: Mr. Chairman, I have been a salesman since 1968, and since 1971 I have been keeping these records. The only thing that is different in this tax year is the amount, not the record-keeping. The Hon. Member is misleading people by assuming that new records have been required. They have not been required. Since 1971 people have been asked to keep records of the personal use of their vehicles which they have enjoyed, as distinct from the business use of their vehicles.

The keeping of these records has been common practice by sales people from coast to coast. It is not, as the Hon. Member tried to indicate, a new practice being imposed upon sales people. I know this personally because I have kept such records and have paid the standby charges since 1971. The only thing different this year is an increase in the amount, not an increase or a change in the record-keeping.

Mr. Lewis: The Parliamentary Secretary has bared his personal affairs to the House. He is taxpayer No. 1; did he base the standby charge on all his operating costs? Did he operate as an individual or as a company? If he operated as an individual, it is easy because everyone knows that an individual professional or commissioned salesman has expenses and income within his grasp. We are talking about the employee who does not have access to all information on the costs, but simply has been paying a standby charge which until now the Government based upon lease costs. Is he suggesting that every company in Canada has kept such records for every sales person, that every company has kept individual records for every sales person?

Mr. Fisher: Again I can assure the Hon. Member that I have acted in both capacities. The answer to his question is that a well-run company can identify those costs beyond a doubt. A well-run company knows what it paid to obtain the vehicle and to operate it. In addition, such companies probably ask their salesmen to keep records of personal use because they do not want salesmen using the car excessively for personal use or, if salesmen are doing so, they definitely want to allot it as a substitute for salary, which in that case would make it, by our definition, a taxable benefit.

Mr. Lewis: What type of forms does the Government distribute to companies across Canada so that they can delineate the operating costs of each vehicle in a fleet, the insurance costs applicable to each vehicle, whether or not sales people have interchanged vehicles and the costs of gasoline and car washes? Is the Parliamentary Secretary suggesting that these kinds of records are being kept for every company-owned car in Canada?

Mr. Fisher: Every year the employer's guide instructs employers and companies to keep such records. Any operating salesman knows and has known for ten years that this is a very delicate area for Revenue Canada and, as a result, has kept very careful records. Any salesman operating and using his car for a mix of personal and corporate purposes has always kept careful records. These are not big surprises for people. They are big surprises for people who have used the very low, very affordable standby charge, the 1 per cent standby charge. Those people are now discovering that it may well be to their benefit to keep records because standby charges were unrealistically low.

Mr. Hawkes: Mr. Chairman, concerning the issue of record-keeping, what is the Government changing, aside from the rate? It is going from 1 per cent to 2 per cent, but what else is being changed?

Mr. Fisher: Mr. Chairman, we had this discussion when we talked about the Ways and Means motion a few days ago. We have maintained the same ratios for automobile salesmen. They continue to pay a prorated amount; they do not have to pay the full amount. The charges for operating costs are the new ones.

Mr. Hawkes: Is that all the Minister and the Parliamentary Secretary think is being changed? The rate is being changed and the operating costs are being added in. Are there any other significant changes?

Mr. Fisher: I am not familiar with any extra changes. I have just checked with our officials and they do not think there are any extra changes. There may be some form or another which the Hon. Member has to fill in for the first time in his life that he might feel is a big change, but for those of us who have been doing it for a while, there is nothing new here.

Mr. Hawkes: Perhaps the bureaucrats have changed something and not told the Minister or the Parliamentary Secretary. Has the definition of an automobile changed?

Mr. Fisher: Again we are not aware of any change in definitions. The bureaucrats assure us that they are not aware of any and that they are not trying to sneak anything through on us.

Mr. Hawkes: I will just test that a little. Is a pickup truck an automobile under this provision?

Mr. Fisher: This may be a question of interpretation by National Revenue in a particular individual's case, but it is not involved in this law.

Mr. Hawkes: Is a four-wheel drive an automobile under this tax law?

Mr. Fisher: The same answer, Mr. Chairman.

Mr. Hawkes: Is the answer that the bureaucrats will decide and the Minister will not? Is that what I am hearing?

Mr. Fisher: I think the principle here is that we are looking for people who want to use vehicles for personal use rather than defining a vehicle. I would assume, if somebody could show that he was getting excessive personal use out of his cement truck, National Revenue would want to take a look at that question.

Mr. Stevens: That would be an automobile?

Mr. Hawkes: Up to this point, has it always been the same, or has there been a recent change?

Mr. Fisher: I understand from our officials that the word used in the Act is "automobile", but that its interpretation has always been up to the courts.

• (1720)

Mr. Hawkes: Mr. Chairman, each time we look at a Clause, we sort of invite people to go to court. It is probably as good for lawyers as the Constitution has been and will be.

People are inventive. They tend to do things that operate in their own self interest. If I use my automobile on behalf of my company and they give me money back for the mileage, is that taxable?

Mr. Fisher: No, Mr. Chairman, that has not been changed. Over the years that continues to be a tax-free repayment to the taxpayers in recognition of the business use of the vehicle.

Mr. Hawkes: Is there an upper limit on that amount, Mr. Chairman?

Mr. Fisher: Mr. Chairman, I believe the upper limit is what can be shown to be a reasonable use for business practice. It would have to be backed up by appropriate receipts and mileage records, just as it does for the standby charge.

Mr. Hawkes: Mr. Chairman, what is the current rate paid by the Government of Canada to its employees for the use of their cars on behalf of the Government?

Mr. Fisher: Mr. Chairman, we will check that for the Hon. Member. None of the four of us here have that information.

Mr. Hawkes: Let us assume it is 20 cents a kilometre, Mr. Chairman. If I were to use my car 10,000 kilometres a month on behalf of the Government, that would be $2,000 worth of tax-free income, some of which would have to go toward the cost of gasoline, maintenance and so on. Do you think I might be able to pay for my car in a relatively short period of time with tax-free dollars under that system?

Mr. Fisher: Mr. Chairman, if it is strictly for business use or, as in his example, Government use, if it is not for the personal benefit of the taxpayer, that is fine. I would imagine equally that if the Hon. Member used a vehicle for that number of kilometres per month he would wear it out in a hurry.

Mr. Hawkes: Mr. Chairman, if it is true that I am using my personal car on behalf of my employer and taking mileage in, there is no tax on the portion of personal use, in other words, I can, by doing that, get my car paid for with tax-free dollars.

Mr. Fisher: Mr. Chairman, the Hon. Member has the principle under control, and I congratulate him. For business use it is tax-free. For personal use it is after-tax dollars. If a taxpayer buys his own car and he gets a portion of his own car paid for because of business use, that portion will be tax exempt. If, on the other hand, the employer supplies the car, and the employee uses the car a portion of the time for his own use, that portion will be added on as a taxable benefit to the taxpayer's income. The Hon. Member has the principle under control. If the vehicle is used for personal use, then it is taxed. If it is used for business use, then it is not taxed.

Mr. Hawkes: We are beginning to learn, Mr. Chairman. In Western Canada there are a number of one-man RCMP detachments in the small communities and rural areas. Those RCMP officers must be on duty 24 hours a day. Generally, many of them are single. The RCMP squad car has a radio for contact purposes. If an RCMP constable uses the car to go down the road to a dance on Friday evening for pleasure, is that a taxable use of the Government of Canada automobile? Has that directive gone out to the RCMP?

Mr. Fisher: Mr. Chairman, I would assume that is a personal use of the vehicle, and, therefore, is a taxable use. If the Hon. Member is making a representation to us, then we will bring it to the attention of the Solicitor General.

Mr. Hawkes: Mr. Chairman, does the Minister or his Parliamentary Secretary have certain knowledge that such a directive has gone out to the RCMP, that if they use the squad car to go to the corner grocery store they will be taxed on it? How do we decide whether it is business or not when a human being is on 24-hour call and the radio by which they are called is in the vehicle? The radio is in the vehicle. They are on call 24 hours a day. They also have to live, they have to go to the grocery store, they have to have entertainment, and yet they have to have radio contact at the same time. How do they separate business from pleasure?

Mr. Cosgrove: Mr. Chairman, on this side we have confidence that the RCMP act in all they do honestly, accurately, and efficiently. Whatever directives they receive from their superiors are ones they follow honestly.

However, the Hon. Member does hit upon a policy that is adopted by some police forces in some cities across the country. They request police officers to take police vehicles to their homes when they are not "on duty". The point is that the presence of the police vehicle with its markings acts throughout the community as a deterrent and a security source. Therefore, I would think that on looking at what is the definition of the use of the vehicle at that time, it would be concluded in some circumstances that the vehicle was being used at all times, whether at home or in the business community, for purposes of security and, therefore, is business.

Mr. Hawkes: Mr. Chairman, if you accept that principle, then suppose I have a company and a number of company vehicles. I put my logo on the car door. Now I can encourage my employees to drive to and from work. That will be considered business rather than personal use simply because I want my logo advertised throughout the community. Is that a ruling from the Minister with which people can live?

Mr. Cosgrove: I do not think the two examples are at all parallel, Mr. Chairman.

An Hon. Member: Why not?

Mr. Hawkes: I cannot recall precisely the Minister's words, but the particular form of the police vehicle, the colour, the presence of an aerial perhaps, acts as a deterrent throughout the community. Certainly it is good for my business if my logo is seen throughout the community. In fact, many businesses spend lots of money on advertising by painting their logos on car doors. Why can I not argue with Revenue Canada that it is good for my business for my employees to take those vehicles and drive them throughout the community on all occasions, for example, drive to the store, drive to a social event, and so on? Why would it not be all business if my car had a logo on it?

Mr. Fisher: Mr. Chairman, I think the Hon. Member could argue his case. Go ahead. I would suggest that if he looks at the debate on this whole issue, he would find that we followed his line of thought with automobile salesmen who were successful in telling us that by driving their product home, they were, in fact, advertising. It is for that reason that automobile salesmen pay a lower standby charge than other salesmen do for personal use. They do, indeed, follow the practice described by the Hon. Member. There was considerable debate on this, and other groups were not able to present their cases successfully. I would suggest, on a case by case basis, that the Hon. Member might be successful in demonstrating that such advertising or such behaviour would not constitute personal use but would constitute business use. Perhaps if he can think of examples, he could pursue them.

Mr. Hawkes: Mr. Chairman, can we pursue a couple more? Let us assume I own a fair sized farm which I have incorporated. The vehicles belong to the corporation, which is in reality my farm. If I use the automobile on the farm, the pickup truck or the four-wheel drive to go 15 miles to the local town or village to buy supplies and then drive back to the farm, is that business use or personal use?

• (1730)

Mr. Fisher: Mr. Chairman, I think the Hon. Member is in an area of interpretation where it might be useful to raise this issue with Revenue Canada instead of in Committee of the Whole.

Mr. Hawkes: I think it is our responsibility as Parliamentarians to provide sufficient definitions to legislation so that Canadians can understand their tax liabilities as a consequence of the definitions. Does the Minister not believe that it is the

responsibility of Parliament to define the terms? We are trying to separate business from personal use. We either do it in a clear-cut from in legislation or we turn it over to the bureaucrats or the courts. If we are to tax people on the difference between business and personal use, it is our job as Parliamentarians to try to define it. Is it not our job to define those terms?

Mr. Fisher: I would remind the Hon. Member that we are not operating in a vacuum with this measure. We have had this measure since 1971. The questions he raises about people driving from their farm to the city or people who drive with their logos on the side of their cars have all been asked. There is a body of experience on those questions now. The questions that he is raising are hypothetical. He would probably be well advised to refer to that body of experience and to the debates in places such as the parliamentary committee in order to familiarize himself with the background on this. We are not dealing with a new measure. We are dealing with hypothetical views on a body of experience.

Mr. Hawkes: The Minister indicated earlier in this discussion that there was a new part ot this provision, which is the one dealing with operating costs. Maintenance is part of operating costs. Is maintenance to be valued at market value or at some other value which I choose to put on it?

Mr. Fisher: Mr. Chairman, whatever the employer uses as an expense would be the value that would be put on for the employee.

Mr. Hawkes: If I live in a high-class area where we use a commercial garage to fix something, and I drive the vehicle 1,000 kilometers a month so that I am eligible for 24 per cent, I will pay more in taxes than someone who works for a compay which has a mechanic who fixes the automobile and there is no direct charge to that automobile. Will we have this type of difference, or would I have to keep track of the commercial value of every automobile that I fix in the fleet?

Mr. Fisher: Mr. Chairman, it is expenses. Bear in mind that we are talking about expenses for personal use. If it was someone's personal car, the same principle would hold true. In higher cost areas one would pay higher cost after tax, and in lower cost areas one pays lower cost after tax. It is a simple principle of paying tax on personal use.

Mr. Hawkes: Perhaps I was not very clear. Suppose that I work for a small company and I cannot afford a mechanic. I drive the company's automobile 1,000 kilometres a month. Therefore I have to take into income 24 per cent of the maintenance costs of that particular automobile. Suppose my friend seated next to me works for a large company with many automobiles and that company has its own garage and staff. It does not charge for maintenance or repairs, it simply absorbs it. Therefore, working for a small company, I pay more tax than my friend. Is that the kind of tax system we are putting in place?

Mr. Fisher: Mr. Chairman, I am pleased to be able to clear this up. I am sorry I did not do so in the last round. The cost of the mechanics would be prorated over the cars because those are the expenses that the employer is writing off for the fleet.

Mr. Hawkes: Could the Hon. Member point out to me where, in the legislation, I am allowed to average repair costs over a fleet?

Mr. Fisher: Mr. Chairman, that is a practice for Revenue Canada to determine.

Mr. Orlikow: Mr. Chairman, we have been having a long but interesting discussion dealing with the various kinds of expenses which employers can charge off because the cars are used for business purposes. There are also provisions in the Income Tax Act to allow self-employed people such as salesmen, doctors and lawyers to charge off the expenses of their cars for gas, oil, maintenance, insurance and, I presume, depreciation to the extent that those cars are used for business.

Is the Government giving consideration to the problems of thousands of Canadians who are not self-employed doctors, lawyers or salesmen but must use their cars because of the vast distances they must drive to work? There are Canadians who have no choice but to drive up to 50 miles to work because in most cities the public transit system does not get them to work on time. Is the Government giving any consideration to those hundreds of thousands of people who are spending large amounts of money each year to go to and from work? They do not have the same ability, because our tax laws do not permit it, to charge off part of the expenses of their automobile transportation. It is a necessary expense for them in order to keep their job and earn their money.

Mr. Cosgrove: Mr. Chairman, there is a general employment deduction or expense allowance. Of course, the result of the increase in the tax from 1 per cent to 2 per cent to those people, such as in the example of doctors and lawyers used by the Hon. Member, whose occupation is in fact their business, brings in more revenue to assist in the provision of services to people generally.

Finally, I do not take such a pessimistic view of the role of public transit as that which the Hon. Member seems to have adopted in his preamble. I think that the opportunities for the improvement and enhancement of public transit in Canada are great. For example, the federal Government has supported both the research and technology for the improvement of public transit facilities. For example, we have supported the trial system in the City of Vancouver which will indirectly result in the mass production of these types of systems that will be available to Canadians in larger numbers and large urban areas in particular.

Mr. Orlikow: I do not think the Minister understood my point. If he were to visit the Oakville automobile plant and talk to the people who work there and who come there by car, he would find that many of them live as far as 40 miles from Oakville. If he were to go to Thunder Bay and talk to the

people who work in the grain elevators, he would find that there are people who live 20 miles, 30 miles, and 40 miles from the grain elevator. If he visited the people who work in the rolling mills in Selkirk, Manitoba, he would find that they drive from Gimli or other places that are miles away.

I am asking if the Government is giving consideration to applying the same principle to people who work for a company and have to drive long distances to get there. Is the Government giving the same kind of consideration to tax concessions to workers as are now given to self-employed people or those who work in the categories we have been discussing, such as those who use their own cars?

• (1740)

Mr. Fisher: Mr. Chairman, the Hon. Member has hit upon a very important point. His point, in effect, is what the current provisions are doing. The Hon. Member has described, for example, the great distances that people drive to work. I would remind him that under this legislation, personal use of a vehicle and expenses for that kind of driving, along with some of the other employment expenses involved, are covered under the employment deduction which the Minister mentioned. I would also remind the Hon. Member that the self-employed person, the professional or the salesman who only uses a vehicle to go from the place of work to the home, is using that car for personal use, and it is precisely for that reason that we are hearing some of the complaints from the Conservative benches.

Mr. Orlikow: Mr. Chairman, I am sorry, but I did not understand the explanation that the Parliamentary Secretary gave me. Is he saying that it is considered personal use for a person to drive a car from home to work? That is precisely the point I am trying to make. One can hardly call using one's car to get to work personal driving when it is the only way one can get to work. If one did not get to work, one would not earn a living and one would not be in a position to pay income tax or anything else.

Mr. Anguish: It's an employment expense.

Mr. Orlikow: It's an expense of employment, Mr. Chairman. What I am saying to the Government is that I know nothing has been done until now. In my view, people who must use their cars to get to work, who must drive substantial distances, should be treated no differently from the salesman who travels from Winnipeg to Regina, stopping on the way to make calls and, hopefully, to make sales. He is using the car to make sales, to earn his commission, to earn a living, in the same way a person driving his car from Winnipeg to Selkirk to work in the rolling mills is using his car to earn a living. Therefore, what I am saying is that I would like the Government to give serious consideration to making some provisions to benefit these people in the same spirit as is now evident with regard to self-employed people or others who work in the way we have been discussing this afternoon. They should be given the same kind of consideration and same ability to deduct expenses incurred travelling to and from work, as self-employed and other people have been afforded for a number of years in this country.

Mr. Fisher: It is an interesting perspective to the problem which the Hon. Member has put forth. I would simply urge him to consider equally the fact that the employment expense deduction is designed to do exactly what he is describing. How, for example, would he calculate the benefit of someone travelling by public transit versus someone travelling by automobile? Should we assume that people travelling by public transit should simply be allowed a great big deduction to make them equal to the people who travel by automobile? I think that if he begins to draw those parallels, he should take them right through all the logical steps instead of stopping where he did. I would urge him to realize that the Government proposed the employment expense deduction precisely to avoid that kind of detailed calculation involving streetcar or automobile expenses.

The Hon. Member is quite correct in the way that he has described these employment related expenses. However, I would suggest to him that these are already covered under the deductions which every taxpayer is entitled to enjoy at this point. Concerning automobile expenses, we are trying to ensure that automobile usage by professionals, self-employed people and salesmen is treated in the same way as usage by the employees he has described, and that there is no special advantage for them in the way that he fears.

Mr. Orlikow: I raise problems of a different category of workers, the problems which have been brought to the attention of the Government on a number of occasions in recent years by the building trade unions. Construction workers very frequently must travel very long distances from home in order to get to work. Until about a year ago, the economy in Alberta and Saskatchewan was very active. There were a large number of big, ongoing construction projects. Construction in Manitoba was slow. A large number of construction and skilled workers from Manitoba went to Alberta and Saskatchewan. They have spoken to me, to the Minister of Finance and to the Minister of National Revenue of their problems. As they explained in their annual submissions, they travel 500 to 600 miles away from home. They leave their families at home. Family expenses continue, as always. They work on construction sites.

A recent example was that of a Winnipeg worker on a power project in Saskatchewan. He had to travel from home to the power project and stay there for two or three weeks. Because he wanted to see his family and, in fact, keep his family together, he would make the 500 or 600 mile journey from the construction site to his home and then go back at the end of the weekend. Therefore, he made a round trip of 1,000 or 1,200 miles. I wonder why that worker should not be able to deduct the expenses involved in that kind of trip which was necessary, not only for his job but also if he was to keep his family together. I wonder why he should not be able to deduct part of his automobile expenses in the same manner as self employed people.

Mr. Fisher: Mr. Chairman, the Hon. Member has waxed eloquent on many worker-related topics. I would suggest that he might want to raise some of these questions when we consider some of the other provisions in the Act. For example, for workers who are at temporary work sites, there are now some special considerations as to the benefits they receive there. I would hope that he would examine those and take into consideration the fact that we have relieved those people of some of the previous tax burdens that they faced.

I would hope, as well, that he would consider the increases which we have brought about this year, for instance, in Child Tax Credits, or the $200 spousal transfers and the decreases in the general tax rates which we have introduced. If the Hon. Member wants to speak in general terms of workers and the way they are affected by the Act, he should consider some of those questions as well. Above all, I think he wants to return to his main point which concerns the question of equity.

In his case, he has raised his concern about salesmen, doctors or other professionals and self employed people who somehow derive a benefit for which every one else pays but which is denied to everyone else. I want to set the record straight. I want him to know that what we are trying to do is the very thing that he is urging us to do. We are trying to create equity involving employee benefits. We are trying to ensure that workers who do not enjoy certain benefits can see that the benefit is, nevertheless, deserved. In other words, workers will see that if they are not allowed a car write-off themselves, their company benefits from the activity of a salesman who goes out in his car and brings in new orders. They will see equally that when the salesman uses his car for personal use, he does so in the same way as they do. He pays for that car in after-tax dollars. He makes use of the car in after-tax dollars.

• (1750)

That is the intention of this Clause. We are not trying to set up yet one more benefit for another group. We are in fact trying to remove unjustified benefits and we are trying define more clearly the benefit that is business-related and productive, which keeps other people employed. When a benefit does that, we are prepared to say that it should be a tax-exempt activity, that the individual who takes his car and goes out and gets orders or generates new sales for a business is doing something on behalf of that business which he should not have to pay tax on. It does not matter whether the individual is doing that in his own car and getting mileage payments, or whether he is using the company car and getting it tax-free. As long as it is business-related, the individual should not be paying tax on the use of that vehicle. If it is personal, if it is something that aids the individual's personal life, then he should be enjoying that benefit with after-tax dollars. That is all we are asking here.

We have heard from the Conservative benches that the application of this rule is harsh, but in fact it is not. All we are saying is that the salesman who drives the car on a holiday to Florida or a lawyer who drives his car back and forth to the office every day, and that is the extent of it, or some self-employed man who enjoys the car 50 per cent of the time for his own use and 50 per cent for business, should pay tax because everyone else in the same circumstances is using a car purchased with after-tax dollars.

The Hon. Member has asked about individuals driving to and from work. I have tried to clear up with him the principle that such driving is a general employment expense and that we have given all taxpayers a general employment deduction. It is much simpler for us to use one deduction of that nature than it is to create a whole bunch of categories, so much for shoes, so much for bus fare, so much for cars, so much for uniforms and so on. That is not a reasonable kind of categorization of employment expenses. Instead of getting into that sort of very detailed consideration, we have given a general flat deduction.

If the Hon. Member would like to raise that deduction and discuss with us the size of the deduction, we would be happy to hear his comments. We would like to know if he feels that that deduction is too low. Let us bear in mind that such a deduction would apply not only to the individual working on the assembly line but would also apply to the salesman driving a company car. It is the principal equity that we are concerned with here.

We want the Hon. Member to understand that we are not trying to single out and give a benefit to a salesman or to a worker or to someone who drives a short distance or a long distance. We are not trying to create special categories. What we are trying to do is to remove those special categories and get back to simple, basic principles, namely, if a vehicle or any other benefit is employment-related then it is tax-free because it is productive. It adds to the economy; it creates jobs; but if a vehicle or any other benefit is used for personal use then it should be paid for in after-tax dollars.

I would like to point out to the Hon. Member that that is all we are doing, asking for after-tax dollars for personal use of the vehicle. The salesman, the self-employed person, the professional, can avoid this problem altogether simply by not using the car for any kind of personal use. That seems to be a heresy for some people, but I find it quite a simple, direct proposition. If one feels that the car is too expensive, then one should not use it for personal use but only for business use. But if it is felt to be reasonable to pay a bit of tax for a bit of personal use, then there is a fairly inexpensive car. Treated fairly, every other taxpayer can look on that vehicle and see that it is paid for on an after-tax basis and that it is not a special perk for a special individual.

I hope the Hon. Member takes some of these principles to mind. He has waxed eloquent on the problems of people who live a long way away from their business, and who have to drive there. Equally, I would ask him to reflect on the complexities of bringing in all these special considerations for every worker. Should we ask that worker, for example, to keep mileage charts? Should we ask the worker to keep receipts for boots that he has to buy for his work? Should we ask the worker to keep receipts for uniforms? Instead of getting into that complexity, we have just suggested a flat deduction which

the individual can enjoy, whether he has an expense or not, and we think that is a fair and straightforward procedure and it applies to self-employed people and to workers, to professionals and to men and women on assembly lines.

I hope the Hon. Member will take that into account and try to give us his reaction about the more general category of the employment deduction, rather than to try to split that deduction into specific categories that would add incredible headaches and complexity to every working man and woman in this country. We have heard from people all over the country that the tax form is already too complicated. We have heard that it is difficult to understand the Income Tax Act, and I urge the Hon. Member to realize that the Income Tax Act would be made worse by the kind of proposal that he is making. I think we would hear very fruitfully from him about the size of the deduction, but I would urge him not to get into special categories beyond that deduction, because it would make the situation even worse.

An Hon. Member: Great filibuster speech!

Mr. Stevens: Mr. Chairman, I think it would be very helpful in this type of discussion if we could perhaps get down to more specifics, and I would like to address my question to the Minister. I take it that the Minister is supplied with a Government car. Is that correct?

Mr. Cosgrove: Mr. Chairman, the vehicle that I originally used was one that came to me when I was Minister of Public Works responsible for CMHC and the NCC. When I had the opportunity of changing Ministries and accepting responsibility for the Ministry of State for Finance, because it was the first time I had had the opportunity of changing portfolios and the second opportunity I had had of accepting a portfolio in this Government, it was new to me, but the system then provided that, with changes in those responsibilities, the vehicle that was assigned to the Minister in the original portfolio remained with that Minister in that portfolio. As a result, the vehicle that I was using in Public Works was no longer available to me and another vehicle was made available from Finance.

Unfortunately, that vehicle was on its last legs, and after letting me down on a number of occasions when I had to hail cabs or look for help from garages and the like, I had to look for yet another vehicle. That vehicle has only been of use and provided to me while on Departmental or Government business in the City of Ottawa. When I travel to my own constituency, and I do that each weekend, or on Government business in other Provinces, of course I would look for transportation—

The Assistant Deputy Chairman: Order, please. There can only be one Member speaking at the one time. The Minister has the floor.

Mr. Stevens: He is just talking out the time.

Mr. Cosgrove: Mr. Chairman, the question was, was I provided with a vehicle. I had to explain under what circumstances and what conditions. I thought it would be useful to the Hon. Member.

Mr. Fisher: It is six o'clock.

The Assistant Deputy Chairman: It being six o'clock, I will interrupt the proceedings.

Progress reported.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

THE ADMINISTRATION—CONFLICT OF INTEREST GUIDELINES. (B) REQUEST FOR COMMITTEE REVIEW. (C) REQUEST FOR APPOINTMENT OF MONITORING OFFICER

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Mr. Speaker, over the course of the last couple of days I have been directing a series of questions to the Prime Minister (Mr. Trudeau) and Deputy Prime Minister (Mr. MacEachen) about the Government's attitude toward the conflict of interest guidelines which appear to so clearly have been breached in the Alastair Gillespie Affair.

What is clear from the attitude of the Government to date is that the Government is not concerned about the whole issue of conflict of interest. It is concerned about the public relations aspect of the issue, whether or not the reputation of the Government has been injured by the way it has performed. It is not concerned about ensuring that there are comprehensive guidelines, which are tough, which are strict, which are enforced and which ensure the highest standards of probity on the part of Government officials.

On reading the guidelines any reasonable person would see that the guidelines have been breached. They have been breached with complicity of the Government. Mr. Gillespie was not alone in this affair. He had to do what he did with the co-operation of the Government. The Government's response has been to deny that lobbying is lobbying. It decided to reinvent and redefine the word in its own way to ensure that what Mr. Gillespie did in asking for the support and guidance of his former Deputy Minister, did not constitute lobbying in the opinion of the Government.

Secondly, the guidelines refer to undue influence or the appearance of undue influence. When Mr. Gillespie was able to get immediate access to his former Deputy Minister and able to get the rules changed for his particular proposal, the Government simply said that in its opinion this did not constitute undue influence on the part of Mr. Gillespie. What it has done is to render the guidelines absolutely meaningless. Any

reasonable person examining the guidelines, if the guidelines were at all meaningful, would have concluded that the guidelines had been breached.

The second question Parliament must ask is, if the guidelines are breached, what teeth is there in them, what sanction is there and what ability is there to help people to account for breaches of the guidelines? Any Government with integrity would have required that Ministers who were responsible for breaches of guidelines must resign. If they were not prepared to go themselves, the Prime Minister had the obligation to fire them.

However, we find that the Prime Minister tells me, in answer to questions I put to him in the House, confirmed by the Deputy Prime Minister, that what they are toying with, in a review of the conflict of interest guidelines is a watering down. If the Gillespie affair was to happen again, they would not do anything to change the guidelines to ensure that proper conduct was to be followed by the Government. They would rewrite the guidelines to ensure that no one could claim that guidelines had been breached.

I said yesterday in the House that that sort of procedure was tantamount to the Liberal's discovering that a Liberal was caught trying to burn down the Parliament Buildings and the Government then legalized arson. It is very easy to ensure that the guidelines are never breached if the guidelines are rendered meaningless. If the Government were serious about putting an end to the concern that exist in this affair, it would have been candid with Parliament. Parliament would not have been misled in the first place. The Prime Minister and the Minister of Energy, Mines and Resources (Mr. Chrétien) have conceded that Parliament was misled. When the Government tabled documents in the House, it would have made an effort to ensure that all relevant documents were tabled.

Following Question Period, the Minister of Industry, Trade and Commerce (Mr. Lumley) tabled documents relating to the Cape Breton Development Corporation. He indicated when he spoke in the House that if one looked at the documents, he would find that in each case there was a note there with respect to particular minutes about documents which were not included in detail. When I ask him about it, he made it very clear that some of the documents had been laundered or deleted in his review of the files. Yet when you look at the material produced by the Minister, there are no notes indicating which documents have been deleted from the file. Again, the Government has not been candid with Parliament.

• (1805)

What should the Government be doing? First, Mr. Speaker, if the Government were serious about making the conflict of interest guidelines meaningful, it would strike a parliamentary committee, not have the in-house whitewash review, designed to water down the guidelines, contemplated by the Prime Minister. Instead, we should have a parliamentary committee charged with the responsibility of writing a meaningful set of guidelines and enforcement procedures.

I think one of the key elements of such a study would be a finding that it is time to have an officer of Parliament charged with the responsibility of investigating alleged breaches of the guidelines, and making a report to Parliament which could then be acted upon by a parliamentary committee. That is what is being done in the United States in many jurisdictions where they have ethics committees. In our case, that would be tantamount to having the Chief Electoral Commissioner given the responsibility of enforcing guidelines on ethics, not just during election campaigns, but also with regard to conflict of interest by officials and former officials. A report to Parliament could be made by this independent officer of Parliament and, if it appeared that the evidence warranted further study, a parliamentary committee could be called in.

It is essential that the Government act now, Mr. Speaker, to cut out the cancer which is growing here; the cancer of cover up and patronage which is rampant in this Government; the cancer of decline in public trust in the behaviour of public officials. It could do that by plugging Parliament back into the process, by striking that parliamentary committee and ensuring the sort of independent review of conflict of interest which I have suggested. Anything less than that can only damage the reputation of Parliament, and can only weaken the regard in which public life is held by ordinary Canadians.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): The Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty) has been suggesting that the conflict of interest guidelines should be referred to a parliamentary committee for review, and further, that a parliamentary auditor be appointed to monitor and report to Parliament on the application of these guidelines. It is hard to believe the Hon. Member is serious. In view of the totally irresponsible and outrageous way in which this Member and his colleagues in both Opposition Parties have comported themselves on this issue in the House, I do not see any benefit at all in the Government referring this question to a committee. In fact, this would probably be the worst thing we could do to Parliament. It would reopen the vicious unfounded attacks on Hon. Ministers, unnecessarily ruin reputable careers, and further tarnish the image of the House of Commons in the minds of all Canadians.

The value of the present and any future guidelines rests with the integrity of Members of Parliament. It is indeed unfortunate that this fundamental principle has been put to such unfair tests in the last few weeks. I for one believe in the basic principles of democracy. One of these principles is the integrity and good faith of public officials. Without this trust our system cannot operate. This trust cannot be engendered by the creation of yet another bureaucratic watchdog. I would hope after the bitter debate of the last two weeks, Parliamentarians would now unite and reinforce the will of Parliament to deal with the major issues facing the country.

Perhaps the Hon. Member should reflect upon the proposal he has recently advanced to create another officer of Parliament. In a time of severe economic restraint, the Opposition is recommending the establishment of a new bureaucratic

organization. Not only would this be a waste of taxpayers' money, but it is also not at all related to the prime objective of this Government, to rebuild the economic well-being of our country. Surely the Opposition does not wish to dilute the impact of this Government's economic recovery program by spending more money to increase the Parliamentary bureaucracy.

In closing, Mr. Speaker, I would again ask that Members of the Opposition read the present conflict of interest guidelines. Now more than ever it is important that Members forget their partisan role, fully understand the guidelines, interpret them in a just and fair way, and start acting like Parliamentarians.

• (1810)

The Acting Speaker (Mr. Corbin): The Chair would like to draw Standing Order 15(3) to the attention of Hon. Members. It provides as follows:

When a Member is speaking, no Member shall pass between that Member and the Chair, nor interrupt him or her, except to raise a point of order.

Mr. Nystrom: I am happy that you reprimanded my good friend, the Minister of Industry, Trade and Commerce (Mr. Lumley).

AUTOMOTIVE INDUSTRY—REQUEST THAT CANADIAN CONTENT LEGISLATION BE ENACTED. (B) CANADA-JAPAN NEGOTIATIONS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I want to pursue this issue in relation to a question I put to the Minister of State for International Trade (Mr. Regan) on March 1, about the failure of the Canadian Government to negotiate for Canadian content in Japanese cars sold in this country.

A short time ago, General Motors and Toyota in California were able to come to an agreement whereby Toyota, in partnership with General Motors, would establish a plant there which would give jobs to about 12,000 Americans.

[*Translation*]

There are many other examples of countries throughout the world where a national corporation has an agreement with a Japanese company. I am thinking about Peru, Brazil, Australia and France, all of which have negotiated an agreement with Japan to have a national content in the manufacture of Japanese vehicles. I believe that we could have the same type of agreement in Canada if our ministers negotiated more earnestly than they have done in the past.

[*English*]

I suggest that we should give the Minister more bargaining power. I think the Government should introduce for first reading in this House a Canadian content bill which would provide that 85 per cent of the content of Japanese cars in this country should be Canadian. In other words, if $1 million worth of Japanese cars were sold in Canada, $850,000 worth of the construction cost should be Canadian. This would create more jobs. I make this suggestion because I want to give the Minister some more clout. I do not suggest that we should pass the bill at all stages at this time, but just that it should be introduced for first reading. That would enable the Minister to go to Tokyo to meet his counterpart there and point out how worried we are about the situation.

At the moment, 25 per cent of our automobile market goes to Japanese cars. We recognize that they have some of the most efficient and beautiful cars in the world, and Canadians want to drive them, but we also want to make them in Canada. Our people want the jobs. They do not like the idea of buying a Japanese car, or any other foreign product, thus creating jobs elsewhere. More manufacturing in Canada would create more jobs and put the country back to work, making it more productive and wealthy.

When the Parliamentary Secretary responds I hope he will not reject my idea out of hand. I hope he will lend support to the proposition that we must be tough negotiators, no matter with whom we deal. I have heard many trade commissioners and others involved in foreign trade describe us as the "Boy Scouts" of international trade. In many ways we are really the pussycats of international trade and, Mr. Speaker, our claws are being pulled. It is time for us to be tough. We can learn from the Americans, from the French, the Germans and the Japanese how to drive a tough bargain. I do not think anyone respects a country that bows to a threat, and that is what we have been doing. We have been much too meek and mild.

We are the sixth largest consumer of cars in the world and the third largest consumer of Japanese cars, after the United States and West Germany. That gives us clout with the Japanese. We are their third largest market and they want to keep that market and expand it. We sell valuable raw resources to Japan that are fabricated over there, giving jobs to the Japanese. I commend the Japanese for their tough bargaining. In return, I am just asking the Japanese that we do the same thing. We can purchase their cars but we could construct at least 85 per cent of them in this country as well, so that we could give jobs to Canadian workers in the manufacturing of cars. It also seems that this would be an excellent idea for western Canada. The car plants could be located there, very close to Japan compared with Central and Eastern Canada, and many Japanese cars are purchased by western Canadians. I think it makes sense all around.

• (1815)

The Australians, Mexicans, Peruvians and Brazilians with smaller markets are purchasing fewer Japanese cars than we are. If they can negotiate a deal with the Japanese, I wonder why we cannot, since we have the third largest Japanese car market in the world. We are a much bigger country and should have a lot more clout. If they can do it, we can do it. If the Americans can do, we can do it. We are no worse off than the Americans. We are no less imaginative than the Americans. We are no worse bargainers or traders than the Americans. If they can have Japanese car plants in their country, we can have them as well. If we do not, the time will come, in ten or 15 years, when we will still be importing Japanese cars, but instead of importing them all from Japan, we will be importing

them from California, Ohio and other places in the United States. This would even compound the problem we have today.

I appeal to the Government to use a little foresight, be tough, use some imagination and insist that Japanese negotiators treat us as fairly as they treat the Australians, Mexicans, Americans, and many other people around the world. If they do that with us, I will be pleased because we will have Canadian jobs.

[*Translation*]

Mr. Jean Lapierre (Parliamentary Secretary to Deputy Prime Minister and Secretary of State for External Affairs): Mr. Speaker, in reply to the Hon. Member, I would like to point out that, in my opinion, if the Government had such a simplistic approach to our exchanges with Japan, nearly 93,000 jobs would be threatened in Canada. If we looked strictly at the automobile market, there would obviously be cause for concern. However, I would ask the Hon. Member to look at this in perspective and to realize that Canada, contrary to other countries which envy its position, such as the United States, Europe, and so on, has a positive balance of trade with Japan, which is certainly not the case of some of its other commercial partners whose balance of trade is negative. Mr. Speaker, it is easy to say: Let us become protectionists and threaten to adopt protectionist measures to strengthen our negotiating position. However, we are well aware that 600,000 jobs in Canada are directly dependent on a healthy export market. We are also well aware that 30 per cent of our economy operates under the rules of the open market. In my opinion, we would be worse off if the open market were to be ruled by tariffs, which would reduce our exchanges with markets such as Japan. The Hon. Member was also over-simplifying when he said that we sold only raw materials to the Japanese. I would like to point out to him that in 1981, 34.6 per cent of Canadian products sold to Japan were food products and that 24.5 per cent were semi-processed and processed products. However, Mr. Speaker, because of his own bill, I understand of course the frustration which the Hon. Member feels towards Japanese car manufacturers. On the other hand, I would ask him to have confidence in the outcome of our negotiations this spring, where we shall once again be able to bring pressure to bear on our Japanese partners.

I would also ask him not to jump to conclusions regarding the outcome of the automobile task force created by the Minister of Industry, Trade and Commerce (Mr. Lumley). I believe that the Hon. Member is panicking while, considering his concern for the commercial relations of Canada, he should develop a global approach and realize that Canadians have an advantage over Americans and Europeans and should certainly not feel inferior. On the contrary, other countries have much to learn from us.

As for the California project mentioned by the Hon. Member, Mr. Speaker, I must tell him that, according to my information, the agreement between GM and Toyota is a private one. It is not part of any negotiation between the American government and Japan. This is strictly a private company, and for our part, we shall stress the need for an increased Japanese contribution to the Canadian economy. We shall certainly do so. However, this will be done in the context of our negotiations. I do not believe that it is wise to make threats without reason, especially when we announce them in advance, as the Hon. Member has suggested.

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

At 6.20 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, March 11, 1983

The House met at 11 a.m.

• (1105)

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

YOUTH

REQUEST FOR EMPHASIS IN FORTHCOMING SPEECH FROM THE THRONE

Mr. Jean Lapierre (Shefford): Madam Speaker, there is no question that young people are suffering most under the impact of these difficult economic times. Family problems are aggravated by the recession, they are faced with financial problems if they wish to continue their studies, jobs are scarce and when they do manage to get a job, young people are first to be laid off when companies cut back on personnel. At a time when traditional models are being questioned, a time of enormous technological change, a time when serious doubts are being voiced as to the effectiveness of our academic, religious and political institutions, young people are being asked to become part of a society that feels insecure about the future, that jealously guards its past and its vested interests and fails to measure up to the hopes and aspirations of this new generation.

Madam Speaker, I demand that a direct and frank approach be taken to the problems of this new generation. Unfortunately, pressure exercised in a haphazard sort of way has not achieved the expected results, and I would urge the Government to use the throne speech to give the youth issue the emphasis it deserves.

I am very pleased with the step taken by the Government of Quebec this week. It is perhaps not much more than a gesture for the time being, but it is a step in the right direction. I hope that young people in other provinces will also urge their governments to increase their awareness of their concerns, and that our Government will realize at last that the present situation needs more than band-aid solutions and window dressing.

* * *

[*English*]

INCOME TAX

PROPOSAL TO ABOLISH CHILD TAX EXEMPTIONS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, a couple of weeks ago we had the spectacle of the Minister responsible for the status of women proposing an end to the spousal income tax exemption, and today we are told that the Minister of National Health and Welfare (Miss Bégin) has approved a report recommending that child tax exemptions be abolished.

The Canadian income tax system has always treated the family as a basic unit, and contained the important fundamental concept that a family be able to retain a proportion of its income safe from the tax gatherer's greedy grasp, a proportion needed to sustain the basic necessities of life.

This fair and equitable concept is now under attack by the Liberal Government. There is no telling how far it might go. Presumably the next in line to go will be the exemption for the elderly and pensioners.

Parliament must insist that the Minister of Finance (Mr. Lalonde) retain the family unit concept within the Income Tax Act and reject out of hand the harebrained schemes of the Minister responsible for the status of women and of the Minister of National Health and Welfare.

* * *

EXTERNAL AFFAIRS

GUATEMALA—KILLING OF INDIAN POPULATION

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, this past week Pope John Paul II's tour of Central America drew world attention to the violence and poverty which afflict that part of the world. Of particular concern to Canadians must be the genocidal war being waged against Indian people by the Guatemalan Government of President Rios Montt.

In the past year thousands of Indian civilians have been killed by the Guatemalan army. Entire villages have been destroyed and hundreds of thousands of Indian people have become refugees, either in their own country or in Mexico. All Canadians must join in condemning this brutality, but we must move beyond condemnation.

In addition to an international program of refugee aid, Canada should negotiate with Mexico for international inspection of the deplorable conditions of Guatemalan Indian refugee camps in Mexico.

S.O. 21

Finally, I call on the Secretary of State for External Affairs (Mr. MacEachen) to investigate reports that Israeli military personnel have been involved with the Guatemalan army as advisers. Canada can no longer condone in silence this eradication of the Indian people of Guatemala.

* * *

[*Translation*]

THE ADMINISTRATION

DECLARATION OF QUEBEC MINISTER—ACHIEVEMENTS OF LIBERAL PARTY

Mr. Marcel Ostiguy (Saint-Hyacinthe-Bagot): Madam Speaker, I was very pleased to see that the Quebec Government is now taking a more realistic view, according to a statement by a Quebec Minister that was reported in the press. After five years of ignoring the Canadian Government, the Government of Quebec has now realized, and it has said so, that since the Liberals came to power in Ottawa, Quebec had never had so many economic spinoffs, and in his very positive statement, the Minister acknowledged that the federal Members from Quebec were constantly fighting for their province, and he also acknowledged that Bill 101 must be amended to respect the rights of the anglophone community in Quebec and the various ethnic communities that have their own place in our belle province.

Madam Speaker, I earnestly hope that the Minister's statement will go beyond mere words and that the Province of Quebec will take action to further the interests of all Quebecers and consequently of all Canadians in this country.

* * *

• (1110)

[*English*]

SCOTIA COAL SYNFUELS PROJECT

CONTENTS OF TABLED DEVCO DOCUMENTS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, yesterday the Minister responsible for the Cape Breton Development Corporation tabled in this House a one and a half inch thick pile of documents which he said related to Devco's involvement in the Scotia Coal Synfuels Project. And what has this shower of paper, that includes 101 pages of academic papers and magazine articles, and 111 pages of requests for proposals and draft legal documents, been meant to accomplish? Obfuscation of the highest order, that is what. A classic cover up is now under way and the Table of this Chamber is being used as a stage for the performance.

How else can one explain the actions of the Devco Minister who, on the pretence of tabling accurate documentation of the Corporation's involvement in the Scotia Coal project, provides not one single piece of correspondence written to its developer? Can you imagine that, Madam Speaker? Devco enters into an industrial consortium with Alastair Gillespie, agrees to invest up to $300,000 of public money, and never wrote him a single letter. As well, Devco never corresponded once with the Department of Energy, without whose funding the whole scheme would not have materialized in the first place.

It is also hard to believe that since legal counsel for the Energy Department saw fit to write Devco in August, 1981, to request signatures on various documents, no one else ever saw fit to communicate with Devco on the matter previously. Maybe it was Mr. Gillespie who set this pattern of non-letter writing, for of the 315 pages of documents tabled yesterday there is only one piece of correspondence from him to Devco. And this pattern of doing things orally seems to have been picked up within the Corporation as well, for only five internal memoranda are present, four of which are to the president.

* * *

AGRICULTURE

HUNGER STRIKER'S DEMAND FOR PASSAGE OF LEGISLATION

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, on Wednesday, Allan Wilford, the Director of the Canadian Farm Survival Association, was arrested and jailed on a charge related to a penny auction. This penny auction was held to help a young farmer who was losing his equipment to a bailiff, a scene which is becoming all too frequent.

There is a crisis in farm finance spreading across the country that will see many, many more young farmers and their families out on the road. This House must act, and act now, to protect and help these people. We need the food they produce. We need the communities they sustain. We owe them a second chance. We owe them a break until markets turn around or until we can get some decent legislation on the books to improve their incomes.

Allan Wilford is on a hunger strike until this House deals with Bill C-653, an Act to amend the Farmers' Creditors Arrangement Act, or an acceptable substitute. This is a dramatic gesture by a determined young farmer who is leading a group of producers facing the ugly possibility of being refused credit which would enable them to buy and plant their crops this spring.

I urge the Government to relent and give this Bill a chance for speedy passage in the House. We owe it to the farmers of Canada. We owe it to our future.

* * *

[*Translation*]

TRANSPORT

STUDY OF POINTE-NOIRE PROJECT IN SEPT-ÎLES, P.Q.

Mr. André Maltais (Manicouagan): Madam Speaker, yesterday, a newspaper in Quebec City headlined a story that the Iron Ore Company of Canada was opposed to the Pointe-

Noire project at Sept-Îles. Considering the problems being experienced on the North Shore at the present time, needless to say there is grave concern in this area, regarding a project that is very important to its development and diversification. Considering the fact that the information was given by management of Iron Ore and that up to now—and I checked this—Iron Ore had never expressed any negative views regarding the development of the Pointe-Noire project, I would like to ask the Minister of Transport who is here in the House (Mr. Pepin) to get in touch with the President of Iron Ore in order to shed some light on the issue, because it is important that the Government be able to take major economic measures so that the North Shore will no longer depend solely on the large multinationals.

* * *

[*English*]

INDIAN AFFAIRS

PLIGHT OF NATIVE CHILDREN

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, Patrick Johnston's newly released report entitled "Native Children and The Child Welfare System" demands that renewed attention be given to the plight of native children in our country's child welfare system. It has been clear for some time that, due to a jurisdictional dispute between the Provinces and the federal Government, native children in need of care are left in a legal limbo. Although Indians are the exclusive jurisdiction of the federal Government, child welfare falls within the jurisdiction of the Provinces. Thus, the quality of social services provided to native children varies from Province to Province. The only similarity between the various systems is that everyone agrees that all systems are inadequate and that services provided are well below the level of services provided to non-native children.

• (1115)

Currently the direction being taken by the federal Government seems to be that of encouraging tripartite agreements signed by the federal Government, the Provinces, and Indian organizations in the Provinces involved. Although this serves as a good example to improve the quality of services provided to native children, it avoids resolution of the jurisdictional problem as it pertains to Indian children.

Witnesses appearing before the Special Committee on Indian Self-Government have repeatedly expressed their concern about the inadequacy of the Indian child welfare system. Particularly alarming is the knowledge that Indian children taken into care are rarely placed in Indian homes, thus their cultural ties are irreparably severed. The first step toward rectifying the situation that now exists would be the creation of a federal Indian child welfare act.

Madam Speaker: Order.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

INCREASE IN RATE OF UNEMPLOYMENT

Hon. James A. McGrath (St. John's East): Madam Speaker, in the absence of the Minister of Employment and Immigration who, I might add, is absent for the second month when unemployment figures have come out, which to me is a most eloquent expression of his contempt for the problems of the unemployed, I will direct my question to the Minister of Finance.

Given the unemployment figures today which show an increase in the seasonally adjusted rate to 1.5 million, the greatest human tragedy to hit this country since the Great Depression, and given the human dimension of these figures and the potential for tragedy, what does he intend to do on behalf of the Government to address this problem which is now of an urgent and critical nature?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, as a matter of fact I addressed that question yesterday. The Hon. Member will have noticed that, in spite of an increase in the adjusted figure from 12.4 per cent to 12.5 per cent, there has been a slight decline in the total number of unemployed. For the third month in a row there has been a stabilization and an increase in employment creation. After having seen a decline in employment for many consecutive months, these figures have gone up for the last three months and tend to indicate that there is, indeed, a recovery taking place in the economy.

As Hon. Members know, we have up to $2 billion of job creation programs in operation. I am addressing this whole issue in preparation of my budget. I indicated that unemployment is indeed a top priority for me in the budget. I would hope the budgetary measures that I will announce will stimulate and support recovery and help decrease the number of unemployed.

LOSS OF JOBS IN MANUFACTURING SECTOR

Hon. James A. McGrath (St. John's East): Madam Speaker, last month, while the real rate was up considerably and the adjusted rate was down slightly, the Minister drew some satisfaction from that when he replied to this question. Now, he cannot have it both ways, but that is what the Minister is attempting to do.

Where is this economic recovery that he keeps talking about? For example, when we look at the manufacturing sector, since this recession started we have lost 305,000 jobs. We are down 181,000 jobs in a year, and down 14,000 jobs in a month. Where is the recovery that he keeps talking about?

When one considers that the long-term unemployed have increased by 98.6 per cent in a year, that means a 98.6 per cent increase in the rate of those who are unemployed for three

months or more. That is disgraceful. Where is the recovery? Where is the Minister's response to this tragedy?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, indeed, I would invite the Hon. Member to look at events that are taking place in the economy at the present time. He knows, for instance, that General Motors has called back 8,500 workers recently. He knows that in Sudbury the mines are recalling several thousand people back to work. He knows that prices have been firming up in the lumber industry and the orders have been increasing. He knows that in the housing industry the units on an annual basis have increased to 165,000, which is a very large increase compared to last year. He knows that the price of nickel, for instance, has firmed up quite considerably over the last short while. So, there are encouraging signs.

• (1120)

We must recognize that the recovery will take place only gradually, not only in Canada but in the rest of the world as well. We cannot pull up the whole world by our own bootstraps. This is a recovery which must take place in all the industrialized countries.

We are encouraged by signs of what is happening in the United States, too. We indeed hope that the recovery will be faster than the one we had anticipated before. I hope, as I said, that my budget will contain measures which will stimulate the recovery further.

REQUEST FOR GOVERNMENT MEASURES

Hon. James A. McGrath (St. John's East): Madam Speaker, all I know is that there are two million people unemployed today. All I know is that there are 100,000 exhaustees of unemployment insurance benefits every month. All I know is that the rate of unemployment among heads of families has risen 52 per cent over the year. That is what I know.

What I want to ask the Minister, who really must take some responsibility for this situation, is whether he will at least bring in measures he has planned for his budget which we probably will not receive until later this spring? Will he at least bring in some of those measures now which would at least indicate to the House and to the country that the Government recognizes that there is a sense of urgency and tragedy here?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, one method of helping the Canadian unemployed in a very fast way would be to pass the Income Tax Act amendments which are now before the House.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Lalonde: The delay which is being created by the Conservative Opposition will delay $6 billion worth of refunds to Canadian citizens, to taxpayers who, with that injection of funds, could spend money and create jobs in the manufacturing sector and in all areas. Therefore, I hope we will receive more co-operation from the Opposition concerning the Income Tax Act and we will not face a situation where we will not be able to mail refunds as early as we—

Mr. Kempling: How many jobs will that create, Marc?

Mr. Lalonde: —would have liked, because the Opposition will have delayed the passing of the Income Tax Act. I would also invite the Opposition to support the Government with regard to the western rail transportation reorganization—

Mr. McGrath: That's disgraceful!

Mr. Lalonde: —which will mean $800 million of additional investment by the railways this fiscal year in the West, and which will provide benefits all across the country, including the Maritimes. These are a few steps which the Opposition could take immediately to help things along.

Miss MacDonald: Madam Speaker, the Minister's response indicates a disgraceful lack of concern for the ongoing human tragedy which these unemployment figures represent.

Some Hon. Members: Hear, hear!

Mr. Pepin: You said that last week.

UNEMPLOYMENT AMONG WOMEN HEADS OF FAMILIES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I want to bring a fact to the attention of the Minister of Finance. Among single parent families headed by women, unemployment rates have risen 61 per cent in the past year. This is the very group, comprising families headed by single parents who are mothers, where poverty is hitting hardest. Their children are suffering.

Has the Minister designed any job creation programs, either for the immediate situation or even for his budget, which are specially targeted toward this particular group of families in the same way as the NEED Program was targeted toward a special group?

An Hon. Member: We thought you wanted the private sector to look after everything.

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, the problem just raised by the Member for Kingston and the Islands is indeed a very serious one, and action has been taken by the Department of Employment and Immigration.

I would like to point out to the Hon. Member that the Occupational Training Act contains specific criteria according to which women who are the family's main support will receive priority for training. Furthermore, existing job creation programs include special programs for women, such as the Community Development Program and the Community

Services programs, which are submitted by women. We also have extension programs for women across the country.

Madam Speaker, I must say that at the Department of Employment and Immigration, we are very much aware of the problems affecting this group. We have programs that are tailored to their needs, and we are doing everything in our power to respond to these needs.

• (1125)

[*English*]

INQUIRY RESPECTING GOVERNMENT PLANS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I ask about a group that are hard hit in this society. The Minister of Finance refuses to answer; the Minister of Employment and Immigration does not even show up.

I want to ask about a group who last year had jobs and this year do not have jobs and the result is that some of them are paying 60 per cent of their income for housing. That means there is very little left for food.

Does the Minister know that hospitals are reporting a dramatic increase in the number of cases of infants who are being referred to them as a result of the use of watered-down baby formula? That is what is happening out there with people who do not have jobs. That is what is happening when a group of unemployed—

Madam Speaker: Order, please. Does the Hon. Member really think it is reasonable to go on that way before asking a question?

Mr. Nielsen: She did ask a question.

Miss MacDonald: Indeed it is, Madam Speaker. When these people are—

Some Hon. Members: Oh, oh!

Madam Speaker: Order, order. I can understand the Hon. Member's indignation, but this is Question Period. It is meant to have a very brisk exchange between Members of the Opposition and the Government, and it must remain that way.

Miss MacDonald: What I want to find out, Madam Speaker, is, given the particular needs of this particular group, does the Government have any job plans whatsoever to assist them?

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, I would like to point out that through various job creation programs, in 1982-83 more than 120,000 women were able to find work as a result of measures taken by the Government. Furthermore, as a result of programs initiated in 1982-83 and which now exist throughout the country, nearly 60,000 women are now employed.

This means, Madam Speaker, that through its various programs, the Department of Employment and Immigration is helping Canadians to cope with the severe economic conditions existing at the present time, within the limits of its budget. We therefore urge all parties concerned, including the Opposition, women's groups throughout the country and all those who are interested in these programs, to co-operate with us in finding ways to improve them and maximize their effectiveness in assisting people in need.

[*English*]

Mr. McGrath: Band-aid.

REQUEST FOR EXTENSION OF UNEMPLOYMENT INSURANCE BENEFITS

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Minister of Finance on the same subject. It is clear from the answer we have heard today that the Government has no new program in terms of providing jobs for the unemployed.

Mr. Baker (Nepean-Carleton): It does not even care.

Mr. Broadbent: My question concerns another form of assistance where perhaps the Government might show some sensitivity. There are now, as of today's figures, more than 305,000 men and women in Canada who have been unemployed for more than a year. What that means is that their Unemployment Insurance benefits have run out. What that also means is that the dignity that they have had from having a job and having an income is progressively fading away from their existence, with all the human impact that means for their families.

Given the needs of these 305,000 people who would like to have a job, but the Government is not going to provide that, will the Government at least show some social compassion as well as economic sense and agree to extend Unemployment Insurance benefits for these people?

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Leader of the New Democratic Party said that there were no new job creation programs. I would remind him that this year, the Government has already allocated over $2 billion for job creation, and the programs are already on stream. The point is not whether we should create new programs and add more and more, but to make sure that the funds allocated by the Federal Government are there and that Canadians can have access to and benefit from these programs as soon as possible. The Minister of Employment and Immigration is consulting regularly with his provincial counterparts to make sure the programs will be available to Canadians.

Mr. Broadbent: Answer the question!

Mr. Lalonde: The Hon. Leader of the New Democratic Party wants me to answer his question. It would be easier if he stopped providing erroneous preambles to his questions. He should therefore not be surprised if I take the time to respond to the erroneous claims his preambles contain.

As far as his question is concerned, I can inform the Hon. Member that this year, the Canadian Government is funding half of the increase in unemployment insurance benefits to assist those who are working at the present time, and that it has made substantial contributions to the Unemployment Insurance Fund. There are therefore no plans for a program to extend unemployment insurance benefits.

• (1130)

[*English*]

REQUEST FOR GOVERNMENT ACTION

Hon. Edward Broadbent (Oshawa): Madam Speaker, I did not get the last few words of what the Minister had to say. If I heard him correctly, he did not deal with the question at all, which was a call for an extension of the benefits for people who are unemployed and would at least like to have the dignity that can come from some money to spend, when they have an unemployment situation which is not their fault.

I ask the Minister this question quite seriously. He referred to a finance Bill that is before the House. He knows this Bill contains within it loopholes that will enable Canadians earning $100,000 a year not to pay one penny in income tax. He knows that the Government has looked after Mr. Gillespie, Mr. Pitfield, and a whole series of its friends.

Madam Speaker: Order.

Mr. Broadbent: When will it do something about extending the benefits for the unemployed?

Madam Speaker: Order.

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, until now, I felt the Hon. Leader of the New Democratic Party had a certain sense of dignity and respect for the truth and the individual. I am sorry that he should resort to the gutter tactics commonly displayed by the Leader of the Progressive Conservative Party in this House.

I can inform the Hon. Member that the additional funds we shall be able to release will be allocated for the purpose of creating jobs, either directly or through the private sector, and I believe that our first priority should not be to extend unemployment insurance benefits but to use the funds we have to create the jobs Canadians need. Extending unemployment insurance benefits is not going to help us solve the unemployment problem in this country, but creating jobs will. In the forthcoming budget, the first priority I see would be to create activities that will provide jobs for Canadians instead of just increasing social benefits.

[*English*]

RAILWAYS

CROWSNEST PASS RATE—EFFECT OF PROPOSED CHANGE ON PORT OF MONTREAL

Hon. Edward Broadbent (Oshawa): Madam Speaker, I do not think the Minister is the proper person to give others a lecture on honour, and I will leave it at that.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Broadbent: I have a question concerning the Minister's home Province of Quebec. As he knows, this Province has had a great increase in unemployment, according to today's figures. In fact the largest increase is in the Province of Quebec. He also knows that the situation is bad in the City of Montreal.

Is the Minister aware that one of the results of the proposal brought in by his colleague, the Minister of Transport, to change the Crow rate, will be that grain farmers on the Prairies within a few years will be able to export their grain through New Orleans at a lower rate than out of the Port of Montreal? Today the Port of Montreal relies very heavily on the grain trade. If this disastrous proposal is followed up, we will have more unemployment instead of more jobs in the City of Montreal. If the Minister is aware of this, will he take steps to ensure that the Minister of Transport gets that terrible proposal away from the House of Commons?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, on this particular point I was shocked by what I read this morning, that my hon. friend has found a way to agree with both the protests against the initiatives in the West and the East, for completely different reasons. I know that a certain category of people walk on the street. However, they usually walk on only one side of the street. My hon. friend has managed to walk on both sides of the street at the same time.

Mr. Baker (Nepean-Carleton): He also wants to walk on water.

Mr. Pepin: The concept of a movement away from the Canadian ports to United States ports is one at which my officials are looking. Up to now they have said that it is a creation of unsophisticated minds. We are looking at it. At the moment there is no possibility of it. Should there be a possibility of that ever happening, the Government will obviously intervene to prevent it.

* * *

LABOUR CONDITIONS UNEMPLOYMENT AMONG YOUNG PEOPLE

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Finance. Statistics Canada figures today reveal that over 600,000 Canadians between the ages of 15 and 24 are without jobs. That is a 21 per cent unemployment rate among our youth, a whopping 9

per cent above the national average. In view of the human tragedy that those statistics document, is the Minister contemplating for his upcoming budget a major program targeted at youth unemployment so as to lift a whole generation of Canadians out of abject poverty?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I will take the question of the Hon. Member as a representation. I have indicated that the question of youth unemployment is indeed very serious and critical. It is difficult to envisage a situation where our young people are unemployed, and not able to enter into the job market for an extended period of time. Personally, I find this a tragic situation. It is certainly uppermost in my mind.

As to specific measures, the Hon. Member will have noticed, for example, that I have already announced $50 million of additional money for student employment this summer, up from $120 million to $170 million. These are measures I have taken even before the budget is announced so that students will at least benefit from these additional sums during the course of the summer. As to whether additional steps are going to be taken, I invite my friend to wait for the budget.

REQUEST FOR INTRODUCTION OF WAGE SUBSIDY PROGRAM

Mr. Tom McMillan (Hillsborough): Madam Speaker, my supplementary question is also to the Minister of Finance. The programs to which the Minister has made reference are merely band-aids. What the young people want are permanent jobs, not make-shift jobs to carry them over for a few days. In light of that, I would ask the Minister this. In the upcoming budget will the Minister give serious consideration to introducing either a wage subsidy program, such as that which has proven so successful in Prince Edward Island and New Brunswick or, as an alternative, a refundable employment tax credit program, both of which would be designed to create permanent, lasting jobs, rather than make-shift jobs of the kind the Government has relied on to date?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, if we are talking about the student summer employment program, it is of course aimed at students and part-time jobs. It is aimed at helping students find work during the course of the summer. Obviously my friend is also addressing the other major issue of permanent employment for young people. I have received representations from Members on this side of the House, and outside, concerning the suggestion he is making. I will consider them.

REQUEST FOR INVESTMENT IN YOUTH

Mr. Jack Shields (Athabasca): Madam Speaker, I would like to address my question to the Minister of Finance. As my colleague pointed out, there are three-quarters of a million young people unemployed. Many of them have invested 15 to 20 years of their lives to educate themselves so that they can enter the workforce and pursue the careers they worked so hard to attain. Recently three cases came to my attention of educated young people who are ready to proceed with their careers. They became so depressed and despondent, they took their own lives.

Madam Speaker: Order. Does the Hon. Member have a question? If not, I will not allow him to continue. He must ask a question.

Mr. Shields: Does the Minister plan to allocate another $1.5 billion to Dome and Gulf to proceed with the development of natural resources in the North, or is he prepared to invest $1.5 billion in our young people and thereby avoid tragedy for those families of young people who commit suicide because they cannot face the reality of not having a job?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am surprised to hear this kind of intervention from the Hon. Member who is usually complaining that we do not allocate enough funds to the energy area. It is especially surprising coming from an Hon. Member who represents an area which has benefited from significant Government support for large energy projects. I want to tell him that any investment which is taking place by the private sector, whether it is in the Beaufort Sea, the Arctic, the Prairies, or the eastern Provinces, is work which is creating jobs for Canadians.

• (1140)

I would like also to remind him, as I have indicated before, that the Government has allocated around $2 billion for job creation programs during this year. That is a very substantial amount of money indeed which the Government is spending directly to create jobs. At the same time there are numerous programs and activities which help the private sector to create jobs for Canadians, because the private sector is going to be the main employer and we want it to remain so.

Mr. Nielsen: That is why the kids are committing suicide.

Mr. Shields: Madam Speaker, comparing the price of energy to the price of life will not be of much consolation to the families who have lost bright young people because they could not face the reality of not having a job.

REQUEST THAT YOUTH ENTREPRENEURSHIP FUND BE CREATED

Mr. Jack Shields (Athabasca): Madam Speaker, I would like to ask the Minister of Finance if he would consider allocating $1.5 billion in his upcoming budget to create a situation where a fund would be available for young people in order that they could borrow from that fund to go into private entrepreneurship or to create a business which would employ young people who are energetic and ready to work, and who need this kind of impetus. This would be a real investment in young people—

Madam Speaker: Order. Order, please.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I will take the question of the Hon. Member as a representation and as a suggestion which I will examine, but I would

also invite the Conservatives to stop talking out of both sides of their mouths, suggesting large programs of additional expenditures and, at the same time, taking the time of this House in attacking the deficit of the Government. So make up your minds, fellows, please.

* * *

HUMAN RIGHTS

EL SALVADOR—POSITION OF CANADA ON RESOLUTION AT GENEVA CONFERENCE

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I had intended to ask my question of the Secretary of State for External Affairs. He is not here, so I will direct my question to the Minister of State for External Relations. Last week, as the Minister is aware, at the Human Rights Commission in Geneva a resolution prepared by Canada was put forth about human rights violations in El Salvador. It began with a weak resolution, but then became stronger. Would the Minister tell the House why Canada did not get that resolution into debate and why Canada did not vote on the Mexican resolution, which was a strong, clear resolution?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, I am very pleased that the Hon. Member should ask this question, because I share his frustration and disappointment at not having been able to express, in the form of a consensus resolution which Canada had submitted, our grave concern with respect to the human rights situation in El Salvador. To provide some background, Madam Speaker—and I may add that the Hon. Member has followed this issue very closely—three weeks ago, we submitted a draft resolution to the Human Rights Commission, a resolution that we were able to improve thanks to the advice of the Hon. Member and other Canadians who are concerned about the human rights issue. We established a broad consensus among other delegations to the Human Rights Commission in Geneva, but unfortunately, when the time came to vote on the resolution—the Hon. Member is probably aware of this—certain tactical procedures prevented a vote being taken on the Canadian resolution, and we were then faced with the Mexican resolution.

As for the Hon. Member's question, namely, why we did not vote on the Mexican resolution Madam Speaker, it was because we felt that the human rights issue is so important that the United Nations Human Rights Commission was not the appropriate forum for taking position with a political impact. In our view it was preferable to make an appeal on humanitarian grounds to condemn the obstruction of full protection of human rights. That is why we abstained from voting on this resolution.

[*English*]

UNITED STATES MILITARY AID TO EL SALVADOR

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I am sorry to say that I feel the Government did not move because of an almost emotional problem. The matter is serious, and I do believe it is extremely political.

The President of the United States this past week indicated he is planning to ask for another $120 million for military aid to El Salvador. This is a place where war has gone on for three years. The Holy Father, the Pope, has asked for negotiations and for dialogue to stop the fighting. What is the Government of Canada going to do in relation to the United States, and its President, in terms of protest?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, the Canadian position on military aid to El Salvador is quite clear. The Hon. Member is aware that in one paragraph of the consensus resolution we submitted to the Human Rights Commission in Geneva, we clearly indicated that we were recommending non-intervention in the internal affairs of El Salvador and immediate suspension of all arms supplies and any other kind of military aid. That is the official position of the Canadian Government, and, Madam Speaker, I should be happy to repeat that position to the American Government, through the usual diplomatic channels.

* * *

[*English*]

AGRICULTURE

GOVERNMENT POSITION ON LEGISLATION TO AMEND FARMERS' CREDITORS ARRANGEMENT ACT

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Minister of Finance and it relates to the desire of the Farm Survival Association, the agricultural community generally in the country, and Members of Parliament on both sides of this House, to deal with Bill C-653, which is an amendment to the Farmers' Creditors Arrangement Act and stands in the name of the Hon. Member for Lambton-Middlesex. Has the Government taken a position with respect to that Bill? If it has, would the Minister inform us whether or not the Government favours the principle of the Bill? If it does favour the principle of the Bill, would the Minister inform us when it will be introduced, on the understanding that there is a willingness on both sides for that Bill to be introduced and dealt with?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, we have already indicated that, indeed, we are very proud that an Hon. Member on this side of the House has brought forward a Bill of this nature. We, indeed, support the principle of the Bill. We are discussing with the Hon. Member at the present time the implications of the various aspects of this Bill and, when these discussions are concluded, the House Leader

will be very pleased to inform the House what steps will be taken.

STATUS OF LEGISLATION IN GOVERNMENT PLANS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, may I assume from the answer given to me by the Minister of Finance that the Government has now dropped the proposal put yesterday by the Government House Leader that this Bill was somehow linked to passage of other legislation which is in the mind of the Government, or as put by the Minister of Agriculture, that approval of this Bill depends on the House agreeing to approve Canagrex? Is the Government now saying that this Bill stands on its own, that the Government is going to be dealing with this Bill and with respect to the principles of this Bill, and that the Minister will be informing the House within a very few days about its decision on the Bill?

Hon. Marc Lalonde (Minister of Finance): No, Madam Speaker, I have nothing to add to what the House Leader said yesterday. What the House Leader said yesterday stands.

Mr. Nielsen: You just did a moment ago.

Mr. Lalonde: What I had indicated is that Goverment Members were having discussions with the Hon. Member who put forward the Bill, and once the discussions were concluded the House Leader would come to the House and indicate what conclusions we have reached. That is all there is.

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CANADIAN WHEAT BOARD

INITIAL GRAIN PRICES

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, my question is directed to the Minister of Transport who answers for the Wheat Board. The previous Minister of Transport, the Hon. Otto Lang, initiated a practice whereby prices for grains were announced prior to the start of seeding operations. Since farmers are now planning their seeding operations, does the Wheat Board intend to indicate the price at which the grain will be sold in the following year, or will the farmers have to take a chance and find out later?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have been in the House for a number of years and I know that there is no set pattern for these announcements. They vary from year to year. I have seen Ministers coming out in favour of one approach at one time, and then changing their approach later. I will consult with the Minister in charge of the Wheat Board and I will inform the Hon. Member and the House as soon as possible as to what he intends to do this year.

• (1150)

REQUEST FOR ASSURANCE ON PRICES

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, in view of the fact that the Canadian Wheat Board has indicated no final payment can be expected for this year's crop, since world market prices are depressed again, since the Minister's plan for western transportation is dependent upon the money that farmers will be receiving, and if he has any hope of passing that proposal the farmers must know where their money is going to come from, will he assure farmers that the initial prices they receive will be at least the same as they are getting presently for their grain, even though they do not expect a final payment next year?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not intend to instruct my hon. friend on the meaning of initial payments. They vary from year to year depending on the grain situation at any particular time. However, I must say that I welcome his approach to reassuring western farmers. I welcome the implication, at least, in what he says, that the Bill on the western rail initiative should be introduced in this House as soon as we can. I am trying to convince my critics on the other side that it would be a very good idea to do so soon in order to bring about as much certainty as we can in this area of the Canadian economy.

* * *

AGRICULTURE

HUNGER STRIKE BY LEADER OF FARM SURVIVAL ASSOCIATION

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is for the Minister of Finance and is supplementary to the question posed by my colleague from Nepean-Carleton. The Minister will know that farm bankruptcies are continuing at record rates and that, over the last year, there have been a number of representations on this issue to the Government. Is the Minister aware that a young Canadian farmer is now in jail and on a hunger strike, and will stay on that hunger strike until there is a Government response which deals with this crisis in family farms?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Yes, Madam Speaker.

[*English*]

PLANNED DEMONSTRATION ON PARLIAMENT HILL

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, I would like to indicate to the Minister of Finance that on Monday, March 14, there will be several hundred people here demonstrating in support of that farmer because they know full well that they have been led on, for the last year at least, by broken Liberal promises of legislation and other assistance to farmers. Is the Minister aware that this demonstration will occur, and is he prepared to respond so that not only will these demonstrators not create additional problems for themselves and the Government, but so that this young farmer will not be forced to continue on a hunger strike which may in fact affect his health?

[*Translation*]

Mr. Marcel Dionne (Parliamentary Secretary to Minister of Agriculture): Madam Speaker, it will be a pleasure to answer the Hon. Member's question. Actually, I am rather surprised at the ignorance of some Members of the Opposition with respect to what the Department of Agriculture has done in assisting producers who are in serious financial difficulty. When the budget was brought down on June 28, it was announced that producers in financial difficulty would have access to $100 million per year. This year, since the program has been very popular, the Minister announced that an additional $30 million would be earmarked for this purpose, and more recently, a further $20 million was made available, which means that producers who are in serious financial difficulty will have access to another $150 million which will be used in providing relief from high interest rates. This year, the Farm Credit Corporation's rate was changed three times. Those who are in financial difficulty will be borrowing at 9¼ per cent. I think people should know these facts.

Madam Speaker, I would like to draw the attention of the House to another program. Through the Farm Credit Corporation, it will be possible to refinance loans every ten years instead of every thirty years. Furthermore, I think we should realize that in this country, there are tens of thousands of egg, milk, poultry and grain producers who are very satisfied with their present financial situation.

* * *

[*English*]

TRADE

BRANCH PLANT EXPORT CONTROLS—REQUEST THAT STUDIES BE TABLED

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is directed to the Acting Prime Minister in the absence of the Minister of International Trade. During the last two days I have asked questions about confidential documents from the 1960s in which senior Government officials said that up to 75 per cent of our branch plants were prohibited from exporting around the world. In response the Minister of Trade said that I am studying ancient history.

Well, Madam Speaker, this morning I have a Cabinet document from July 3, 1980, where the sponsoring Minister is the Hon. Herb Gray, Minister of Indusry, Trade and Commerce. The thrust of this document is the same, that many of our branch plants are still operating under export controls and inhibitions. They are saying the same thing here as they said in the documents in the 1960s. Many other studies are also referred to in this document regarding controls on export performance of branch plants. Will the Acting Prime Minister make a commitment to table all the studies referred to in this document concerning export controls which are placed on our branch plants?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I do not know about all the documents referred to, but I have a bit of experience having been Minister of Industry, Trade and Commerce for the best part of four years. That experience taught me that, indeed, some branch plants of American firms and others in Canada were not exporting as much as they should have. Indeed, there were instances where they were not exporting at all. The name of the game throughout the years has been to try to convince, cajole at times, these companies and sometimes help them financially—sure, there is nothing wrong with that. There has been a process of great accentuation of exports from American branch plants in Canada. That is part of the progress we have seen in Canada over the years.

Mr. Chrétien: That is why they are in Oshawa.

Mr. Pepin: That is why they are all over the place now. That situation in Canada, particularly the development of the product mandate approach, has been one of the main features of the evolution of the Canadian economy in recent years. So why rehash the past?

Mr. Broadbent: 1980 is not exactly ancient history.

Mr. Nystrom: Madam Speaker, I am not exactly rehashing the past. This Cabinet document is dated July 3, 1980.

Mr. Lalonde: What are you doing with stolen documents?

Mr. Nystrom: They say on page 47 of the document "the Foreign Investment Review Act as it now stands is seen as an inadequate tool".

Mr. Chrétien: Where is the honour? That is a stolen document.

* * *

FOREIGN INVESTMENT REVIEW AGENCY

GOVERNMENT POLICY

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, these are the major problems facing our branch plants, and FIRA as it stands today is not adequate, so why did the Cabinet turn down the recommendations made by Herb Gray in 1980? Why has the Cabinet not acted on the 1980 campaign promise and the commitment in the Throne Speech of 1980 to strengthen FIRA? Why has the Government not acted over all these years, in light of all this evidence from the 1960s, 1970s, and now the 1980s?

Some Hon. Members: Hear, hear!

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have given a couple of indications of the progress which has been made. Now we have FIRA which can decide in each particular case if a certain project is in the Canadian interest. One of the features, one of the criteria of the Act is the intent of a particular applicant to export.

Mr. Deans: Do we ever enforce the requirements? No.

Mr. Pepin: I am quite sure that occasionally you have cases—life is never as simple as the NDP sees it.

Some Hon. Members: Oh, oh!

Mr. Pepin: You have cases where—

Mr. Broadbent: It is as miserable as the Liberals make it.

Mr. Pepin: —FIRA and the Ministers have to decide if it is in the Canadian interest to accept a foreign-owned company in Canada which has no particular export program.

Mr. Nystrom: Answer the question.

Mr. Pepin: Then the FIRA people and the Minister responsible may say on balance it is better to have it in Canada, because it will give employment, than not to have it at all. "To govern is to choose".

Madam Speaker: Order, please. The Hon. Member for Burin-St. George's.

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FISHERIES

STATIONING OF CBC FILM CREW ON ANTI-SEAL HUNT VESSEL

Mr. Roger Simmons (Burin-St. George's): Madam Speaker, my question is for my good friend, the Minister of Fisheries, and it relates to the latest CBC outrage in putting a film crew abroad the *Sea Shepherd*. They have done some outrageous things in their day, but this has to take the cake. I ask the Minister what his or his Department's view is on this issue, and what action he has taken to have this crew taken off the *Sea Shepherd* and get them doing something productive? Perhaps he can get them a fishing licence or something, anything, that would get them away from spending taxpayers' money on this useless and completely insulting exercise.

Some Hon. Members: Agreed.

Mr. McGrath: Shame.

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I hear that the sentiments of outrage expressed by the Hon. Member are also shared on all sides of the House. The House has expressed its unanimous support for our sealers through two resolutions. Then to have the CBC today play into the hands of those people, who just want to attract the media, by having one of their reporters and camera crews on one of those boats, the sole purpose of which is to attract the media as the Hon. Member says, is really totally insensitive.

Mr. McGrath: Outrageous.

• (1200)

Mr. De Bané: And outrageous, as the Hon. Member for St. John's East says. I hope the CBC will listen to the unanimous point of view of the House and stop giving publicity to a group of people who collect money from the general public to wine and dine, and then threaten to ram into the boats of the sealers, while actually they manage to collide on the first ice and then spend their money on booze or drinks to attract the media. It is totally outrageous.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

PETITIONS

MR. ROY—MAGNIFICENT WORK OF THE LIGUE D'ACTION COMMUNAUTAIRE DE LAVAL (QUÉBEC)

Madam Speaker: I have the honour to inform the House that the petition presented by the Hon. Member for Laval (Mr. Roy) on Thursday, March 10, 1983 meets the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. SHIELDS—RECONSIDERATION OF BILL C-10

Mr. Jack Shields (Athabasca): Madam Speaker, I have the duty to present a petition on behalf of a number of my constituents in the riding of Athabasca. The purpose of the petition, signed by 35 residents of Glendon, Alberta, is to register their opposition to any interference in the affairs of churches or voluntary organizations by the Government. In particular, they oppose any action or legislation that might empower the courts or any governmental body to force churches or voluntary organizations to retain in their employ or membership those whose homosexual, heterosexual or other moral or ethical activities, characters or lifestyles are contrary to the beliefs held by the said churches or organizations.

The nature of this petition is to request that Parliament not approve Bill C-10 or any successor or like Bill and, if approving it in spite of this petition, to make first the necessary amendments to determine that no such interference in the affairs of churches or voluntary organizations be permitted.

The petitioners hope that in Madam Speaker's examination of this petition you will find the petition in order, sense the urgency of their plea, and that you might use the discretionary powers vested in your office to allow discussion and referral of

this petition to the Standing Committee on Justice and Legal Affairs at the earliest possible moment.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 4,710.

[*Text*]

MACK CANADA INC.

Question No. 4,710—**Mr. Deans:**

Did Mack Canada Inc. receive funds from government programs to assist the building and expansion of its plant in Oakville, Ontario and, if so (a) what were such funds (b) under what terms and conditions were the funds granted?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In so far as the Departments of Industry, Trade and Commerce and Regional Economic Expansion are concerned:

No assistance under any of the ITC or DREE industrial assistance programs has been provided to Mack Canada Ltd. to assist the building and expansion of its Oakville plant.

[*Translation*]

Madam Speaker: The question mentioned by the Parliamentary Secretary has been answered.

[*English*]

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

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed from Thursday, March 10, 1983, consideration in Committee of Bill C-139, to amend the statute law relating to income tax (No. 2)—Mr. Lalonde—Mr. Francis in the chair.

The Chairman: Order. When the Committee rose on Thursday, March 10, 1983, Clause 1 was under consideration and the Minister of State for Finance had the floor.

On Clause 1—*Value of Benefits*

Mr. Anguish: Mr. Chairman, I rise on a point of order concerning the very complex nature of Bill C-139. Researchers have brought to my attention—and I concur with them—that in a legal sense there is incorrect nomenclature in the Bill. It is confusing to begin with, but if the references made therein are wrong, the people who have to translate the passage of the Bill into the Act will not know whether the references are made to the Act or to the Bill. They will have a very difficult time deciphering what has gone on when the Bill passes through the House of Commons.

For example, I refer Hon. Members to page 52, about two-thirds of the way down the page, where Subclause (17) of Clause 12 reads:

Subsection (8) is applicable with respect to transfers occurring after November 12, 1981.

Is that reference to Subsection (8) a Subsection of the Act, which would be the correct nomenclature, or does it really mean Subclause (8) which would refer to the Bill? I would submit that it should actually read Subclause (8), but it does not; it reads "Subsection (8)", which is actually a reference to the Act itself. Am I correct in that understanding? If so, I would point out that there is an inconsistency throughout the Bill.

Next I draw the attention of Hon. Members to page 47 of Bill C-139, again about two-thirds of the way down the page, where adjacent to "(6)" there is a reference made to Subsection 20(8) of the said Act. Then on page 48 there is a reference under Subclause (8) to Subsection 20(14) of the said Act.

Returning to the item on page 52 to which I drew Hon. Members' attention, it either refers to Subclause (8) of Clause 12 of the Bill or Subsection (8) of Section 20 of the Income Tax Act. Therefore, it becomes very unclear what the Bill refers to when it uses the word "Subsection". The Bill seems to be littered with a number of apparent inconsistencies.

If Hon. Members will direct their attention to page 52a, the bottom line thereof, they will see a reference wherein the Subsection and Subclause are clearly distinguished, as substantiated by the reference to Subclause (4) of Clause 11 of the Bill. This would refer us back to page 37 where we find Clause 11(4), which reads:

• (1210)

Section 18 of the said Act is further amended by adding thereto, immediately after subsection (3) thereof, the following subsections:

The Bill goes on from there. I am concerned with the word "Subclause." It should be used consistently with reference to a Bill of this House.

Mr. Baker (Nepean-Carleton): You are right.

Mr. Anguish: The word "Subsection" should refer explicitly to the Income Tax Act. There are many inconsistencies throughout Bill C-139 which make it very confusing whether the reference is to the Bill or to the Income Tax Act, not only for Members of the House, but also for those who have to translate the information once the Bill passes through the House.

If I am correct in the observations I have made, what are we going to do to clear up this very apparent inconsistency in Bill C-139?

Mr. Cosgrove: Mr. Chairman, I understand that we are continuing consideration of Clause 1 of the Bill before us. We have dealt with a number of Sections, none of which it seems to me were referenced by the Hon. Member who has just spoken. He did begin by making reference to Clause 17. My submission to the Chair and to Hon. Members is that we really cannot, under the pretext of one Hon. Member's interpretation of the Section, move from one Section to another. For example, the Hon. Member indicated the problem was interpersed throughout the Bill. The only way in which we can deal with this item is to deal with it in the context of the matter before Hon. Members. If the matter affects Clause 1, which we are in the middle of considering, that is the only reasonable way we can attempt to come to grips with the objections, suggestions or interpretations of Hon. Members on any aspect of the Bill. Otherwise, it would become hopeless to cope with.

On the thrust of the argument made by the Hon. Member for The Battlefords-Meadow Lake, I would appreciate having the observations in writing. I am told the Department of Justice has recommended a different way of numbering and a different way to describe. It is new, but that is recent advice from the Department. I would like the opportunity of giving the Hon. Member the Department's view on that. However, I think it ought not to interfere with the regular business of this Committee.

The Chairman: I wonder if the Chair could observe that the Bill is drafted with reference to legislation, in which case the references are in terms of Sections. For purposes of consideration in the House, we refer to Clauses. Is this the source of confusion for the Hon. Member?

Mr. Anguish: No, Mr. Chairman, that is not the source of confusion. I disagree with the Minister, with all due respect, but I believe we should get this problem clarified and cleared up before we proceed with this Bill because it could very well be wasted time. In some cases within Bill C-139, references are made in the Bill to delete or go back to a Subsection. Since the word "Subsection" is used throughout Bill C-139 instead of "Subclause", it is very confusing whether or not the references are to the Bill itself.

The Chairman: I would draw the Hon. Member's attention to the fact that the draft before us relates to existing Statutes. It is a practice of the House to refer to Statutes by Section, whereas with consideration by the House, the practice is to refer to Clauses. It appears that is the point which the Hon. Member has not fundamentally grasped.

Mr. Blenkarn: Mr. Chairman, I think the Hon. Member may well have a point but it is a very confusing one. He has gone through a number of pages and mentioned a number of Sections. The ones he has mentioned I cannot find any quick fault with, but he may well be right. In any event, what he has said by way of representation today has undoubtedly been taken down in *Hansard* and we will be able to go over the matter in precise detail.

We are presently dealing with Clause 1 of the Bill with respect to automobile standby charges and two or three other matters. I do not believe there are any of the types of things of which the Hon. Member is speaking in Clause 1. Therefore, we could proceed with Clause 1. I think, though, that what the Hon. Member has raised is important, and if in fact what he has raised is the case, then it could be that a good many parts of this Bill are incomprehensible to everyone, including people in the legal drafting business, and obviously the House cannot deal with it.

Mr. Anguish: That is why it should be cleared up now.

Mr. Blenkarn: We all know that the Income Tax Act is incomprehensible anyway, but if it is so incomprehensible that it cannot be put together in an Act that some persons can read, then the incomprehensibility goes beyond the ability of the House to deal with it. However, that matter can be dealt with at the next sitting after other Members have had a chance to understand what the Hon. Member has been saying. Therefore, I suggest we follow the Minister's advice and proceed with Clause 1 regarding the automobile standby charges. I cannot see that any of the concerns which the Hon. Member for The Battlefords-Meadow Lake raises as concerns are within the ambit of Clause 1.

Mr. Anguish: Mr. Chairman, I could agree to that and will not unduly delay the business of the House any longer if you can provide me with the assurance that at the next sitting of the Committee of the Whole dealing with Bill C-139 we will, in fact, deal with this problem that I have brought up today. If I can have the assurance of the House and the Chairman that we will do that, I will not delay the discussions any longer.

Mr. Cosgrove: Mr. Chairman, I thought I had indicated it would be my intention to try to understand the objection more fully, which I think is the Chair's interpretation of the objection, have the officials look at it and prepare a response for the Hon. Member. When we come to the first Section in which it would be pertinent, if we are still not in agreement I think that would be the appropriate time to deal with it.

The Chairman: Is that agreeable to the Hon. Member for The Battlefords-Meadow Lake?

Mr. Anguish: Yes, Mr. Chairman.

The Chairman: The Hon. Member for Calgary West.

Mr. Hawkes: Mr. Chairman, are we on Clause 1 now?

The Chairman: Yes, we are on Clause 1.

Mr. Hawkes: Mr. Chairman, after our discussion yesterday, is the Minister prepared to delete the Clause?

Mr. Cosgrove: No, Mr. Chairman.

Mr. Hawkes: The view on this side of the House is that it is a bad Clause because it is unfair, Mr. Chairman. People in similar circumstances are treated very differently under this Clause. It is basically unfair. Does the Minister share the view that the Clause is unfair?

Mr. Fisher: Mr. Chairman, we had a considerable amount of debate on this yesterday and under no circumstance was the Hon. Member able to show that this Clause is unfair. In fact, I would challenge the Hon. Member now to spend a little time and show us where his claim is justified. We stressed yesterday that this Clause in the Bill is based on principles of fairness and should be promoted because of those principles. I challenge him to show otherwise.

• (1220)

Mr. Hawkes: We will be happy to. It may take the rest of the day to give about 1,002 examples, but we will do that.

Our other view is that the Clause is unenforceable and thus brings the whole tax system into disrepute. Does the Minister share the view that it is, in reality, an unenforceable Clause and therefore likely to bring the whole tax system into disrepute?

Mr. Fisher: I do not think this Clause is unenforceable. The Hon. Member knows, or should know after yesterday's debate, that we have had over 12 years' experience with this particular tax measure. If the Hon. Member does not know that, he should not be wasting the time of the House.

Mr. Hawkes: Can the Minister indicate to the House whether or not it is the responsibility of the employer or the employee to report the presumed benefit to income?

Mr. Fisher: It is both. Again, the Hon. Member should know that because the practice has not changed from the one established over the last 12 years. The Hon. Member should check with his accountants and his constituents. He will find that they know how to do this because they have had plenty of experience with it.

Mr. Hawkes: Can the Minister indicate to the House what the penalties are to the employer and what the penalties are to the employee in the tax law for failing to report?

Mr. Fisher: There are normal penalties and interest payments that are made by all taxpayers when it is found that they have done things improperly or have done things with malice.

Mr. Hawkes: Normal penalties? Failure to report this benefit as income is failure to report income under the tax Act? If someone fails to report that income, are they potentially liable to a jail sentence?

Mr. Fisher: The requirements here are the same as they are for all measures. The penalties will range from small financial penalties and small amounts of financial interest, all the way up to severe penalties and jail sentences if there is a gross abuse of the law.

However, I suggest again to the Hon. Member that is picking a very extreme example here. It would be much better for him to check any specific cases either with his accountant or National Revenue.

Mr. Hawkes: According to the Income Tax Act of Canada, if I use a company-owned vehicle to drive from my home to my place of work, is that personal use or business use?

Mr. Fisher: It is personal use.

Mr. Hawkes: If I stop and see a customer on the way, is that personal use or business use?

Mr. Fisher: I suggest that the taxpayer would have to review his circumstances. We seem to feel here that it would probably be business use, but it would be something where the taxpayer would be well advised to consider reviewing the circumstances in the specific instance.

Mr. Hawkes: Suppose that I work for an employer who has no garage facilities and I happen to have garage facilities at my home, given the nature of Canadian winters. If I provide my garage facilities to my employer in wintertime free of charge and therefore have to drive the vehicle from the garage to work in the morning so it is available for work, is that personal use or business use?

Mr. Fisher: The practice has not changed over the past 12 years. Let us establish that. The Hon. Member is asking questions, the answers to which he should already know. He should be able to advise his constituents on these events because none of this has been changed by the current Bill. There is no change. If the Hon. Member cannot do that, then he does not understand the Act as it previously existed.

Mr. Hawkes: I suggest to the Hon. Member that there is anywhere between a 300 per cent and a 1,000 per cent increase in this tax. It makes it much more important with respect to revenue and it makes it much more important to the taxpayer. That 2 per cent rate is a 100 per cent increase in the time of six and five, but the addition of operating costs makes that potential increase enormous, depending upon whether one has a lemon.

Is it presently the common practice of the Government of Canada for Cabinet Ministers to be picked up at their home and driven to the office?

Mr. Fisher: I can quote for the Hon. Member a policy document which is circular No. 1978-16, dated April 16, 1978, which indicates that if any Cabinet Minister uses his vehicle for personal use, he pays the standby charge. Such personal

use includes being picked up at his home and driven to his office. Therefore, the individual Cabinet Minister is liable for payment of the standby charge in the same way that any business person would be.

Mr. Hawkes: If the Prime Minister of Canada has an automobile which is worth approximately $100,000, I presume that because he is picked up at home and brought to work, the 2 per cent standby charge would be based on that $100,000 automobile?

Mr. Cosgrove: Mr. Chairman, I assume that the same rules would apply to the vehicle and the situation for the Leader of Her Majesty's Loyal Opposition, as well as to others who have vehicles provided by an employer who happens to be a Government, whether federal, provincial or municipal.

Mr. Hawkes: If the chauffeur keeps that automobile at home and brings it to the Prime Minister's residence, he is going from home to the place of business. The chauffeur then has to use the 2 per cent standby charge on the value of that $100,000 automobile, is that correct?

Mr. Cosgrove: My last answer would apply as well. The same thing would apply to the Leader of Her Majesty's Loyal Opposition, possibly with some modification of the role of the Prime Minister under some circumstances where, for example, he would be accompanied by security and police personnel, and it is viewed that his travelling at any time and at any place would be public business.

Mr. Hawkes: The question concerns the tax liability of the chauffeurs who serve Cabinet Ministers. When they bring the vehicle from their home to the Cabinet Minister's place of residence, that must be construed, according to what we have heard earlier today, as personal use for travelling from home to the place of business. Are the chauffeurs who serve the Cabinet of Canada required to take that into income?

Mr. Fisher: Again, this is a case for a specific interpretation and examination by Revenue Canada. For example, if the chauffeur is required to drive from his home to pick up the Minister or any other passenger in the line of business and the car is only used in that capacity, then it would obviously be defined as business use, just as it would be defined as business use if a salesman went from his home to a customer's premises as his first stop of the day.

Let us bear in mind that the Hon. Member is again picking very extreme examples. He is picking examples that are best handled by specific examinations by Revenue Canada. The chauffeur or the salesman, or any other business person, is well advised simply to check with Revenue Canada to determine whether the activity is acceptable or not in a specific instance. If there is no personal benefit, then there will be no tax liability. If it is business use or employment-related use, there will be no tax liability.

Mr. Hawkes: I came to the House with the mistaken impression that it was the business of Parliamentarians to decide how people should be taxed. Repeatedly, the Government is telling us that it is the business of bureaucrats to decide how people should be taxed. I suggest to Government Members that it is a violation of the basic principle for the existence of the House.

I will come back to a very simple question. Are all the chauffer-driven limousines serving the Cabinet of Canada worth the same amount of money, or does the value of those chauffeur-driven limousines vary? Are some more expensive than others?

• (1230)

Mr. Fisher: I must apologize, Mr. Chairman, but I missed the last part of the Hon. Member's question. If he would be good enough to repeat it, I will try to answer it.

Mr. Hawkes: It is a simple question. Are all the chauffeur-driven limousines serving the Cabinet of Canada of the same value or are some more expensive than others?

Mr. Cosgrove: I suppose that question is the same as asking whether all the chauffeur-driven limousines of the Government of Alberta are worth the same amount, or whether all the chauffeur-driven limousines of the Government of British Columbia are worth the same amount, or whether all of the chauffeur-driven limousines of the Government of New Brunswick are treated the same, or whether all of the chauffeur-driven limousines of the Government of the Greater Montreal district are treated the same, or whether the chauffeur-driven limousines of all of the Government of the Municipality of Metropolitan Toronto are the same, or whether the chauffeur-driven limousines of all the—

Mr. Hawkes: I rise on a point of order, Mr. Chairman. I think I have a "yes". That is all I need. I would like to ask another question.

Mr. Fisher: I rise on a point of order. I believe it is standard practice in Committee that only one person has the floor at one time, and it is not up to the Hon. Member to determine when the Minister has finished.

The Chairman: The Minister of State for Finance has the floor. As far as I know, he has not completed his answer.

Some Hon. Members: Filibuster!

Mr. Cosgrove: No, I have not, Mr. Chairman. Quite frankly, it would take me a month to go into the specific cases involving approximately 10,000 situations calling for chauffeur-retained limousines across the country. Quite frankly, I do not think that that is a useful exercise for the House to pursue, whether this happens to be a situation involving the Government of Canada or any other Government or organization which employs chauffeur-driven limousines in the country.

Mr. Hawkes: Mr. Chairman, I was first challenged to give a concrete example of unfairness.

Mr. Fisher: You haven't done it yet.

Mr. Hawkes: "You haven't done it yet", he says.

Mr. Fisher: That's right.

Mr. Hawkes: Consider this example. We have, say, 100 chauffeurs in the world. Let us assume for one minute that their take-home pay is exactly the same, $15,000 a year. Let us also assume that all of them use their limousines for personal use over a distance of 12,000 kilometres a year. Do they all pay the same amount of tax? The answer is clearly "no".

Mr. Fisher: You're missing the point.

Mr. Hawkes: The tax they pay is based on the value of the limousines which their employers require them to drive. If someone gets stuck with the job of driving the Prime Minister of Canada in a limousine worth $120,000, the tax bill is a great deal different from that of someone whose employer requires him to drive a Toyota.

Mr. Fisher: This is ludicrous.

Mr. Hawkes: This is not ludicrous. This the first example of fairness or the lack of it. To return to the answer started by the Minister the other day, he was telling us about his car troubles as a Minister of the Crown and the fact that he had a lemon. One of the characteristics of a lemon is that it requires a great deal of money to be spent on maintenance. The poor chauffeur who must drive a car which is frequently in a garage must pay 24 per cent of those maintenance charges because someone bought him a lemon and makes him drive it. Someone who bought a good car which requires no maintenance pays no tax. That is the first example of unfairness. I challenge the Minister to tell me that that is not unfair.

Mr. Fisher: Mr. Chairman, it is obviously the choice of the individual whether he wants to drive the car for personal use at all. That is all. There is no unfairness in that. I would assume that even the Hon. Member opposite could make that decision for himself. He either wants to or does not want to drive it for personal use. If he decides to drive it for personal use, of his own free will, then he does so knowing the tax consequences. Therefore, if he has a Cadillac and his neighbour, another chauffeur, has a Toyota, in both cases they decide for themselves, as reasonable adults, whether they will take advantage of their cars for personal use. From that point on they do so knowing the cost, because they are reasonable adults and can figure it out for themselves. The Government has made it very clear: in both cases, it is 2 per cent per month. That is the line. The choice is the taxpayer's choice. There is no one forcing that taxpayer to drive that car for personal use. The examples chosen by the Hon. Member avoid that fact.

As a footnote, I would add that I doubt anyone is tooling around town on personal business in a $120,000 limousine of the kind which belongs to the Prime Minister. I simply do not think that is reasonable.

Mr. Hawkes: Mr. Chairman, can the Minister or the Parliamentary Secretary explain to the House how, on January 1 of any given year, I am to know exactly what the maintenance costs will be on my vehicle over the 12 months ahead in order to make this intelligent decision?

Mr. Fisher: Mr. Chairman, one obviously cannot make that decision because one does not know whether the car will break down or operate smoothly for the year. There can be estimates based on experience with any vehicle. But again, the individual taxpayer makes the choice concerning personal use, whether he can calculate the operating costs in advance or not. Just as the Hon. Member has paid for the personal use of his car in after-tax dollars, so we are asking people with company-supplied cars to pay for personal use in after-tax dollars. That is all.

The Hon. Member opposite takes his after-tax dollars and uses them to buy insurance and gasoline, to carry out repairs and for maintenance of all sorts. Equally, if a salesman wants to use a company-owned car for personal use, then that salesman pays for the personal use in after-tax dollars. There is nothing more uncomplicated or fair than that. The Hon. Member can make it complicated, but he is the only one who believes his own examples.

Mr. Blenkarn: Oh?

Mr. Hawkes: I find it incredible that the Government consistently fails to recognize the difference between the goal and the reality of a piece of legislation. The first issue I raised with the Government today was whether or not this is a fair tax, whether it affects all Canadians in similar circumstances in similar ways.

Let me give two further examples. Let us assume that over a year 10 per cent or 12,000 kilometres of 120,000 kilometres driven by a chauffeur in a company car are for personal use. Someone else working for a company drives a car 24,000 kilometres and 12,000 of those are for personal use. With regard to the 120,000 kilometres driven in one company car, 108,000 are driven on company business. The operating costs of that car will be enormously more than the one which is driven 24,000 kilometres. The chauffeur who drives an automobile which is in worse shape and breaks down faster pays more tax than the one with the better automobile, although they both drive the same 12,000 kilometres. Tell me how that is fair.

Mr. Fisher: It is the same answer. It is the taxpayer's personal choice to drive those 12,000 kilometres. If the taxpayer chooses to do so, then the taxpayer derives a personal benefit and pays tax on it. He does so as a reasonable adult with the full knowledge of the likely liabilities which will be involved at the tax end.

Mr. Hawkes: Suppose that a Minister of the Crown says to his chauffeur: "There is no parking at my house; therefore, I want you to take the car home every evening and bring it back every morning". Does that chauffeur have any choice other than to give up the job? Are you not making them liable for tax the minute the employer tells them they have to do that?

• (1240)

Mr. Fisher: Mr. Chairman, again that is a very extreme, hypothetical example but in my opinion that would be an employment-related activity and the Hon. Member's favoured chauffeur would not be liable for tax because it would be a condition of his job that he do this. Again, it is not a matter of personal benefit because the individual involved is, number one, enhancing his business-related activities rather than his personal activities and, number two, does not have that element of choice. I would think that if those two conditions prevail, then the taxpayer is not liable.

The Chairman: The Chair hesitates to interrupt the Hon. Member for Calgary West but he has had a period of 20 minutes. In Committee of the Whole, he can rise again after another speaker has spoken.

Mr. Fennell: Mr. Chairman, carrying on that same line of questioning, I would like to broaden it out from just Ministers and Government officials and talk about executives. Concerning this question of the assumption of a chauffeur having to pay for the cost to go home and back, in the old days the chauffeur used to live in the residence of his employer. That was the traditional way. That does not occur now because people want to live in their own homes. Let me give an example. If a chauffeur drives a Minister to the airport and then drives home, does the Parliamentary Secretary consider that personal expenditure?

Mr. Fisher: Mr. Chairman, I am sorry but I am not going to get into the business of advising chauffeurs, whether their bosses be Ministers or business people or whoever. I think we are carrying the thing to an extreme here.

I would remind the Hon. Member of the simple principle that, if there is a personal benefit rather than an employment-related benefit, then we will ask the taxpayer to pay tax on that personal benefit. It is plain and simple.

Mr. Fennell: Mr. Chairman, this is going to work out that it will be a personal benefit for Ministers and senior executives but it is going to hit the little salesmen. He is the one who is really being hurt. The Hon. Member talks about the 2 per cent on the car. What about the cost of that chauffeur who drives people around for their personal business? What about that cost, because that is about twice the price of the cost of the car. Is that being taken into consideration?

Mr. Fisher: Mr. Chairman, under the guidelines directing Ministers' use of their cars, I can tell the Hon. Member exactly that the guidelines say that a Minister to whom a car is made available for his personal as well as his official use shall pay to his Department the minimum monthly standby charge provided under Section 6(2) of the Income Tax Act. That is plain and simple. The Ministers are doing exactly what every business person does.

In reply to the Hon. Member's question, if there is an operating expense that is attributable to the vehicle by the employer, then that operating expense is prorated over the personal use of the vehicle.

Mr. Fennell: Mr. Chairman, could the Parliamentary Secretary tell me exactly what that standby expense is for a chauffeur of a Minister or a corporation, I do not care which?

Mr. Fisher: Mr. Chairman, as I understand it the cost is simply prorated in. If the operating costs can be assigned to a vehicle and prorated out over the personal use as well as the business use, then that is what is considered to be the benefit here.

Mr. Fennell: Mr. Chairman, I have another question. Executives today build in a work function within their cars. They have computers, telephones and so on, so that as they travel from home to work they are always on call. Does the Parliamentary Secretary consider that personal or business use?

Mr. Fisher: Mr. Chairman, again the principle is that if there is an employment-related benefit, if the employer or the business involved benefit from the use of the vehicle, then it is not personal use. The case that the Hon. Member has raised would probably be subject to interpretation. If the computer were there and the telephones were there and the reading lamps were there but never used, or there was no demonstrable benefit for the company, then the taxpayer might have to consider that to be personal use even though all the equipment appears to point in the other direction.

Mr. Fennell: Mr. Chairman, I would like the Parliamentary Secretary to tell me how this is going to be checked out. How will the Department know what the executive or the Minister is doing in his car? How is it going to come up with a reasoning on this one?

Mr. Fisher: Mr. Chairman, there is no mystery to this whatsoever because, as I explained to the Hon. Member previously, the Department has had 12 years' experience deciding these questions. There is nothing new in the regulations; there are no new wrinkles and no new interpretations included in this Act that will affect those rulings. So the Hon. Member simply has to look at the existing body of experience and that will give him a reasonable guide on these interpretations.

Mr. Fennell: Mr. Chairman, really what I am trying to get to is the difference between the way they are treating executives and Ministers and the way they are treating the average salesman who has to hustle his butt around this country to sell our products. That is what I am talking about.

I would like to ask the Parliamentary Secretary, if a salesman puts in an Osborne computer and does all his sales reports within his car, and if he puts a telephone in his car so that he can be reached by his office at all times, and he is reached between his home and his office, would that be considered a personal expense?

Mr. Cosgrove: In English or in French?

Mr. Fisher: Mr. Chairman, again those are things that have been worked out over the years. I would like to indicate to the Hon. Member that the exception made for automobile salesmen is the one clear-cut case where people take their vehicles home and benefit their businesses by doing so. Because it is the one clear-cut case, it is given a clear status in the Act. All the other cases have developed over the years as matters of interpretation and discussion between the taxpayer and Revenue Canada, and if the taxpayer can show that the business is benefiting, that productive activity is resulting from his use of the vehicle, then that will be tax exempt. If the taxpayer cannot demonstrate that, if he finds, because of his record-keeping or because of inadequate proof, that the car is considered personal, then he will pay tax.

Mr. Fennell: Mr. Chairman, I am going to recommend to all the salesmen in my riding, and I was not talking about automobile salesmen, to turn their car into a work station and that would solve their problem, although it may be a bit expensive. Does the Parliamentary Secretary appreciate the damage he is doing to leasing companies in this country?

Mr. Fisher: Mr. Chairman, I suggest to the Hon. Member that if salesmen in his area turn their cars into work stations, then they will possibly become much more productive, the Hon. Member will have done a real service to the wealth and productivity of his riding, and all of us will be grateful and thank him for it. On the other hand, if he is urging people simply to find phony ways to get around the law, then they may not come back and thank him for that later on. I would urge him to be a little careful in the emphasis that he places on all of these matters.

I received a letter from a book publishing salesman who indicated that, because of the weight of books and samples that he had to carry around, he could not really be expected to use the vehile for personal use. He said that every time he wanted to put his family into the car he had to unload all of these heavy books, so he never used the car for personal use. I was happy to write back to him and tell him that if he did not use the car for personal use he did not have to pay tax—a very straightforward equation.

The Hon. Member has also asked whether I am aware of the damage being done to leasing companies. I would be happy to hear more specifically from him on that.

Mr. Fennell: Mr. Chairman, every leasing company in the leasing association has written to the Minister, and I have copies. It has been proven that their revenue has decreased. Furthermore, the damage which has been done to the automobile industry is that where a salesman normally turned his car in every two years because of the number of miles that he puts on it, he is now extending that to three or four years. That is having a direct impact. In fact, last month retail sales were down 8 per cent because of this law. Does he realize the impact that will have on the industry?

• (1250)

Mr. Fisher: Mr. Chairman, I do not have the exact figures. I presume this argument was raised 12 years ago when the standby charges were first introduced. I will look at those figures, if it is useful for the Hon. Member. I do recall that the question of extended leases was raised in my presence during discussions with car dealers. They indicated to me the extensions of those leases were happening prior to November, 1981, that in recent experience leases were being extended from 24 to 30 or 36-month periods. They said to me at that time that that phenomenon was not one that first appeared in November, 1981, but was one that developed over a period of time.

Mr. Fennell: Mr. Chairman, the Parliamentary Secretary did not answer my question on the automobile sector. That is what concerns me most. I want to ask one further question. Does he realize that currently salesmen who work on commission have commissions far less this year than they have had for many years previously? They are getting a double jolt from reduced income and increased taxes.

Mr. Fisher: Mr. Chairman, now we are getting to the core of the problem. The Hon. Member should recognize that the salesmen he is describing will solve their problems simply by not using their cars for personal benefit. If they look at the cost involved, they will find that it is probably still the cheapest way they can conceivably obtain a car. It is a fair way. It is done with after-tax dollars. Presumably it is an acceptable way between the employer and the employee for the employee to use the car for personal benefit.

Everybody gets a fair shake because other taxpayers can look at such an arrangement and be confident that theirs is fair as well. I suggest that the salesman he has described has the choice of using the car personally or not; and, second, if he chooses to use the car for personal benefit, it is still probably the cheapest way to get such a vehicle.

Mr. Fennell: Mr. Chairman, obviously the Parliamentary Secretary and his colleagues have never been in sales. They do not have to sell, only create Government expenditures. They do not know what selling is. Otherwise, we would be in a lot better position than we are today.

I believe this Bill will hurt salesmen. The bank executive has a car at his disposal to drive back and forth any time he wants. Is the Government going to set up a special federal police force to check on these people, to follow them and find out where they are going in order to find out how the car is being used?

Mr. Fisher: Mr. Chairman, in 1968 I started a career in sales. I own a sales-oriented company. I continue to be a salesman today, although not quite so actively or persuasively here as I have been in other cases. I understand what salesmen have to go through, which is one reason why I am not particularly enamoured of the line of thought that the Hon. Member has put forward.

Salesmen are not stupid people. They understand the requirements they are supposed to go through, requirements

which they have faced since 1971. They are very manageable requirements; I know that. When I make comments about personal use of a vehicle and the expense involved, I speak from personal experience. That is the way I purchased my car or enjoyed the use of my car. I urge the Hon. Member not to get too extreme, at least in my case, because I might be able to offer him some contrary examples based on my own experience.

I do not think we need a great, big federal police force because we ask the taxpayers to report on their own. These taxpayers know, as they have found over the past 12 years, that there are established ways to keep receipts and records and to do their own accounting which will satisfy Revenue Canada.

Mr. Fennell: Mr. Chairman, I would like to ask the Parliamentary Secretary another question. He tells me he was a salesman.

Mr. Fisher: I still am.

Mr. Fennell: He is trying to sell himself. This is obviously totally different from what he did before. We need to have quality in the profession. As a Member of that profession, can the Parliamentary Secretary advise this Committee whether it would be better for a salesman to buy his own car and receive a mileage allowance from his employer, or to accept a car from the employer?

Mr. Fisher: Mr. Chairman, the Hon. Member is quite right; the success of a sales campaign depends on the quality of the product. In my particular case it has been going downhill a little and it worries me greatly!

The Hon. Member asked me whether it would be better to get a car and take mileage or get a company car and pay the tax on the personal benefit. That is obviously the choice of the individual. In either case, if he gets a mileage payment from his company that is tax-free because it is a reimbursement for business-related use. If he gets a company car and uses it in business, that is tax-free because it is business-related. He buys his own vehicle with after-tax dollars. He paid tax for the personal use. With the company car, the benefit is assigned to his income and he pays tax, so again he has personal use of the car with after-tax dollars. It is up to the individual salesman. It is not up to Parliament to advise people on that kind of decision.

Mr. Fennell: Mr. Chairman, this is an important point. There are salesmen who will be interested in this. Is there a limit put in by the Government on the amount per kilometre that they receive?

Mr. Fisher: No, Mr. Chairman, but it must be backed with proper record-keeping and receipts and be seen as a reasonable exercise, not as some inventive exercise which Revenue Canada may view as simply a way of circumventing the measure.

Mr. Fennell: Mr. Chairman, the Parliamentary Secretary and his Government seem to know a lot more about the cost of running a car than the average citizen.

Mr. Cosgrove: Or you.

Mr. Fennell: Yes, I acknowledge that. Would it not be wise to put a limit on the price per kilometre for city and highway driving? I can see a scenario where they could use a price per city mile and the car be driven in the country all the time. In effect, the salesman would pay for his own personal use out of the excessive amount allowed per kilometre. Let me add something else. I feel that even the amount the House of Commons permits us is excessive.

Mr. Fisher: Mr. Chairman, I do not think I would agree with what the Hon. Member has suggested, although it is presented in a constructive way. It would lead us into the kind of trap which the Hon. Member for Calgary West suggested where you get gross unfairness because somebody is in the country, somebody is in the city, somebody is out West, somebody is in the East, somebody is in a high-cost area and somebody else in a low-cost area. The Government would have to work out all kinds of zones, complex mileage allowances and so on. We cannot get into that. It would add horribly to the complexity of the problem.

I want the Hon. Member to bear in mind that we are dealing here with a system that is well established. People know what to expect. People have an idea of the reasonable limits within which they can operate and be accepted without trouble by the tax Department. I ask him to bear that in mind rather than coming to grips with a lot of complexities.

[*Translation*]

The Chairman: Order, please. It being one o'clock, it is my duty to rise, report progress and request leave to consider the Bill later this day.

Progress reported.

The Deputy Chairman: It being one o'clock, I do now leave the Chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

[*English*]

AFTER RECESS

The House resumed at 2 p.m.

The House resumed consideration in Committee of Bill C-139, to amend the statute law relating to income tax (No. 2.)—Mr. Lalonde—Mr. Blaker in the chair.

The Deputy Chairman: When the Committee adjourned at 1 p.m., the Hon. Member for Ontario had the floor. In his absence the Chair will recognize the Hon. Member for Mississauga South.

On Clause 1—*Value of Benefits*

Mr. Blenkarn: Mr. Chairman, I would like to ask the Minister two or three questions and then move an amendment. Does the Minister not agree that if a person was to buy an automobile four years ago for $10,000, under the provisions of these rules, assuming he used the car the maximum amount for personal use, the personal use cost to him would be $2,400 a year and would remain $2,400 a year, no matter how old the car got or how little value the car really had?

Mr. Cosgrove: Mr. Chairman, assuming that he is using it to the optimum, yes, the Hon. Member has accurately and I believe fairly interpreted the provision.

• (1410)

Mr. Blenkarn: So that the effect is that as the car gets older and is worth less and less, the standby charge, which forms part of the taxable income of the employee, remains the same. If a car was bought four years ago and was worth $10,000, it would be worth about $2,200 or $2,400 on the market today, yet the standby charge could conceivably be in excess of the value of the car. Is that correct?

Mr. Cosgrove: Mr. Chairman, the Hon. Member is using a general principle and making the assumption that cars four or five years old are not as good as a new car. It is well known, of course, that some vehicles are not as reliable for the first while as a car which is broken in for a period of time. That is well known, Mr. Chairman, by Hon. Members because we know that the maintenance and repair deals which are offered by vendors of new vehicles are all designed to serve the first 12-month period. It also assumes, Mr. Chairman, that the vehicle four or five years old is not as reliable as when it comes off the assembly line. I would think that some cars, like some Hon. Members opposite, improve with age.

Mr. Blenkarn: I would agree that the Hon. Members opposite the Minister have improved with age much more than he has. However, he has also pointed out the fact that as cars become older, they probably have greater maintenance costs. I remind him that the maintenance cost is also a taxable benefit to the employee. As the car gets older and becomes worth less money, the standby cost in relation to the value of the car becomes greater and greater and the maintenance cost becomes greater and greater and the taxable benefit becomes greater and greater, despite the fact that the fair value gets less and less. Therefore, I move, seconded by the Hon. Member for Ontario:

That Subclause 1(3) of Bill C-139 be amended by striking out line 41 on page 2 and substituting the following:

"amount in respect of its cost amount to the"

The Deputy Chairman: Order, please. I think the Hon. Member will know, as I indicated when we began the proceedings, that the Hon. Minister has already put an amendment to the House. We cannot have two amendments on the floor at the same time.

Mr. Pinard: Resign.

Mr. Cosgrove: That is not a bad idea either. Mr. Chairman, we have with the consent of the Committee dealt with numerous Clauses and amendments on one vote. With the consent of all Members, Mr. Chairman, and for the purpose of discussion, which appears to be the only reason for the amendment thus far, I would be prepared to accept the proposal that it be considered on the floor for discussion.

Mr. Blenkarn: Mr. Chairman, on the point of order that you raised, I think you must appreciate that we have passed the Minister's amendments by agreement. We are now dealing with the Clause as amended. The effect of what we did earlier was to agree to the passage of the Minister's amendments because we agreed that the Bill would then be debated on the basis that the Minister's amendments were incorporated and agreed by all sides as being valid amendments, accepted by all sides. So we are now dealing with the Clause as amended by the Minister.

The Deputy Chairman: Let the Chair review momentarily where we are, at this point, procedurally. I will not go back to the original motion or point of order made by the Hon. Member for Simcoe North; the House is familiar with those.

Yesterday Hon. Members agreed to discuss together a number of Clauses and Subclauses. On several occasions I indicated to the House that we would refer to that group of Clauses and Subclauses by simply mentioning Clause 4. That has been dealt with and those Clauses and Subclauses and the Minister's amendments have been carried. Late yesterday afternoon the Committee reverted to Clause 1. I understand that this morning, or perhaps late yesterday afternoon, but in either event not at a time when I was in the chair, the Hon. Minister proposed an amendment to Clause 1(3). My understanding is that that is the current status and that the amendment to Clause 1(3) is now before the Committee for debate.

Mr. Blenkarn: No.

The Deputy Chairman: Apparently I am misinformed.

Mr. Blenkarn: Mr. Chairman, the effect of what we have been doing is this. When we commence debate on a Clause the Minister produces his amendment, which he moves and we agree to. But when we start the debate, we are debating the amended Clauses instead of the amendments to the Clauses, because we have agreed to accept the Minister's amendments on the basis they are technical amendments. So far that has been the case. If the Minister had produced a substantive amendment, we would not have accepted it, but he has cleared those amendments with our side so we have accepted them as technical amendments. The House has accepted the amendments. So what we are doing is debating Clause 1 as amended by the Minister and accepted by this House. The amendment that I now propose is a further amendment, so the House will then be dealing with an amendment to Clause 1.

The Deputy Chairman: That is fine. For the sake of the record, may I indicate to the Hon. Member that the Table has not been informed of that in the usual manner. Apparently this

is an agreement which has perhaps been referred to in debate, but in any event I think I would have to put before the Committee now the proposal that the amendment proposed by the Minister of State for Finance to Clause 1(3) has been deemed to be accepted and accordingly Clause 1 stands amended. Is that the situation? Is that agreed?

Mr. Cosgrove: Mr. Chairman, with respect, you used the singular—the "amendment" by the Minister. In fact, there were two amendments.

The Deputy Chairman: I have a second one which I understood had not been moved. We will now take it that both amendments put forth by the Minister of State for Finance are deemed to have been accepted and adopted by the Committee. Is that agreed?

Some Hon. Members: Agreed.

The Deputy Chairman: Agreed. Accordingly, the Hon. Member for Mississauga South is in good order and the Chair finds his proposed amendment to be acceptable procedurally; so we can carry on debate in that regard.

• (1420)

Mr. Blenkarn: Mr. Chairman, the effect of the amendment is to adopt the same type of attitude which was taken in the Senate Committee studying the proposed provisions of the Income Tax Act. The Senate in its wisdom felt that when the standby charge related to the value of an automobile, it should not relate to the original cost but to the cost as it goes down, is altered or changed over the life of the vehicle. The effect of our amendment would be to provide, if the car was worth only $2,500, a standby charge of 2 per cent of that amount per month. If it was worth $5,000, it would be 2 per cent of that amount per month, and so on.

There is no reason, in the concept of fairness, why the standby charge should remain constant through the life of the vehicle when the value of the vehicle to the owner, the value to the employer and indeed the value of the vehicle on the market, has gone down and down and down. We could have the terrible situation that if a company was not doing too well and could not afford to replace its salesman's car, the salesman would be driving around in an older, progressively rustier, beat-up car but would be stuck paying the same standby charge as was paid when the car was brand-new. That is a disgraceful situation in terms of fairness. If the whole question of the taxation of standby charges is to be fair to the people of Canada, then surely it should be fair in relation to the progressively lesser value of the car as it gets older.

Why does the Minister think that the proposal in the Bill at present is fair and the amendment should not be carried? In any sense of fairness the amendment makes sense.

Mr. Cosgrove: Mr. Chairman, as I indicated, the question of valuation is a difficult one especially when dealing with motor vehicles. I submit in seriousness to all Members that motor vehicles are of different value, work better at different times and follow no average or common pattern in so far as performance is concerned, even when two vehicles come off the assembly line one after another.

For that reason the proposal of the Hon. Member for Mississauga South was not adopted by the Government. I say this notwithstanding the fact that we have submissions from the Senate Committee. Mind you, that recommendation was not paralleled in the recommendation of the House of Commons Standing Committee on Finance, Trade and Economic Affairs. We think that in fairness to Canadian motorists and those people who are affected by, and want to take advantage of, the use of vehicles for personal reasons while in the employment of companies offering these benefits, rather than a year-by-year valuation we should take the average valuation for the vehicle over its life.

What the Hon. Member is doing in this amendment, as he has done in every amendment he placed before us, is to invite greater complexity and paper work. This offends the very thing for which they criticize the Government, that is, for not properly administering the application of this Section.

Could we imagine the situation if every taxpayer, every driver of automobiles, had in addition to keeping track of their mileage to put a year-by-year valuation on their vehicles, taking into account all of the matters affecting it?

Mr. Blenkarn: No problem.

Mr. Cosgrove: I hear the Hon. Member saying "no problem".

Mr. Blenkarn: The Blue Book tells us the value every year.

Mr. Cosgrove: He is blowing hot and cold. On the one hand he tells us that the Section as it is now is too complicated and too difficult for taxpayers to understand or manage. Yet he invites us to go through what is the most complicated and variable process of all valuation processes, that is, to put a valuation on a used motor vehicle.

I know the Hon. Member is a practising solicitor and that he has had experience in the settlement of motor vehicle claims. He knows the difficulties surrounding the valuation of motor vehicles in such suits. He knows that it is virtually impossible on a unit-by-unit or vehicle-by-vehicle basis to arrive at a valuation which is agreeable to any two people.

Mr. Blenkarn: That is just absolute nonsense.

Mr. Cosgrove: The Section as it is takes the average value and breaks it down over the life of the vehicle.

Mr. Blenkarn: No, it does not.

Mr. Cosgrove: It is not taken year by year. If the Hon. Member were really serious in his proposal and expected to achieve the same revenues under the Section, I presume he would have no quarrel with the amount of revenue expected from the first year the standby charge would be in effect. We would probably have to increase the charge from 2 per cent to something higher, because 2 per cent is based upon the value

of the vehicle, not the average value. As he indicated, in the first year there may not be the expenses which there may be in the fifth year.

Therefore, he would not only have to amend the Clauses which he referred to in order to achieve the desirable revenues, which his Party has indicated is acceptable in principle, but he would have to make further amendments to the Clause. In effect, what he is proposing is an administrative monstrosity. It would be an imposition upon the owner of a vehicle who would have to come up with that valuation, demonstrate it and prove it to the officials of National Revenue as he prepared his returns each year.

Mr. Blenkarn: The amendment as filed does not refer to fair market value. It refers to the undepreciated capital cost of the vehicle. If the Minister knows anything about the way people carry automobiles on their books, he should realize that the cost is the undepreciated capital cost. What we want is to have the depreciation, as it goes on on a capital cost basis every year, be the cost on which the standby charge is calculated. It is very simple because the capital cost of the vehicle must be determined by every employer every year in the normal course of business. We are not putting the employer through any additional work. We are not complicating the matter. All we are doing is bringing some fairness into the situation.

With respect to the Minister's statement concerning the complications of this Act, he is quite right. If we had our way, we would throw most of it out for that reason. But unfortunately, the House and the people of Canada will be stuck with this Act. If you have to be stuck with it, you might as well have a little fairness brought into it. The way it is now it is totally unfair.

• (1430)

This whole proposal was brought to the people of Canada on the basis of increasing fairness, yet the Minister wants to be unfair. He even wants to be so unfair as to say there are revenue considerations and, therefore, he would have to increase the standby charge because he has to get all the revenue he can. He is not interested in fairness. He is interested in taxing people, employers and employees who happen to have company cars. That is what he wants to do.

What we want to do is to bring some fairness to this Section. We are saying to the Minister that the standby charge should be calculated on the basis of the capital cost of the vehicle on an annual basis to the employer. That is all. In other words, you should not pay a standby charge higher than the cost of the vehicle to the employer. That strikes me as eminently fair. But the Minister goes on to say that you cannot figure out the cost and the value of the vehicles. Presumably people could cheat. Is it not very easy to do that?

In Toronto the Minister knows that there are Blue Book values of almost every car produced anywhere in the world. The Minister knows that car values are determined all the time. He knows that provincial Governments collect the sales taxes and if someone tries to claim a car at less than fair market value originally, or less than its value as it depreciates, and it is sold as a used car to try to avoid payment of tax based on value, then it is not very long before a revenue officer is around to collect the correct amount of tax. Therefore, the arguments put by the Minister are nonsense.

The Minister then referred to the standing committee that examined the matter. Let us talk about that and let me read from the standing committee's report. On page 8 of this report, we find:

> Some have suggested that the proposed imputed benefit seemed high considering that almost the full value of the company-owned car is imputed to the user over four years. This observation overlooks the higher repair and maintenance costs that are covered by the standby charge and which generally increase with the age of the car.

That statement is in the committee report because when the committee went over the previous Ways and Means motion, the use benefit—in other words, the cost of operating the vehicle—was not to be included as a cost to the employee. But the Department in its desire to up taxes decided not to charge the employee the standby charge. The Department decided to do one thing further and add in the maintenance cost of the car attributable to personal use. In other words, the Department dramatically increased the burden on employees using company-owned vehicles. The standing committee looked at the matter. That is the reason the standing committee did not come up with the firm direction to have some sort of amortization of capital cost in determining standby charges.

The very purpose of that objection to Clause 1, when the standing committee considered this matter of maintenance costs, repair costs, licence fees, insurance costs, was that these costs were not to be attributed to employees. Now they are to be attributed to employees. That is why the standby charge should be organized in relation to the value of the vehicle and not to the original invoice purchase price.

Mr. Cosgrove: Mr. Chairman, I can only assume that when the Hon. Member referred to capital cost as being the basis for the calculation of the charge, he really meant undepreciated capital cost. That is the basis of the unamended Section. I think he meant undepreciated capital cost.

I make reference to that because the minority view of the Hon. Member, as a member of the standing committee, was not reflected in a recommendation to the Government, no doubt in part because his amendment and his view was not well thought out. The basis for his argument is that the value should be on undepreciated capital cost. That provision in the Act is a concept which applies only in certain circumstances. It would not apply as a general rule across the whole spectrum of people who conceivably would be subject to the tax, as has been the case since 1971 and is being amended.

The Hon. Member, who is attempting to assist the Government with his amendment to come up with what he perceives to be a fair method for taxation, really has proposed a way that will not work and is defective. What about the fleet situation? Firms, even though they have fleets, conceivably may not be taking capital cost allowance. It is an interesting idea but it is one that is only a partial formula and is grossly

unfair to those people who cannot take advantage of fleets. The small-businessman, for instance.

We know that the majority of people who are affected by this provision do not take advantage—

Mr. Fennell: They do.

Mr. Cosgrove: The Hon. Member, with respect, has an interesting thought. It was rejected by the committee, and the Government, of course, for the reasons I have given, could not accept it. It is a defective formula. It is an unjust formula. It is a most unfair and inequitable proposal for a formula.

The Deputy Chairman: Before I recognize the Hon. Member for Burlington, may I point out to the Committee that from time to time Hon. Members appear to be coming to some agreements among themselves as to how they want to proceed. I now have an amendment proposed by the Hon. Member for Mississauga South. It regrettably proposes to amend a Clause prior to one already accepted by the House. In the normal course it is out of order. I am assuming there is unanimous consent to go back in order to amend Clause 1(3). I think perhaps Hon. Members, either while they are on their feet or passing by the Table, could advise the Chair about some of these agreements that have been reached. It would certainly make life easier for your obedient servant!

Mr. Kempling: Mr. Chairman, I have a few questions for the Minister on which I need some clarification. I think what has annoyed most of the people involved with a leased vehicle is that the lease is already in effect and they have no way of backdating it or making an adjustment to it. In effect, what the Government is doing with this provision in Bill C-139 is reaching back to 1982 and placing an additional tax on the individual who is using the vehicle.

• (1440)

I think that is the key point of the whole debate. The Minister is reaching back a year into 1982's income and saying that the Government will impose an extra tax on an individual by reason of this provision in Bill C-139. That is the nub of the whole issue.

A number of people who have corresponded with me have proposed that the implementation of this tax be delayed until the 1983 taxation year in order to allow those who have committed themselves to a lease to make an adjustment. That is one of the matters that I would like to comment on. Why can this not be done with some more reason, and in this particular case dealing with personal use of vehicles, make the change effective in the taxation year 1983?

I think that would cause the whole matter to move more expeditiously. It would then appear to those involved that there is some justice. People can then make the adjustment to their income with their employer or make whatever other adjustments they wish in the handling of the automobile if this was implemented for the taxation year 1983. Has the Minister considered that? If we move an amendment to that effect, would he look upon it favourably?

Mr. Cosgrove: Mr. Chairman, indeed, we have considered that request because it is one that has been made by a number of individuals and representatives of various trade organizations that have been interested in this Clause.

I would have to remind the Hon. Member for Burlington that this provision in the Act is one that has been in place since 1971. It does not come as a surprise to fleet owners or anyone else who has been affected by the charge. Indeed, business people have been conducting their affairs under this tax provision for a number of years; it does not come out of the blue. The proposed amendment is to change the rate of tax that is levied.

I gave the rationale for the Government moving to change that rate in 1981, bearing in mind the costs and other changes in the economy since 1971.

I would further point out that this is not a retroactive proposal by the Government. This was a proposal introduced in November of 1981 which was to be effective in 1982. Therefore, rather than retroactive, it is prospective.

With respect to a delay until 1983, I do understand the representations that have been made about forgetting 1982 and beginning to talk about this measure for 1983. I am told by officials, however, that two separate publications were made available by Revenue Canada in their supplement to the 1981 employers and trustees guide as well as a special release through an interpretation bulletin IT-470 which was issued early in 1982 and which brought these changes to the attention of the business community in the normal course that has been followed for the last 10 years.

Although we are sympathetic to those people who would obviously like some time to rearrange their business decisions and their budgets—of course, they would like another year to prepare for that—the Government, however, has adopted the position that the announcement of the intention to change two months before it was to happen, which was in late 1981, was adequate notice for people to conduct their affairs in 1982. I have been told by a number of chartered accountant firms that most people have in fact done that. It was not particularly complicated. It was merely a matter of changing the amounts in a practice that they had already been carrying out under the 1971 law.

Mr. Kempling: Mr. Chairman, the Minister does not really answer the question at all. We are used to that, from him at any rate.

I want to read to the Minister a portion of a letter that I received. It is from the sales manager of a company who, besides supervising a number of salesmen, must arrange for the leasing of about 40 cars. In his letter he says: "The Bill does not seem to take into account the individuals who do not use the company car for private use or, as in my own case, use it infrequently". This man has his tax form now. He said: "I have been taxed on a taxable income under this new Bill of $2,834. I have an income tax rate of 27 per cent. This is costing me $765." He went on to say that upon checking the mileage of his car, the total mileage in kilometres was 24,752,

of which he has calculated his private mileage to be 1,660 kilometres. He said: "Based on this calculation, it is costing me 46 cents a kilometre for the private use of this car".

His point was to ask why he would incur that sort of expense because he could drive a taxi cheaper than that. He goes on to say that he is responsible for leasing these cars and the lease is based on a two-year term based on 80,000 kilometres, 40,000 kilometres a year or 24,000 miles, which is about average. Most companies do not encourage the employee to use the car for personal use because it attracts an overcharge from the leasing company if they go beyond the agreed mileage.

What am I to answer to this constituent whose taxable income under the new Bill is an additional $2,834? It will personally cost him $765 on his return. That comes down to 46 cents a kilometre. Where is the equity and rationale behind that?

Mr. Cosgrove: Mr. Chairman, I thought I had a quick answer for the Hon. Member. Although I do not have the letter in hand, if the Hon. Member for Burlington reviews the first sentence that he read, the writer began by saying that he did not use the car for personal use.

Mr. Kempling: Or used it infrequently.

Mr. Cosgrove: If he does not use the car for personal use, he is not subject to the tax.

Mr. Kempling: He said 1,660 kilometres is what he used it for.

Mr. Cosgrove: That gets down to the question, again, of definition. "No" to me means zero. I do not know how I would qualify 16,000 kilometres. Certainly there is the exemption for personal use up to 12,000 kilometres. That provides a proportionate deduction. If the writer is unaware, I would be curious to know whether he is knowledgeable that the prorated reduction up to 12,000 kilometres has been taken in previous filings with the Department.

Mr. Kempling: I have talked to the gentleman. It is my understanding that he is in charge of leasing 40 vehicles. I am sure that he would be knowledgeable as to whether this has been checked through with his company's administration and auditors. Perhaps the difficulty is with the lack of information coming from the Department to explain this. At any rate, I will pass the Minister's comments on to him and, in fact, I will send him a transcript of this discussion so that he will have an understanding of it.

This business of personal use of cars seems to revolve around whether or not the employee is using a company car for personal use when he drives it back and forth from his home to his office or from his home to his business sales territory. Let me ask the Minister this question: If an employee is supplied a company car to conduct his business and he has a private car of his own and says that he does not use the company car for private business, what sort of document or statement would the taxpayer have to present to satisfy the Department of National Revenue that the car supplied to him by his company is not being used for personal use? What sort of a document would be acceptable?

• (1450)

Mr. Cosgrove: It would appear, from the preamble to the Hon. Member's question, that he intends to make a transcript of these proceedings available to individuals who have written to him. In effect, he is asking for advice to give to his constituents as to how they should file or conduct their tax returns.

First, because the Minister of State for Finance, of course, is not the Minister responsible for the administration of returns, I would be reluctant to give a definitive answer. I also suspect that the Minister of National Revenue, bearing in mind the fact that the Hon. Member for Burlington has asked for specific, individual advice, would probably invite a person asking that kind of specific and detailed question to attempt first to gain assistance through the local office of Revenue Canada. Finally, if that is not to his satisfaction, then I assume the Minister would probably consider individual cases and attempt to be helpful. However, I do not think that I should really give my advice this afternoon concerning such a situation.

Mr. Kempling: The Minister is saying that he would give an answer in the House, but does not explain how to apply the advice to a practical situation. He went into this mumbo-jumbo about being the Minister of State for Finance, saying that the Minister of National Revenue must rule on it and that the local office must become involved. Therefore, one cannot rely on any answer which the Minister gives.

Let me ask the Minister another question. Let us consider a situation where an employee is supplied with a company automobile. He drives his own car to the company premises, picks up a company automobile and drives it for a day or longer, comes back and picks up his own private automobile and drives it home. He has been using a company automobile but has not been driving it for personal purposes. The Minister would, I think, agree that that would entirely be company use of the automobile with no personal use involved. Would I be right in assuming that?

Mr. Cosgrove: Mr. Chairman, I do not mean to be argumentative or unresponsive, but I am sure Hon. Members fully appreciate the years of experience which the Hon. Member for Burlington has had in this House. He has enjoyed responsibility as Whip for Her Majesty's Loyal Opposition. He is well aware that the practice of the House concerning the area of ministerial responsibility, particularly in Committee of the Whole when various Ministers are before the House, is that questions germane to a particular Minister are asked. Those which are the responsibility of some other Minister are not really germane to the discussion.

I think he is being very unfair when he raises a question which is obviously the responsibility of some other Ministry and directs it to myself or to my officials, who could only guess

or try to be helpful. First, it is improper and I think the Hon. Member knows that. He is being very unfair. I do not think he is really advancing the legislation before us, especially at a time when the legislation is so important. Many Canadians are waiting for this Bill to be passed and looking for refunds.

Mr. Blenkarn: You're not going to pay them, anyway.

Mr. Cosgrove: I do not think he should take the time of the House dealing with questions which should be directed to some other Minister.

Mr. Kempling: Mr. Chairman, I find this to be incredible. Here we have a Minister who is responsible for seeing the passage of the Bill through the House. We have stacks of letters from people asking us to interpret the Act that we are passing. We ask the Minister a question and he sloughs it off on to another Minister and says that I am being unfair.

What I am trying to establish is this. If an employee is supplied with a company car, he drives his own car to the company premises, picks up the company car and then drives it around on the business of the company, and then drives his own car back home, that is not personal use of the automobile.

The next obvious question is: If he takes the company car and drives it home on the weekend after doing company business all week, and he drives his own car on the weekend, what sort of documentation will the Minister or the Government require? Surely the Minister can give us some indication of what sort of documentation he must have in order to say that the employee did not use the car for personal use even though he drove it home after his business that week. That is what I am trying to establish. That is done, I might say, by thousands of people around the country, salesmen who work out of their homes for companies which may be based in Vancouver, Halifax or Montreal.

I received one letter from a fellow who asked: "Why should I drive that company car at 46 cents a kilometre when I have two other cars at home?" However, on this T-4 slip, additional taxable income of $2,834 was shown. That is what I am trying to establish. I am not playing games or anything else; I am just trying to get some straight answers from the Minister so that I can answer some questions which have been asked of me in letters.

Mr. Cosgrove: Mr. Chairman, I have already answered the last question of the Hon. Member and, I thought, to his satisfaction. I stated something to the effect that I do not believe the person who wrote the specific letter would accurately understand the Act and was probably entitled to a rebate. I thought the Hon. Member had acknowledged that that was the problem of the person who had written to him and indicated that it might be useful in his response.

The second question dealt with the practice concerning required documentation. Obviously, if the person who feels that he has been unjustly treated by the Department has been filing for a number of years, the answer to that person would be that there is nothing under the Act or in the Bill before us, which we have spent the last half hour discussing, which bears any relation at all to the questions raised by the Hon. Member. How many times does the Government have to state that the impact of the Section before us does not relate to administration but, rather, to increasing the amount of the levy?

Mr. Kempling: The Minister, if I may say so, has a Teflon mind; nothing sticks to it.

Mr. Anguish: Mr. Chairman, I would like to ask the Parliamentary Secretary to turn to page 5 of Bill C-139. Line 7 states: "Subsection (6) is applicable after 1981". Is Subsection (6) found in Bill C-139 or in the Income Tax Act?

Mr. Cosgrove: Officials indicate, Mr. Chairman, that it does refer to Bill C-139. I believe that may be an example similar to the difficulty raised by the Hon. Member earlier today on a point of order. It states: "Subsection 6(9) of the Act is repealed and the following substituted therefor". I believe that the explanation of the Chair with regard to the point of order raised by the Hon. Member earlier today is the Government's response to his point of order.

Mr. Anguish: No, Mr. Chairman, I would disagree. There are inconsistencies throughout the Bill. I was asking for clarification, in particular with respect to Clause 1 of the Bill before the House. However, it certainly does not deal with the objections I made this morning. I am quite anxious that those be dealt with when we come to consideration of the Clauses of the Bill and once the Minister's officials have had a chance to study the objections I raised earlier this morning in Committee of the Whole.

I asked a similar question of the Minister with regard to page 5. At line 3 it reads, "Subsections 1 to 4 are applicable to . . . ". Could he tell me whether those Subsections apply to the Bill or to the Income Tax Act?

• (1500)

Mr. Cosgrove: That is Bill C-139 as well.

Mr. Lewis: Mr. Chairman, I have a couple of questions that I would like to put to the Minister with respect to the Act, and what the Government is trying to do. I just wanted to make sure that we are certain what we are driving at.

I understood earlier that the Minister said that if an employee drives from home to office, that is personal use. If the employee makes a business call on the way, that is business. I would like to ask the Minister whether, if an employee drives a company car and leaves it at the office, in an effort to make sure that the company vehicle is used only for his or her business driving and not for personal use, then receives a call before leaving in the morning and has to go on a business call, that would be business or personal use of one's own car.

Mr. Cosgrove: Mr. Chairman, I would have to repeat my earlier observation that the administration of the Act and the questions dealing with this application are matters that fall under the administering Revenue Canada officials. There is

nothing in this section before us that has anything to do with the administration. We have changed the percentage of the formula for the standby charge. If the questions raised by the House Leader of the Opposition had been genuine questions, or questions that troubled him when the Act was introduced in December of last year, he might easily have inquired of Revenue Canada what the answer was to this particular problem that is posed today.

I doubt, Mr. Chairman, whether it really is a problem because, as I have indicated, Revenue Canada has been administering this Act since 1971. There is a body of decisions by Revenue Canada, they are available and it is the Department that should be consulted. The Hon. Member's questions have nothing to do with the legislation before us. I would urge Hon. Members once again, because there are some six million Canadian families looking for passage of this Bill for refunds of money that would assist them in a very difficult economic time—

The Deputy Chairman: The Hon. Member for Mississauga South rises on a point of order.

Mr. Blenkarn: Mr. Chairman, the Minister keeps raising the fact that people are looking for refunds. The fact is that the Government has no intention of paying the refunds until April 30, because it does not have to pay interest until after April 30.

Secondly, the fact is that we are proceeding with this Bill as quickly as we can, and those kinds of nonsense claims by the Minister—

The Deputy Chairman: Order, please. The Parliamentary Secretary is rising on a point of order.

Mr. Fisher: Mr. Chairman, we have seen this two or three times, where Members on the other side have used these sorts of false points of order in order to take the floor away from the Minister. I must object to that. That was a point of debate, it was not a point of order, and it was done to cut off the Minister's answer. I object to this procedure that they are so rude to follow.

The Deputy Chairman: The Parliamentary Secretary will realize that the Chair cannot really determine whether a point of order qualifies as such until it has at least heard some part of it.

The Hon. Member for Simcoe North is rising on a point of order.

Mr. Lewis: Mr. Chairman, I ask the Minister, since he seems to feel that it should be the Department of National Revenue people who are here—

The Deputy Chairman: Order, please. The Hon. Member rose on a point of order. That is not a point of order.

Mr. Lewis: No, it is a question. I thought you had dismissed that point of order.

The Deputy Chairman: I now have to recognize the Parliamentary Secretary on a fresh point of order.

Mr. Fisher: Again I rise on a point of order, Mr. Chairman. In my earlier comments I was reflecting on the behaviour of the Opposition, and I realize your difficulty.

The Deputy Chairman: I should indicate, after that flurry, that I believe the Minister of State for Finance did not complete his remarks. I recognize the Minister of State for Finance.

Mr. Cosgrove: Mr. Chairman, I was trying to appeal to the civility and compassion of all Members in the House. If the position of the Progressive Conservative Party is as reflected by the statement of the Hon. Member for Winnipeg-Assiniboine yesterday that the Party is in agreement with the principle of taxing this benefit and they have some difficulties with some aspects of it, please let us deal with that—

Mr. Hawkes: That would help.

Mr. Cosgrove: —but do not deal with items that have nothing at all to do with the Bill in front of us. This Bill is so important to so many Canadians; let us not fool around.

Mr. Lewis: Mr. Chairman, since the Minister has introduced this in debate, I wonder if he will tell us whether, under Section 151(2) of the Act, the Government is not required to assess returns submitted and, if there is a finding that there is a refund due, to send that refund back to the taxpayer forthwith.

While the Minister is on his feet, would he point out to us what would happen if this Act is not passed by, let us say, June, July or August? Is the Minister saying to all Canadians that if the Act is not passed there will not be any refunds whatsoever? Is that the position of the Government, no Act no refunds? I point out that this may not be all that relevant under this Clause, but he introduced it.

Mr. Cosgrove: On the contrary, Mr. Chairman, I did not introduce it. I was commenting on the filibustering and fooling around and the capriciousness of the questions of the Hon. Members opposite for the last three hours in Committee. That is what I was commenting on.

In answer to the last question by the House Leader for the Official Opposition, the Government is following the same practice that Governments have followed, in the processing of income tax legislation before this House and the handling of income tax returns and refunds, for the last 12 years in Canada. This includes the Government of the Conservative Party in 1979.

Mr. Lewis: Mr. Chairman, my next question obviously flows from the Minister's answer, too. We are dealing with the budget of the lately departed Finance Minister which was brought down in November, 1981. Since we are dealing with the November, 1981 budget which is now being brought into

law, could the Minister explain how any refunds at all could have been issued in 1982 for 1981 taxes?

Mr. Cosgrove: Mr. Chairman, if the Hon. Member had been in the House when I answered the question of the Hon. Member for Burlington, the provisions of the budget introduced in 1981 were prospective to 1982. The refunds for 1981 were under the existing law.

Mr. Lewis: I see. Mr. Chairman, the Minister has alluded to the length of time that this is taking. He will know that in 1979 when the Liberals were on this side of the House they spent four days in the Committee of the Whole on their own tax Bill.

I would like to go back to that question, if I may. Is the Minister saying that none of the provisions in the November, 1981 budget which was brought forward by the lately departed dear Finance Minister had anything to do with 1981? How were the refunds issued last year? Were they issued in error or were they not issued in accordance with Section 151(2) of the Act which requires the Government to assess the returns and to mail out the refunds in accordance with the law?

Mr. Cosgrove: They were issued, Mr. Chairman, in accordance with the practice of the law and with the practice of Government, including the Conservative Government, which was in the middle of a budgetary process when an election was called in the fall of 1979.

• (1510)

Mr. Lewis: Mr. Chairman, I take it that the Minister has now admitted to the Committee that it is practice to assess returns and issue refunds. Any comment by the Minister or anybody in Government that refunds have to wait for the passage of this Bill is absolutely specious and false. Is the silence of the Government an admission of guilt? We are at a loss. We have just suggested to the Government—

Mr. Fisher: Let us vote. We do not have to hold it up anymore. If you are at a loss, let us vote.

Mr. Lewis: Mr. Chairman, is the Minister not admitting that it is the practice of every Government, Conservative and Liberal, to assess the returns, deliver the refunds, and we do not have to wait for the passage of this Bill?

Mr. Cosgrove: The assessment referred to is the assessment under the Act. The Act in question is the one before us.

Mr. Blenkarn: No, it is not.

Mr. Cosgrove: I will not fall into the trap not only of not talking about the Act or anything related to the Act, but now of countering the spacious arguments of the Hon. Member—

An Hon. Member: Specious.

Mr. Cosgrove: —specious, and spacious as well, by the House Leader of the Conservative Opposition.

Mr. Lewis: Mr. Chairman, may I just inquire of the Government if this is perhaps a printing error where it says "Bill C-139, an Act to amend the Statute Law Relating to Income Tax."

Mr. Cosgrove: No.

Mr. Lewis: In fact, there is an Act in place already and we are just amending it.

Mr. Cosgrove: The Act is before the House.

Mr. Lewis: No, I would submit the Bill is before the House. The Act is already passed. Is that correct?

Mr. Cosgrove: The Bill is before the House which, when passed, will be the Act, and I hope they get their act together so that we can get refunds out to Canadians and stop fooling around.

Mr. Lewis: Mr. Chairman, the Bill is before the House. I would ask the Minister whether it is true that the Bill is before the House and when it is passed, the Act, as amended by the Bill, will be the law.

Mr. Cosgrove: Mr. Chairman, the Act here, with respect, is the poor act by the House Leader of the Conservative Party.

Mr. Lewis: I will let that go. I would ask the Minister if all Cabinet Ministers pay the same standby charge for personal use of an automobile provided by the Crown. For example, would a Cabinet Minister driving a blue Lincoln Continental, license No. TWE-275, pay the same as any other ordinary Cabinet Minister?

Mr. Fisher: Mr. Chairman, let us be quite clear here. We answered all these questions this morning. Whether it be Conservative Cabinet Ministers and their Lincolns or us, more modest Liberals in our little economy cars, everybody pays the standby charge, the 2 per cent standby charge on personal use. I read that out this morning for the Hon. Member.

Mr. Hawkes: Mr. Chairman, is that standby charge deducted from Cabinet Minister's cheques?

Mr. Fisher: In our system, as I understand it, the deduction is made at source. I think it might be quite interesting to see how Bill Davis or Peter Lougheed handle it with their people.

Mr. Hawkes: Do we have the Minister's assurance that those amounts vary from Minister to Minister, that it is not a common amount?

Mr. Fisher: The standby charge is as defined in Section 6(2) of the Act, so it will be based on the exact experience of the particular individual and the vehicle that he is driving. It would not matter whether it was a Cabinet Minister, a businessman, a salesman—

Mr. Cosgrove: Or Leader of the Opposition.

Mr. Fisher: That's right, the Leader of the Opposition has the same experience. The personal use of the vehicle is taxed according to the definitions in Section 6(2) of the Act.

Mr. Hawkes: Mr. Chairman, is that amount deducted monthly?

Mr. Fisher: Yes.

Mr. Hawkes: How can you know how much it is in advance?

Mr. Fisher: The amount that is deducted is done according to the established procedures that we have lived with for 12 years. If the Member does not know that, he will never know.

Mr. Hawkes: Is it deducted according to the mileage travelled for personal use each month?

Mr. Fisher: Yes.

Mr. Hawkes: It is mileage travelled for personal use each month, not a set amount.

Mr. Fisher: As I understand it, that is how you determine that there is personal use. You keep records. You know how far the car has gone, and a standby charge is applied. If at the end of the year there is an adjustment, that would show up on the individual's tax return.

Mr. Hawkes: It is deducted monthly on the basis of the mileage or the kilometres used each month. Can I just get that clear?

Mr. Fisher: Mr. Chairman, I would have to refer back to the document to answer that as precisely as asked for by the Hon. Member. However, it would be like all taxable charges or exemptions. It would be rounded out at the end of the year. The Member for Burlington raised a case of concern on his part. Obviously there is time when the return is made by the taxpayer to make any adjustments necessary.

Mr. Hawkes: Mr. Chairman, are operating costs included in the amount deducted?

Mr. Fisher: They will be, once this Act is passed.

Mr. Hawkes: Was that done in 1982?

Mr. Fisher: I would have to double check that. If they were not deducted at source at that time, they would have to be applied retroactively, because this measure applies to 1982.

Mr. Hawkes: Is that done in proportion to what is deducted, the 2 per cent value of the car, or 2 per cent per month of the value of the car plus 2 per cent per month of the combined operating costs in a situation where a car is driven 12,000 kilometres or more?

Mr. Fisher: It does not matter who it is. Let me remind the Hon. Member that for all Canadians who are in these circumstances, the operating costs are totalled and then prorated for personal use and applied to income as a benefit. The standby charge is separate from that.

Mr. Hawkes: Mr. Chairman, the standby charge is based solely on the value of the vehicle then.

Mr. Fisher: The cost of the vehicle, not the value of the vehicle.

Mr. Hawkes: The cost of the vehicle when it was purchased new?

Mr. Fisher: Yes.

Mr. Hawkes: Then we can assume that with the Prime Minister of Canada using a $120,000 a year vehicle, that portion for personal use would be deducted at 2 per cent per month?

Mr. Fisher: There is a specific set of circumstances involving the use of a vehicle for personal use. If the Hon. Member wants to have us read those off, one of the things that affects the definition of personal use in the presence of security for the individual, whether it be the Hon. Member, some Minister, the Prime Minister or a private citizen—I am sorry, not a private citizen, but any Member of the House. Under the policy, if the Prime Minister has with him his security people, that would not be considered personal use of the vehicle.

Mr. Hawkes: Where in the law do we find the exclusion because you are accompanied by a security person?

Mr. Fisher: I would refer the Hon. Member to Revenue Interpretation Bulletin IT 63R. By the way, Mr. Chairman, the fact that I can quote it so readily merely underlines the fact that this is established practice. Our comments are no longer relevant to the Bill because we are dealing with something that was established 12 years ago, not something that is set out in the Bill. As the Minister said a few minutes ago, maybe it is about time that the Hon. Member started exploring new frontiers instead of going back over well-worn paths.

Mr. Hawkes: Mr. Chairman, did the Parliamentary Secretary just indicate that it is not part of the law but it is part of an interpretation bulletin? Is that what I heard him say?

Mr. Fisher: In fact, as I was just reminded by my colleagues, the Hon. Member could probably get a very accurate description of this by asking the Right Hon. Member for Yellowhead who had the same benefit. He would be able to explain all the deductions to him in great detail. The former Prime Minister would know all about this because it is the same policy.

Mr. Hawkes: Mr. Chairman, may I just review that we have been told again. This applies to Members of the House of Commons, not to other Canadians, Premiers, etc?

• (1520)

Mr. Fisher: It is a policy of the Government of Canada which applies to Members of the Cabinet. It is our own policy

and it defines the personal use of Government vehicles by Cabinet Ministers. I would presume that Hon. Members of other Governments would have similar policies, which they would apply to themselves, to define what is official use and what is personal use. We would not presume to dictate our own international policies to other Governments.

Mr. Hawkes: I thought we were talking about a Revenue Canada interpretation bulletin which is available to all Canadians as a piece of information and as a ruling. Are we not talking about a document which lays out the situation for all Canadians? Are we talking about an internal memorandum or something of that kind? Which is it?

Mr. Fisher: As I understand it—and again I am amazed that we can give these instant answers, and the only way we can give these instant answers, Mr. Chairman, is because they are there in the law and they are there in practice—they are not something new and not something coming out of this Bill. They are something which has come from past practice. The Hon. Member has asked how we build the policy which affects Ministers of the Crown federally. The answer to that is, our revenue interpretation bulletin IT 63R sets out the general rules which apply to all Canadians. The policy which I am referring to takes those rules one step further and ensures that Ministers of the Crown do, indeed, pay when they use their vehicles for private benefits. The Ministers are no different from any other Canadian. They pay standby charges for personal benefits derived from the use of their cars. That bulletin sets out the policy for their use. Bulletin IT 63R is the basis for the internal memo.

Mr. Hawkes: Have you not also told us, with respect to any Cabinet Minister who travels with security personnel, regardless of purpose, that there is no way that can be considered personal use? Is that the internal policy? Are you teling us it is not part of a Revenue Canada interpretation bulletin? There is an interpretation bulletin. Have you now a policy which you have decided on?

Mr. Fisher: Mr. Chairman, I believe it is only reasonable that the Government of Canada would have guidelines, like any other large employer, whether it be Bell Canada or a hydro corporation, or any other company which has large numbers of vehicles and large numbers of people who drive those vehicles. The Hon. Member will find, if he chooses to explore around, that these companies have guidelines for their employees which dictate what is and what is not acceptable business use of cars. I am quite confident that those internal memoranda of all those other organizations will be acceptable to Revenue Canada because the internal memoranda would not be drafted without some knowledge of the intentions of Revenue Canada. There has been 12 years of experience. The rough edges have been smoothed. The Government of Canada, just like all these other organizations, has guidelines for its employees and its Ministers which dictate the business versus the private use of vehicles.

Mr. Hawkes: Is it, therefore, Government policy that any rich businessman in the country who chooses to travel with security personnel is deemed to be on business and there is no personal use involved for tax purposes?

Mr. Fisher: I never made any such claim. I would not like the Hon. Member to distort it in this way. Again, I refer him to established practice. The Minister has pointed out that we are wasting a lot of time now with the invented fantasies of the Hon. Member for Calgary West. I do not believe anyone is going to thank him for doing this. If the rich businessman, whom he has invented or imagined, is busily engaged in business practices, then that is tax exempt. That is the principle and always has been the principle.

Mr. Hawkes: That is the principle for businessmen but not for Cabinet, is that what I just heard?

Mr. Fisher: Pardon?

Mr. Hawkes: Is that the principle for businessmen but not the principle for Cabinet? Is that what I just heard?

Mr. Fisher: It is the same answer. It is a distortion from the Hon. Member's imagination.

Mr. Hawkes: Can you explain to me where the distortion is? I believe you have told Hon. Members of the House that when a Cabinet Minister travels with security personnel, that cannot be construed as personal use. You have also stated that when a businessman travels with security personnel, he must defend his case as to whether or not it is business. It may in fact be personal. It may in fact be business. Are the facts as I have explained them incorrect in some particular?

Mr. Fisher: You are exactly right. The Hon. Member has described the situation accurately, Mr. Chairman, but he left out a couple of things. First of all, both the Cabinet Minister and the businessman must be engaged in business activities in order to be tax exempt. Over and over again we keep coming back to this fact. Whether it is the Hon. Member for Yellowhead or the current Prime Minister, there have been guidelines set out to indicate a Prime Minister's use of a limousine or a vehicle. Equally, whether it be the Hon. Member for St. John's West, who is a former Cabinet Minister, or the Hon. Member for York-Scarborough, who is a current Cabinet Minister, there are guidelines involving their use of their car for business versus private use. The Government of Canada laid out these guidelines to ensure there was proper payment for personal use and to guide the Ministers in making that definition.

Mr. Hawkes: Could we have the name of the individual who set out these guidelines and his position? Who set out these guidelines?

Mr. Cosgrove: Mr. Chairman, it certainly was endorsed and subscribed to by the politically responsible Minister of the former Government, the Right Hon. Member for Yellowhead, who, if he were here today, I believe would be sitting in the seat next to the Hon. Member.

Mr. Hawkes: Are you saying that the Joe Clark Government made up these guidelines?

Mr. Cosgrove: No, Mr. Chairman, I am saying that it operated under the guidelines under the appropriate Minister in charge, who would be the Minister responsible for the Treasury Board, the Hon. Member who would be the seatmate of the Hon. Member asking the question.

Mr. Hawkes: May I again ask, who made up the guidelines in the first place?

Mr. Fisher: As I recall, Mr. Chairman, the document which I looked at, and referred to this morning, was a 1978 document from the Treasury Board.

Mr. Hawkes: Has Revenue Canada ever reviewed that document?

Mr. Fisher: I do not know. We would have to double-check that, but I would presume that Revenue Canada is aware of it, since the Minister would be paying a standby charge under its guidelines.

Mr. Hawkes: If a Minister requires security personnel at all times, and certainly the Prime Minister does in the present context, how can the Prime Minister be paying a standby charge?

Mr. Fisher: I am sorry, I missed the last part of your question.

Mr. Hawkes: If the Government's definition of "business" hinges on the presence of security personnel, how can the Prime Minister, who is surrounded by security 24 hours a day, ever incur a personal-use standby charge?

Mr. Fisher: Mr. Chairman, I would assume that is the Prime Minister's business and not mine.

Mr. Hawkes: In theory, perhaps; if the Prime Minister is accompanied 24 hours a day by security personnel, and if the definition of "business" hinges on being accompanied by security personnel, then how is it possible, even in theory, for the Prime Minister to incur a stanby charge like all other taxpayers?

Mr. Cosgrove: Mr. Chairman, I believe one of the reasons might be that it is very difficult to determine in all of the cases of all taxpayers when a person is on "business", but I believe we might reason that if a Minister of the Crown, or the Prime Minister, is being advised by security officials that he must conduct his personal affairs in ways which are designed to avoid security risks—in some ways the Prime Minister's time and decisions are not his own, in fact—under those circumstances he would have no choice. He is being directed by the Government for security purposes and, therefore, in that sense he is at the disposition of service to the Government at all of those times. It is, I suppose, a very regrettable kind of circumstance which happens to Ministers and public officials from time to time in all countries, but I would think that might be the philosophy. The Government has to act to protect its public officials, and in doing that, regrettably, the Prime Minister has no time of his own under those very difficult circumstances.

• (1530)

Mr. Hawkes: The first time I was on my feet I mentioned the case of an RCMP constable who works 24 hours a day, is tied to a radio in a small town, and I was told there is some personal use of that automobile. Why the difference in the two cases?

Mr. Fisher: Mr. Chairman, I remember that example clearly, and I think it is only appropriate that the Minister correct me. Not only did he do so as a Minister but he drew on his experience in municipal politics. He pointed out very clearly the importance of the car in the policeman's presence around town. He talked about the attitude that municipal Governments have towards their police and the way they encourage their police to do precisely that which the Member has described. He pointed out that the municipality would regard such behaviour as business, that a 24-hour standby car driving around town and the calming, peaceful presence of the policeman in the neighbourhood would be viewed as business rather than personal use. So the Minister, quite rightly, corrected me, and my view should not stand on the record; we should listen to the Minister on this.

I would like to go back a little bit here to basic principles. The Hon. Member, by his opposition to this measure, is not promoting the fairness he thinks he is promoting. He is asking all other Canadians to chip in a little bit of money for the personal use of automobiles by individuals whom he pretends to favour. He wants all other taxpayers to pay for that personal use. We on this side at least have a sense of stewardship. We believe that the tax money put in our hands has to be spent responsibly, and we believe as well that exemptions which are the same as expenses have to be treated responsibly. So the Hon. Member, both explicitly and implicitly, is opposing that fairness.

We did not ask that people stop driving company cars. In fact, we have made it quite clear over and over again that if the use of a vehicle creates economic activity, then that use is a justifiable and legitimate deduction for the company and tax exempt for the individual. We accept that. I think most right thinking people see the logic in that. It is not a perk, it is a productive activity. When the Hon. Member asks us to push the boundaries on that, he is asking us to take other people's money and spend it on some individuals who happen to be fortunate enough to have a company car at their command. I do not understand how he justifies that. How can he justify that his neighbour should purchase a vehicle for personal use out of after-tax dollars but he himself, or some other hypothetical Canadian, should be able to drive a vehicle for personal use without paying tax? We are not asking for detailed, complicated new procedures or paper work. I assure the Hon. Member that we are dealing in an area where people know

how to keep records. They keep their gas receipts, they have a general idea every day of the mileage they drive for business reasons, and that is usually reinforced by records such as day books, diaries or whatever else. All of those records are acceptable to Revenue Canada. We are not asking for a minute-by-minute accounting or 100 per cent perfection. However, we are indicating to people that responsible records should be kept and a responsible line drawn between productive business activity and private personal benefit. That is all we are asking.

When the Hon. Member stands up here and tries to create an exception for all his friends, then he is really standing up here and suggesting that a whole bunch of Canadians should chip in some money to pay for his friends. I reject that, as I think most Canadians do. I want the Member to know one other thing: the more he drags out all these exceptions, the less he adds to the debate, because he knows they are hypothetical and extreme exceptions. What he is doing is to cast considerable disrepute and doubt over the tax system. I would ask him to be a little bit more careful. If he has concerns, do not invent them, do not come up with imaginary or hypothetical examples. Rather, let him come up with cases from his riding which we will be happy to handle for him. Let him come up with new problems relating to new legislation, not go back 12 years and give us examples of things he thinks happened 12 years ago but do not happen today.

Mr. Smith: Living in the past.

Mr. Fisher: Yes, indeed, living in the past. Not only that, he is dragging Parliament down into that history in an unproductive way. So I would ask him to stop doing that and at least come forward with some genuine behaviour and realize that the people who are watching us from the outside world and drawing on this transcript for some guidance about our intentions are finding from his examples encouragement to go off into wild extremes which are only going to get them in trouble. They are not going to be extremes which are going to be useful guidance for sincere Canadians in the future.

Some Hon. Members: Hear, hear!

Mr. Hawkes: I rise on a point of order, Mr. Chairman.

The Deputy Chairman: A point of order, not debate?

Mr. Hawkes: A point of order, not debate. I think if you look in the history of the House, you will find it is common practice to give a Member 20 minutes worth of House time during Committee of the Whole. The Minister has taken 20 minutes, and I think the record will show I have had three or four. It has been a filibuster on the part of the Minister, and I think the only way procedurally—

The Deputy Chairman: Order, please. This has been referred to, I think on Wednesday of this week, and the then occupant of the chair reminded Hon. Members in Committee that since 1975 the practice has been for each Member to be recognized in debate for a period of 20 minutes, and that answers given during that time to questions put by the Hon. Member who has the floor are taken from the 20 minutes. That has been the practice. I understand that it is feasible, as the Hon. Member for Edmonton West put the issue a couple of days ago, that a Member might take one minute to ask a question and another Member or Minister might take 19 minutes to give an answer. If there were such a situation, I think the Chair would have to take some responsibility for examining that. I did so, incidentally, on Tuesday of this week, although not in the same circumstances present here.

Therefore, in accordance with current practice, the Hon. Member has had 20 minutes and, as he well knows, he has been using that opportunity and he is able to come back for a further 20 minutes immediately following the next Hon. Member who wishes to put questions.

Mr. Hawkes: Mr. Chairman, by way of interpretation, do I understand that you have ruled that the Minister answered my question as opposed to having made a speech or discourse? Is that the sense of your ruling?

The Deputy Chairman: It is not my responsibility to indicate whether or not the Hon. Member has received what he regards as an answer, whether it is satisfactory or unsatisfactory, a comment, or anything else. As long as it is relevant to the Bill and the debate, the Chair is satisfied with the procedure. The Hon. Member for Ontario.

Mr. Fennell: Mr. Chairman, the Hon. Parliamentary Secretary talked about sales problems earlier. I would say that the little dialogue he just went through creates a sales problem. I would like to refer back to the amendment or the motion we are talking about. The Parliamentary Secretary used some other terminology. He said: "A little bit of money", and he said "fairness". This is what we are talking about, and I believe that we are being totally unfair. Let me give you one example of unfairness. His Government cars are self-insured so there is no cost for insurance—well, if you can prove it, then I will withdraw it.

• (1540)

Mr. Fisher: Yes, Mr. Chairman.

Mr. Fennell: I would like the Parliamentary Secretary to look at it, and then I will ask my question.

Mr. Fisher: They are commercially insured.

Mr. Fennell: Thank you, I did not know that.

Mr. Fisher: You are welcome.

Mr. Fennell: It used to be the other way at one time. They are taken into consideration, but I am talking about fairness. If a person pays $10,000 for a car, as soon as he or she drives it out of the showroom, the Parliamentary Secretary and I both know that it is worth $6,666; that is all the person could get for it on the market.

As a car gets older, it is worth less, but the repair bills get larger. Hon. Members opposite and I have had cars. We are fully aware that as cars get older they are worth less.

Mr. Fisher: It is happening to my body.

Mr. Fennell: I can understand that; perhaps it is self-imposed, but I am talking about the poor car. After four years, salt eats into a car and it has to be repainted. That goes on to these standby costs; that does not go on to a new car. After a period of time the transmission goes. This is why there are so many transmission plants and repair shops. Older transmissions wear out after so many miles. I am appealing to the Minister and the Parliamentary Secretary to consider this amendment and take it on the undepreciated value at the end of each year. I know the Minister's argument. I know he will say that this has been in force for seven years and that I am not talking about this Act. I am talking about this Act which is doubling the amount, and I feel it is totally unfair.

If we take the example of a $9,000 Chevrolet, by the end of four years it is worth about $1,000, according to the Blue Book. I am sure the Parliamentary Secretary knows what the Blue Book is. Usually that amount is about the depreciated value, taking off a third on the reducing balance. I believe this idea is equitable and that the Government would make many friends with a lot of people who are hurting.

I would like to turn the discussion around for a minute and say that there is a positive side to what is being done. From the point of view of my riding, we would produce more cars because people will not keep their cars as long, because after four years the cost of repairs is greater. There could be a benefit there, but also there is a disadvantage to the Government. By selling a car at the end of two years, taking about 50 per cent of the price back and then buying it back, the Government can only charge 2 per cent on the price paid for the car.

I feel this amendment should be approved. I think it is equitable. It is balanced. It is not a big bookkeeping operation. Hon. Members opposite know as well as I do that corporations do it throughout the country; every corporation takes depreciation off their cars. I see the Minister shaking his head. I am talking about any corporation in the fortunate position of making money, any small business or any individual. If a salesman owns his own car, he can depreciate it against his income. I think Government Members are treating it incorrectly and inaccurately. If their goal is to get rid of company cars and have salesmen purchase their own cars, they will accomplish it. I can guarantee that, and it will free up capital for companies to do what they should be doing rather than providing cars to salesmen.

I still do not have a grasp of why the Minister and the Parliamentary Secretary are against fairness. I am asking for fairness, for a 2 per cent charge on a fair value. It is not charged on fair value if it is on the original value. That is really my question. I would like to hear their answer.

Mr. Cosgrove: Mr. Chairman, on the question of one standard of fairness, that the same formula for the calculation or imposition of a tax should be applied to everyone and that it should not differ for different people, we believe that one formula has been in effect since 1971. We are merely increasing that from 1 per cent to 2 per cent. In fairness, because it applies to everyone who takes advantage of personal use beyond the mileage allowed, everyone is dealt with in the same manner. The issue is how we arrived at that formula.

If we adopted the amendment of the Hon. Member for Mississauga South, and using my own standard as well as the standard which the Hon. Member for Ontario is urging, that is the same rule for everyone affected by the law, we would be grossly unfair because the amendment, as I have indicated, only applies to firms which can take advantage of undepreciated capital cost. This is not the case for all small businesses.

Also I think it is grossly unfair because, although some large firms are able to take advantage of the systems in place now to record a complicated depreciated allowance for every vehicle, taking into account every change in the operation of the vehicle, the same advantage is not available to small-businessmen who do not have hired help available to assist them.

Finally, as the Hon. Parliamentary Secretary indicated, it is not fair to the rest of Canadians. We are told that the effect of the amendment of the Hon. Member would result in a $20 million revenue loss in the first year because the formula would be averaged over the life of the vehicle rather than on a year-by-year basis with graduated depreciation. If he is not prepared to give this group of people an additional $20 million, which the rest of us would have to pay as taxpayers, he would have to increase the rate from 2 per cent to 3.5 per cent. I cannot fathom why the Opposition is moving an amendment which in effect would increase the charge from 2 per cent to 3.5 per cent when the Government has already reduced it from 2.5 per cent to 2 per cent.

Mr. Blenkarn: You increased it from 1 per cent.

Mr. Fennell: The Hon. Minister should look at the large cars in golf club parking lots in Scarborough. The greatest number of them—and I ask him not to smile at this—are owned by small-businessmen. I will not argue that there is an inequity there, but large corporations are getting away from such tremendous perks because they have been required to cut back. I maintain that the 1 per cent, the way in which the Government did it in the first place, was unfair. That is the point. It was unfair because it was not based on the undepreciated value. Possibly we did not raise it at that time. We probably did but no one listened, as is usually the case. I maintain that the person pays $2,400 in the fourth year but he still has $1,000 or perhaps $3,000 worth of repairs, whereas in the first year he pays $2,400 and has maybe $200 in repairs. This is inequitable.

If the Government wants corporations to get rid of their cars, that is fine. The Minister made another statement, that small businesses do not benefit. If they do not benefit by the second tax year, they are in financial trouble, but they have

not paid taxes because they can write it off. Many of them, as a result of the lower tax rate for small business, benefit greatly by bringing a 50 per cent rate down to a 20 per cent rate because of these write-offs.

I think the Government has to deal with this, not just pass over it. The constituency out there is somewhat annoyed. People are hurting. How much does the Government want to hurt Canadians? Does it want to remove itself from power forever? Surely it should look to the future and do something to help the people who supported it in the past.

There are options available. There is the Blue Book value or the depreciated value; the Government must take one or the other, not a straight line. Another alternative would be to take the average cost of repairs in the first year, and anything in excess of that amount could be deducted from the capital cost after the first year. That would be another way of getting around it. I am just saying that it is inequitable and, if the Government made some adjustment in this regard, it would be fair. I would like to know what the Government is considering because I know it is stonewalling us on it.

• (1550)

Mr. Fisher: Mr. Chairman, I would like to remind the Hon. Member that no one who purchases a car for personal use can apply the calculations he is talking about. Therefore, when we ask about personal use company-owned cars, we simply ask that people have the same rules and the same treatment. That is all we are saying. If the Hon. Member wants to come up with a sliding scale of values that reflect the resale value of the car, perhaps the Hon. Member could explain how he would apply that same sliding scale to private purchases so that people could get equal benefit on private automobiles rather than company automobiles. All we are asking for is the same treatment for the same use.

Mr. Blenkarn: How about putting it together again?

Mr. Fisher: If we take an example of a car with a lease value of $300 a month and add perhaps another $100 a month for operating costs, then we are probably looking at $3,600 added on to an individual's taxable income in a year. If that individual is at the 50 per cent tax bracket, then he would pay $1,800 tax to get a car, pay for his gas, insurance, repairs and everything else. I do not know how many people have a personal car that only costs them $1,800 a year. There are not very many. Under the existing law, which we are amending, that same car would only be worth $1,200 in a taxable benefit which, at a 50 per cent rate, would result in a $600 bill. Even at $1,800 the car is the cheapest car on the block. You cannot get a cheaper car than that.

Mr. Blenkarn: How about year four?

Mr. Fisher: We are talking about a $300 a month leased car that is operated and worth only $1,800 to the individual in the highest tax bracket.

What about a person with a 33 per cent tax rate? Let us add on this $3,600 benefit. It costs the individual $1,200 a year to drive a car, pay for his gas, insurance, and maintenance. That is a pretty cheap car. I think the Hon. Member should put the numbers down in black and white before talking about inequity. It is not inequitable. The very proposal he is recommending is inequitable because of the complexity and the paper work involved, which would be enormous. I would remind the Hon. Member that a spokesman for his Party in the House of Commons yesterday, as reported in *Hansard* at page 23668, said:

> The Progressive Conservative Party position is as follows: While the principle of taxing this benefit is not unacceptable, the rate of taxation and the method of calculation is suspect. The negative impact of the tax increase overshadows the benefits of increased revenues. It should be amended downward. The sections of the Act dealing with calculation of benefits should be clarified along with the regulations.

An Hon. Member: That is exactly what we are talking about.

Mr. Fisher: I want to contrast that lofty sentiment with the figures. The figures I just gave indicate that a taxpayer in the highest tax bracket, after the passage of this measure would pay $1,800 a year for gas, insurance, maintenance and the vehicle. That is pretty cheap. If Hon. Members want that geared down, Mr. Chairman, maybe they would like us to give a free car to everyone instead of taxing them.

Mr. Fennell: Mr. Chairman, I would rather not hear that. That may be another one of the Liberals' give-away programs. We cannot afford what the Liberals have done already.

Mr. Cosgrove: That is what you are recommending.

Mr. Fennell: No, I am not. I am recommending fairness and equity. Your explanation in the first year is fair. But as a private individual driving a car, which I am now, because I do not get an allowance for using a car around here, I am much better off to own my car rather than take 2 per cent on the capital cost. To me, the price is unfair. If it were on a graduated scale, it would be equitable, but the Government's formula is inequitable. It is unfair. Let me give one other argument.

We do not have enough salesmen in this country. We do not have enough people pushing Canadian products. As a result, we are dependent upon imported products. We should give salesmen encouragement, rather than discouragement. I think salesmen are a very important segment of our society. I say they are being unfairly treated.

I believe in equity and fairness. I do not disagree with the Minister for the first year. I heard the Minister say the Government was going to put it up to 3.5 per cent.

Mr. Cosgrove: That is your amendment.

Mr. Fennell: The Liberals are always finding new ways to grab new bucks. That is the name of their game. You look everywhere for bucks. That is the game it plays. The National Energy Program is a prime example. It did not work. It is going to blow your brains out. With respect to the subject

under discussion, I say to the Minister, do not let this come back to haunt you the way the National Energy Program will.

I hear the Minister's comments. While the Liberals are in power, they can say whatever they want. But I am talking about constituents, those people who elected you who may think twice the next time.

Mr. Cosgrove: Two per cent is better than 3.5 per cent.

Mr. Fennell: I am talking about equity. I am saying that in the first year it is fair. I hear the Minister again. You are skimming funds right off the top. You have a way of skimming money from the public. You will take it any way you can, and then you pay off people to the tune of $1 million like Gillespie did to set up a plant that was not going to be worthwhile in the first place.

Let us be realistic. If the Government looks after its expenditures, it can look after its income. Because expenditures are out of control, the Government cannot look after its income. I say, be equitable. The first year, fair ball. I agree. The second year, a depreciated value, including repairs. I agree with that totally. The third year, another one-third off and the repairs. I agree with that.

Mr. Cosgrove: There goes $20 million.

Mr. Fennell: It is not $20 million. If you can show me the figures that show it kisses $20 million goodbye, I will accept them, but I will analyze them very carefully. The Government is cutting its own throat by putting this Bill through. Salesmen have written to the Minister. I hope he has read their letters. I have answered all of their letters even though they were not addressed to me, because I am concerned about them. The Government almost put the life insurance people out of business. They lobbied so hard the Government had to retract much of the law. You have not listened to the salesmen of this country, and I think you should.

I plead with the Minister to consider allowing a fair amount in depreciation each year so that the salesman is not paying the same amount for capital costs in the fourth year as he is in the third year. I am delighted to see one of the Minister's own colleagues agreeing with me on this point. Even the Minister's own people agree with me.

Some Hon. Members: Hear, hear!

Mr. Fennell: It is fair. These people need that help. They are not selling as many products. They are not producing as much income, and now the Government is going to tax retroactively that much harder. I ask the Minister to consider this.

Mr. Fisher: Mr. Chairman, I have a brief comment on the statement just made which was so eloquently and passionately expressed. If I ever go back into sales, I will certainly be looking up the Hon. Member. He is a real spokesman.

On the other hand, I would like him to follow the example I gave him. I indicated to him that a car with a leased value of $300 a month which costs $100 more for gas, oil and all the rest, would total $3,600 in the first year. At a 50 per cent bracket, the individual would pay $1,800. He said that was fair. I would like him to follow that example through. Over four years there is an expense to the taxpayer in after-tax dollars of $7,200. That is a four-year expense for leasing and operating that vehicle. A vehicle held on a $300 a month lease is a $10,000 vehicle.

• (1600)

If his neighbour were to purchase the same vehicle, he would have a $10,000 vehicle.

Mr. Fennell: He is better off.

Mr. Fisher: The Hon. Member says that he is better off, but he is not. He is $10,000 in the hole, whereas the taxpayer we are talking about is only $7,200 in the hole. Of course, the difference is that when the vehicle is traded in, he will hopefully be given a $3,000 trade-in after four years.

I would ask the Hon. Member again to go back to the data and not just make impassioned speeches, because his speeches are really hiding the fact that the standby charge that we have here reflects current values. It does not, as he says, distort the values over the years.

Mr. Fennell: Just one point, Mr. Chairman.

The Deputy Chairman: I appreciate the Hon. Member's desire to speak but I must indicate to him that his time has expired and I should move on to another Hon. Member. He may wish to seek unanimous consent of the House to make his comment. Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Fennell: There is just one thing to keep in mind. When a salesman drives a car, the car is driven more miles and receives far greater wear and tear. The Hon. Member knows that as well as I that the cost of maintaining the car in the fourth year is much higher.

Perhaps the way for the salesman to get around this is to lease a car for one year, lease it at a lower rate at the end of the first year and lease it again in the third year at a lower rate. Perhaps there is a way around the law, but that still does not acomplish what he is dealing with. I hope the Government does not change the law because I brought this up.

Whenever a law is made, people will think of ways to get around it. I would recommend to my constituents that that is what they do. I would tell my local dealer to lease the car for one year, lease it the second year at a reduced amount and again in the third year at a reduced amount. Avis and Tilden do it that way, and perhaps they will get all the business and leave the other leasing companies with none.

I wanted to raise that point, particularly about the fact the amount of miles that a salesman puts on his car is much harder on a car than family use.

Mr. Fisher: Mr. Chairman, the obvious corollary to that, in the case of a salesman using his vehicle, is that he should not use it for personal use.

Mr. Bosley: Mr. Chairman, I want to pursue that with the Parliamentary Secretary. I want to ask him about the question of equity between owning and leasing, because that is clearly a business decision. I think the Parliamentary Secretary would accept that.

Let us use the example given by the Hon. Member for considering the value of buying and operating a car versus leasing a car. Suppose that a person owns and operates a car for six years for which the standby charge will be the same every year. Suppose a person leased the same kind of car, with the same operating costs, the same mileage and personal usage factors, for the normal period of three years, and then leased it again at a lower rate. The result will be that the salesman who drives the company-owned car is charged, based on the ownership standby, the same amount for every year for six years, whereas in the alternative, the company that leases the car which has the same mileage and operating costs will have its tax effect fall in the last three years on a renewed lease.

In other words, leasing will allow people to benefit from the amendment. This can be extended to the previous Member's comments, because leasing can be done annually or semi-annually. Why is it wrong to allow people who choose to own the car to benefit from the amendment?

Mr. Fisher: Mr. Chairman, as our official indicates, it is an interesting example, particularly because most leases are for two years, not six years. However, there are such things as six-year leases.

I think it bears some examination. The equal principle here, which I appreciate the chance to state now, is that such arrangements are the private matter of the taxpayer. They are not matters into which we want to intrude. If a taxpayer decides to lease instead of purchase, or decides to own an expensive car instead of a cheap one, that is the taxpayer's concern and not ours.

I urge the Hon. Member to read some of the debate on the issue in 1971. I remember very clearly that all of these types of issues were raised at that time. People said over and over again, as did the Hon. Member for Ontario a few minutes ago, that salesmen would stop using company cars and that we would see exotic dodges on the tax law and we would see different methods used. That did not happen.

All that has happened is that the standby charge has become dated as the automobiles have increased in value. In effect, we are updating the standby charges to reflect the market value of the vehicles.

Mr. Bosley: Mr. Chairman, that is mythical. That is the theory which says that as values rise, tax rates should rise. That has to be one of the greater nonsenses expressed in the House.

The Parliamentary Secretary is saying that there should be a bias in the tax system. The Minister is now making the same assertion that there should be a bias in the system in order to save tax by leasing. The effect of that bias in the tax system means that those who finance vehicles should make more money than those who buy them. That is the effect of allowing an individual to achieve a reduction in the taxable benefit through leasing annually. I find it unbelievable that the Government does not realize that.

My question is with respect to leases themselves. It is a question asked by a constituent for which I do not have the answer. If I trade in an automobile worth $4,000 and take a new car on a lease, as opposed to buying it, let us say that it would cost $350 a month to lease the car. Therefore, I presumably would owe the charge on $350. If I trade in my old car and its credited value reduces the lease cost to $250 per month, will I be charged tax on $350 or $250?

Mr. Fisher: This is indeed a technical question and one that we can verify for the Hon. Member. I take it that it is a question from his constituent, and I will ask our officials to give him an answer as quickly as possible.

I would remind him, however, that whatever answer is forthcoming it is based on 12 years of experience. It is not one that will come as a result of this law. This law does nothing but change the rate, and the Member is asking us about an established tax practice. We will give him the technical answer to that question. I understand the intention of what he is asking, and we will make sure that he gets a reply.

Mr. Bosley: Mr. Chairman, it relates specifically to this amendment. I suspect that the answer to the question in my example is $250. Therefore, I suspect that there continues to be a bias toward leasing. If I am in a situation where my $10,000 automobile, which is now worth $4,000, will cost me as though it were worth $10,000 for tax purposes, it is worthwhile for me to trade it in with its $4,000 value and lease either a new or a used car and lower the cost on which tax is charged. Therefore, it is important to the amendment and goes back to my belief, from what I have read, that the Government's practice is to push people toward leasing as opposed to owning. That is a principle to which I do not subscribe.

• (1610)

Mr. Fisher: Mr. Chairman, I take it that the Hon. Member feels that the law, as it exists now, is biased toward people who lease. He believes that the increase in the rate will increase that bias. Our officials have not found that to be the case.

Mr. Bosley: Mr. Chairman, I would like to pursue the matter, because I was interested in the debate between the Hon. Member for Calgary West and the Parliamentary Secretary with regard to this issue. I do not want to be taken the wrong way, because I know the Parliamentary Secretary did not like the range of questions. However, this is the question: if I, as an ordinary Canadian, take my children to a movie on Saturday night in a company automobile, that is considered to be personal use of the automobile. Is that correct? The Parliamentary Secretary is shaking his head. If the Prime Minister of Canada takes his children to a movie on

Saturday night and is required, for the safety of the office and the person of the Prime Minister—

Mr. Cosgrove: Or the Leader of the Official Opposition.

Mr. Bosley: —to have this security—it is a very simple question, Mr. Minister. There is no reason to interject. It could be the Leader of the Official Opposition.

Mr. Cosgrove: Then stop fooling around and stop using the Prime Minister as an example.

Mr. Bosley: I would not use the Prime Minister as an example of anything for any Canadian.

Mr. Cosgrove: Then what are you doing, and why are you asking the question?

Mr. Bosley: I am asking a question about the law.

Mr. Cosgrove: You are being political and wasting the time of the House.

Mr. Bosley: Some Liberals might pay attention to questions about the law. I know Liberals do not like the law. It interferes with their habits.

My question is this simple one: if a Cabinet Minister takes his children, or if the Leader of the Opposition takes his children—

Mr. Blais: His child.

Mr. Bosley: —to a movie on Saturday night and security is required, is it any less a personal use of the automobile? If it is no less a personal use of the automobile, will personages in that situation, whether they be the Leader of the Opposition, a Cabinet Minister, a Premier of a Province or the Prime Minister of Canada, be required to pay personal tax on the use of that car for that evening?

Mr. Fisher: Mr. Chairman, I will certainly investigate to determine the basis for this one standard concerning security personnel, and will try to answer the question for the Hon. Member. I do believe, as he said himself, that the issue is a bit distorted. I only ask him to remember that this is one of several guidelines in the Treasury Board bulletin to Ministers which indicates the difference between personal and public or business use of a vehicle. Bell Canada, Ontario Hydro, General Motors and all other large organizations have similar manuals for their employees. I am sure that there are also standards in those manuals which give rise to questions of equity like this one.

I would think that after some scrutiny, with the reasonable amount of experience we have had over the past 12 years, we will find that these guidelines are explainable and acceptable. We are dealing with a body of experience, and every large organization will try to give to its employees the benefit of such experience in the form of guidelines. The guidelines will then dictate the dividing line within that organization between personal and public use or personal and business use. I think it is reasonable to have guidelines. That is all we are reflecting upon here. If the Hon. Member wants a technical answer on the use of one guideline out of many to define the difference between public and private, then we will provide him with that explanation. That is a reasonable question and we will provide it to him.

Mr. Blais: I rise on a point of order, Mr. Chairman. The Hon. Member for Don Valley West, just before the Parliamentary Secretary commenced his reply, commented to the effect that Hon. Members on this side did not respect the law or found the law to be inconvenient. I am sure that, upon reflection, he will want to withdraw those remarks. Even though it is 4.15 p.m. on a Friday, it is surely not in keeping with the character of this House to trade personal abuse across the floor, especially the allegation of illegalities or illegal conduct. I take very strong personal exception to those comments. If the Hon. Member wants to stick around this particular institution for a long period of time, he will surely respect the institution and the Hon. Members within it.

Mr. Anguish: Mr. Chairman, I hope that you, the Minister and the Parliamentary Secretary will carefully listen to my remarks. Much time has been spent on interventions with regard to Clause 1. I know that the questions which have been raised are very pressing to a certain group of people. I think they have been more than adequately covered with regard to Clause 1. In my own situation, I suspect that less than 1 per cent of the people in my entire constituency would be affected by the Clause. The concerns of any who would be affected have already been covered in the interventions I have heard.

The questions which I pose to the Minister and the Parliamentary Secretary are connected to Clause 1 in that if the Bill does not soon pass, there will be many people who will be inconvenienced because income tax returns will have been filed and duly processed by the Revenue Canada taxation branch as best it can, but I understand it does not have the authority to issue cheques to these people. Some two million income tax forms have been processed by Revenue Canada and placed in the computer. Once Bill C-139 is passed, it will only be necessary to punch a button and the cheques will be issued through the computer system—

Mr. Blenkarn: Do it right now. It will do it.

Mr. Anguish: —to people who are eligible for income tax refunds. The people of Revenue Canada do not feel they have the authority to do that. They have done a very good job in processing the applications they have received. However, if there were some change to the parliamentary and democratic process of the House as a result of Bill C-139, it could cause some horrendous problems for them in terms of recalling payments or making adjustments to some of the cheques which had been sent out to people. That could cause very serious concern to the Department of National Revenue, unless it did not issue the cheques.

There are other Clauses which concern me more than Clause 1. My colleagues and I will be speaking to them as they

would affect our constituents. The Committee of the Whole in the House of Commons is a very good forum in which to discuss legislation, presenting both sides of the argument. Once both sides of an argument have been presented on a certain Clause, I wish that we would move on. I am concerned about those two million people who have had their income tax returns processed and are waiting to receive their cheques. There will be millions more by the end of this month.

Can the Parliamentary Secretary or the Minister tell us what will happen if, by some chance—

Mr. Blenkarn: The Bill doesn't pass.

Mr. Anguish: —it does not pass? At which point will those taxpayers receive the refunds for which they are eligible? Is it completely contingent on the passing of Bill C-139? Will refunds be made to some two million people whose forms have already been processed and many millions more whose forms will be coming within the next couple of weeks?

Mr. Cosgrove: Mr. Chairman, the Minister of Finance has indicated that he is desirous of having this income tax Bill passed by the House, first, because it includes provisions which were first made public in 1981 and, second, because it includes subsequent amendments to the 1981 Bill or new initiatives of the Minister of Finance in the budget of June, 1982, or some of the resulting amendments introduced in the statement of the new Minister of Finance on October 27, 1982. He has urged this on the House in recognition of the fact that any income tax bill will have mixed effects, that it will affect different people differently. I assume the majority of Canadians represented by the Hon. Member for the Battlefords-Meadow Lake who has just spoken would benefit by the advantageous Clauses of this Bill. For example, they would benefit by the increase in the Child Tax Credit of $50 per child; by the reduction of the general rate to those in lower income levels, and by the new introduction of the $200 spousal allowance which, generally speaking, is of benefit to those of lower income levels. All of these would be available to those people when the Bill is passed.

• (1620)

Quite frankly, that is my personal motivation in seeing the House conclude consideration of this Bill as quickly as it can. Without having done a scientific analysis, I am convinced that of the many thousands of unemployed people in this country, many are the very people who will receive tax refunds. They are people who have paid taxes earlier in the year, who have then become unemployed, who are looking for some cash to assist them in a difficult time and who will be assisted by their refunds. That is why I support the Minister of Finance in doing as we have always done, having this legislation concluded before he introduces the next budget. That is my major motivation in urging the consideration and conclusion of this Bill as quickly as possible.

Mr. Anguish: Mr. Chairman, I appreciate that and I would observe that if things continue as they have on Clause 1, it could be past the end of April by the time we have Bill C-139 passed. I find it very disheartening that this amount of time would be taken, that the Chair, or whoever is responsible, allows the continuous and sometimes irrelevant interventions by some Members of this House on points that have already been covered in many instances.

If in fact those Members wish to continue to do that, what are the options that are open to the Government to see that the constituents of Canada get their income tax returns much sooner than would normally be the case if this kind of activity continues through the other Clauses of Bill C-139?

Mr. Pinard: Mr. Chairman, since this is in relation to House business and the Hon. Member asked for an opinion regarding how it can be made possible for this Bill to be adopted as early as possible in order to allow the refunds to be made, there is one simple Standing Order, namely No. 81, which would allow the Hon. Member's Party to agree with the Government to allocating a reasonable length of time, but a fixed length of time, to complete the debate.

If his Party is speaking in good faith, and I never doubted it, all he has to do is to ask his House Leader to come to an agreement on a reasonable period of time to conclude debate on the Bill. If the Hon. Member reads Standing Order 81, he will see that that option is available to him even if, as he deplores it, another Party in the House seems to be dragging its feet and filibustering this Bill at this time.

Mr. Anguish: Mr. Chairman, following on that comment my question is that I would have trouble agreeing to that suggestion regarding the entire Bill because some sections could take up the whole amount of time that has been agreed to, and therefore some of the sections that we want to deal with would never in fact be dealt with in Committee of the Whole. My question would be, can this procedure that the Hon. Member has just outlined be used on a Clause by Clause basis?

Mr. Pinard: Sorry, Mr. Chairman, I missed the last part of the question.

Mr. Anguish: My question was, can this procedure that has been outlined be used on a Clause by Clause basis?

Mr. Pinard: No, Mr. Chairman, unfortunately it cannot be done on a Clause by Clause basis because Standing Order 81 deals with stages of a Bill and not Clauses of a Bill. Standing Order 37 would be available to limit debate on specific Clauses, but I do not think that this would be appropriate.

Mr. Blenkarn: Mr. Chairman, I just want to wrap up the debate on this particular amendment we have before the Committee. In my view the amendment has been explained pretty well. I just want to ask the Parliamentary Secretary one question. He will appreciate that in his example of the person who had a car which was rented for $300 a month and there was $100 in repairs, he came up with a 50 per cent tax cost and said that that would cost the employee $1,800 a year and that would be a pretty modest cost for a car. He will of course appreciate that this is a standby cost. It is not the employee's

car. It is a car that is owned by someone else for business purposes, because if the car was not a business car the company employing the employee could not deduct the car at all for business purposes. It has to be used in the business.

What we are talking about here, so the Parliamentary Secretary will understand, is that portion of the value in the vehicle and its repairs and so on that is attributable to the personal use of the car that can only be owned by the company if the car is a company car for business purposes, not for personal purposes.

I want to point out to him that if the employee has paid $7,200 for an automobile that he does not even own, it is probably not worth any more than a couple of thousand dollars at the end of a four-year period, that his own example has pointed out how horrendously unfair the 2 per cent standby charge is, and how horrendously unfair the percentage of maintenance cost is. If he would only look at it that way, let him take a look at the amendment we have proposed because our amendment is proposed on the basis of fairness.

I want to make it very clear that as far as we are concerned, employees should pay tax on the personal use of their cars owned by their employers, but that tax should be fair and should be fairly calculated. Two per cent is probably not bad, provided you calculate it on the value of the car. As the car gets older, the benefit gets smaller on the value of the car. That is probably fair that way. The Parliamentary Secretary will remember that we discussed this matter in the Standing Committee, and he will recall that the 2 per cent standby charge was before the Standing Committee, but the matter of charges for repairs or maintenance was not debated in the Standing Committee. He will know that it was only on the basis that the maintenance charges were not included and that the 2 per cent included the maintenance that the Standing Committee, of which he was a member, came to the conclusion that perhaps it was not all that bad. But you have added in the maintenance. So if you took the maintenance out, we could accept it the way it is. The problem is that the maintenance has been added in and the 2 per cent has been left in. In other words, the burden has been increased. That is what the objection to Clause 1 was all about in the first place.

Does the Parliamentary Secretary not realize that what we are looking for here is fairness? We are not trying to give anyone an advantage. We are trying to impress upon a Government, that will not think and will not move, what fairness is all about.

Before the Parliamentary Secretary gets up, he might also reflect on the fact that the Minister in his statement said that he saw $20 million in lost revenue because of this. He saw $80 million in lost revenue because of the annuity provision. He has lost all of the revenue there. He is not going to get any revenue, because of what he did yesterday. He got himself into employee benefits. He figured he would pick up some revenue because of employee benefits. I want to tell him that he probably lost revenue there with respect to professionals. What we want is an Income Tax Act that is fair, reasonable, honest and makes sense. The proposal here is to do that, to follow the concepts that we discussed in the Standing Committee so that we can get a Bill before and out of this House, one that makes sense. That is the reason for the amendment. I would like the Minister's comment on that at this point. Then let us put that amendment because we would like to put another amendment with respect to maintenance costs.

• (1630)

Mr. Fisher: Mr. Chairman, the Hon. Member should be reminded about a second question that arose in the Finance Committee, the question of complexity and the law. I would urge the Hon. Member to think about that principle before he begins to argue that the value of the car be a declining amount. Can he imagine the calculation that would be involved in such a process for an operation like Bell Canada? There would be an enormous amount of calculating that would have to go on long before the reporting of the individual could be made. I urge him to look at that.

Second, our officials tell me that reimbursable operating costs are already in the law and that the current section clarifies it because we have had some serious problems with reporting.

Third, I would suggest that he is probably right about my comments on repairs and $100 a month. I suspect that is overstated. I did it to round the figures out to a nice, even $3,600 a year. It looked like an easy calculation for me, but I think that is overstated. That is not what people will be smacked with in the early days of a car's operation. It may work out that, later on, the amount that is assigned would go up somewhat higher, but in the beginning of a car's life, I doubt that that would be the case. I also wonder whether an employer would keep a car around that would have heavy repair costs later in its life.

Finally, I would point out that the big question here is the question of whether it is fair or not fair to ask people to pay for personal use in after-tax dollars, and do we have an accurate amount. I would say yes in both cases. I would say that the amount here generally reflects the value of the car and reflects the replacement value of the car for the individual if he were to buy it personally. I think that is fair.

Mr. Blenkarn: Mr. Chairman, the Parliamentary Secretary raised the question of complexity. He will of course know that Form TD-5 must be taken by an employee to an employer and completed by the employer. It sets out the year and model of the car, the period available, the day and month, the number of 30-day periods available and calculated to the kilometres driven in that period. He will know that is one of the forms that is presently around under this statute as it is now. He will know the very complicated nature of the calculations set out on the reverse side of that form. He will know that these complications are there because of the way this statute is now worded. To say that you only charge it on the depreciated value of the vehicle and say that that adds complication is absolute, complete and total drivel, and he knows that.

We have made a suggestion to him to try to achieve some fairness. We have tried to come along with the position which was similar to the position taken by the Standing Committee with respect to automobiles. We said that if he wants to treat 2 per cent or two-thirds of the lease and get rid of all the maintenance and repair nonsense that is there, we could perhaps go along with that Clause completely. Otherwise, if they want to vote down this amendment, we have a further amendment with respect to maintenance and repair costs.

The Deputy Chairman: Is the Committee ready for the question?

Some Hon. Members: Question.

The Deputy Chairman: Those in favour will please say yea.

Some Hon. Members: Yea.

The Deputy Chairman: Those opposed will please say nay.

Some Hon. Members: Nay.

The Deputy Chairman: In my opinion the nays have it.

Some Hon. Members: On division.

The Deputy Chairman: Accordingly the motion is negatived.

Motion (Mr. Blenkarn) negatived.

Mr. Blenkarn: Mr. Chairman, with respect to Subclause 1(4) of the Bill, the effect is that the employee is required to pay tax on the maintenance cost of the vehicle. That maintenance cost, by all possible definitions, includes insurance that the employer would have to pay anyway. You cannot own a company car and not have it insured. The employee has to pay his share of the insurance just because he uses it personally.

The same applies to licences. If a company is going to own a car, it has to licence it. It could not be used for company business unless it was licensed. Therefore, there is no reason why an employee, directed by his employer to drive a company car, should have to pay a portion of the licence cost as a personal use item.

Indeed, there is no reason why the maintenance of the car in terms of grease, oil, tires and paint should be paid by the employee at all. After all, it is not his car. He cannot be given the car that he has used principally for enjoyment and only secondarily for business. It has to be a business car in order to be deductible. Therefore, what we are talking about is a business car.

The question really is whether it is fair that he should pay tax because the company decided to insure the car for $1 million or $2 million. Is it fair that he should pay insurance on the basis that it was a business car and therefore subject to all sorts of additional insurance costs? He has to bear that in his personal tax because he may use it on the weekend part-time. Is it fair? I say it is not fair. If we are going to charge maintenance, we should do this. Therefore I move:

That Subclause 1(4) of Bill C-139, an Act to amend the statute law relating to income tax (No. 2) be amended by adding the following, immediately after line 24 on page 4;

"(2.2) For the purposes of subparagraph 6(1)(e)(iii) a benefit relating to the operation of an automobile shall only be the cost of motor fuel paid for by the employer but utilized by the employee in personal use of the automobile"

Mr. Cosgrove: Mr. Chairman, we have considered the philosophy behind the amendment placed by the Hon. Member for Mississauga South. There is nothing new or dramatically different in the position that he has put from the position that has been argued in many interventions on behalf of Members opposite. We believe that the grease, oil, wheels, etc., are part of the vehicle. There is an equitable formula in place in the legislation before us which prorates those expenditures, that is the insurance and licence expenditures, etc. and charges only the portion attributable to the time in which the vehicle is used for personal use. That is eminently fair. The Government has considered this. We believe that the provision is equitable. The provision in the Hon. Member's motion is inequitable, costly and produces complications. It has further complicated the Act. Therefore, we cannot support it and we are prepared to vote on the matter now.

• (1640)

Mr. Hawkes: I guess the most onerous part of this Bill to the Opposition is the Government's method of defining expenses. Will the Minister indicate to us the difference, for instance, in the insurance costs of a taxicab versus a car which is used by a salesman?

Mr. Cosgrove: Mr. Chairman, the officials advised that the Section is one which has been administered by Revenue Canada since the introduction of the charge in 1971 and, again, I do not think it is very fruitful talking about an area which has been in force for these number of years and has been the practice of the Department. That, as the Hon. Member for The Battlefords-Meadow Lake has indicated, is really an area not germane to the Bill which is before us. I am most reluctant that we would even employ a further 20 minutes going into administrative practices which have been the policy of the Government and in place since 1971.

Mr. Hawkes: Is the Minister indicating to the House that operating costs have been part of this Bill since 1971?

Mr. Cosgrove: What I am saying is that that has been a basic part of the interpretation of the existing law since it was introduced in 1971.

Mr. Hawkes: The Minister is saying that people who have used company cars partly for their business and partly for their personal use since 1971, have had to pick up a portion of the insurance costs?

Mr. Cosgrove: I refer the Hon. Member, Mr. Chairman, to Subsection 6(1).

Mr. Hawkes: Can the Minister give me an example of anywhere else in the Income Tax Act where an individual's tax liability goes up as their expenses go up?

Mr. Cosgrove: Hotels. Mr. Chairman, again, I would rather restrict our efforts to the legislation which is before the House.

Mr. Hawkes: Mr. Chairman, we are trying to look to the Act for some equity and fairness. I would like a ruling from you as to whether or not this question is germane to the Bill. Is there anywhere else in the tax Act where as your expenses go up, your tax liability goes up?

Mr. Cosgrove: Mr. Chairman, I really cannot adopt the practice of the Opposition of taking the time of the House on matters which are not before it. I really do not want to do that.

Mr. Hawkes: Is the tax Act before the House, does Clause 1, contain in it the principle that as your expenses go up, your tax liability goes up? That is a basic principle of Clause 1 which is before us. I am simply asking if this is the only place in the tax Act where we have that principle? To put the question differently: is this the only place in the tax Act where we have the principle that as your expenses go up, your tax liability goes up?

Mr. Cosgrove: I refer the Hon. Member to Subsection 6(1) Mr. Chairman.

Mr. Hawkes: What is the impact of Subsection 6(1)?

Mr. Cosgrove: I would have to repeat my answer, Mr. Chairman.

Mr. Hawkes: Can the Minister indicate to us the intent of this amendment? Why do we have an amendment which mentions operating costs? What are we changing in the law?

Mr. Cosgrove: Nothing, Mr. Chairman.

Mr. Hawkes: Why do we have, then, an amendment mentioning operating costs if we are not changing anything in the law?

Mr. Cosgrove: For greater clarification, Mr. Chairman.

Mr. Hawkes: Can the Minister give us the thrust of the greater clarification?

Mr. Cosgrove: I refer the Hon. Member, Mr. Chairman, to the explanatory notes to a Bill amending the Income Tax Act issued by the present Minister of Finance in December, 1982. If he has not had the time to look at it since the month of December, 1982, I find it tragic that he is taking the time of Parliament on that matter now when there are people looking for refunds.

An Hon. Member: Hear, hear!

Mr. Hawkes: Mr. Chairman, the Hon. Minister, who is so busy pounding the table, took objection to the comments of the Hon. Member for Don Valley West when he indicated that sometimes the law interferes with habit. Could the Minister indicate to us whether or not the law requires the Government to give refunds?

Mr. Cosgrove: That would be a repetition of what has been said three times in that debate, Mr. Chairman, and I am very reluctant to go around that wheel the fourth time.

Mr. Hawkes: Mr. Chairman, the Minister just indicated to the House that the law did not require them to give refunds. My understanding of the law is that it does. Is my understanding correct or is the Minister's understanding correct?

Mr. Cosgrove: I really would not want to comment in public on the Hon. Member's understanding or lack thereof.

Mr. Hawkes: Can I put the question simply to the Minister again? Does the present tax law of Canada require the Government to give refunds, yes or no?

Mr. Cosgrove: We are ready for the question, Mr. Chairman.

Mr. Hawkes: I will repeat the question, Mr. Chairman. Does the present law of Canada require the Government to give refunds, yes or no?

The Deputy Chairman: I believe the Chair should intervene at some stage to indicate to Hon. Members—I would have to look seriously at the precedents and authorities on the subject, but it is my impression that after a question has been repeated three or four times and an identical answer has been given, it would seem to be a matter of order in the House that the Chair might have to intervene to prevent nothing more than a recording of the same question and the same answer persistently. I do not have at my fingertips a reference to a Standing Order or to a Citation of Beauchesne to back that up, but I am sure the Hon. Members would understand that it would be disreputable for the House to be seen to be repeating in identical phrases the same question and the same answer for hours on end. I would ask both the Hon. Member and the Minister to take that into consideration.

Mr. Blenkarn: On that point of order, Mr. Chairman, I have a difficult time in following this question and answer with the Minister. I was wondering if the Minister really would explain the Clause which is set out in the Act. The Clause which we would like him to explain on page 2 of the Act, Subclause (iii). That is what is being amended by the amendment before the House. It has solid lines on it, so it is new in the Act. I believe it is imperative and fair to us and to the House that the Minister give us that explanation. I believe that is what the Hon. Member for Calgary West is asking. Rather than taking some sort of high-handed attitude toward it, I really do think that the Minister has an obligation to explain the statute.

Mr. Cosgrove: Mr. Chairman, against my better judgment I will refer the Hon. Member again to the explanatory notes to a Bill amending the Income Tax Act, a document issued by the Minister of Finance, in December, 1982, which presumably has been in the hands of the Hon. Member for Mississauga South since December, 1982. Possibly he missed the first Clause in the document headed, "Inclusions in Income From

Employment", Clause 1(1), Income Tax Act, Section 6(1)(a)(iii).

Mr. Hawkes: Mr. Chairman, the Minister may remember that there was a Summit meeting held in Ottawa not too long ago, and in anticipation of that, the Government of Canada designed cars to have special features, including some bullet-proofing. At the conclusion of the Summit those cars were shipped to various embassies abroad where it is felt that the Canadian diplomats are at some risk because of the nature of those countries. It is obvious, I think, that the value of those cars is considerable. If an ordinary car in this country costs between $10,000 and $15,000, I think the value of these specially equipped cars would certainly be in excess of something of the order of $50,000. It is also, I think, a fact in Canadian tax law that Canadian diplomats, wherever they are in the world, are deemed resident in Canada. Can the Minister enlighten us on the repercussions on the standby charge on Canadian diplomats serving abroad where they have to use these specially equipped automobiles?

• (1650)

Mr. Cosgrove: Mr. Chairman, I can appreciate that diplomats serving Canada abroad in a very difficult world climate right now are probably, in most cases, offering service beyond the call of duty, something that should be encouraged as an example to most Canadians. We have had a number of recent examples of leadership by our diplomatic personnel abroad. However, I must admit that my major concern with this legislation before us is the internal impact, the effect it has, on ordinary Canadians, but probably more so the effect on lower income Canadians. I think I would be doing a disservice to those people who are looking, for example, for an income tax refund when this Bill is concluded, to really go down the esoteric route of the Hon. Member as he hast just invited me to do. In good conscience I could not waste the time of the House doing that.

Mr. Blais: I have a point of order, Mr. Chairman. I have been sitting here all day listening to the questions raised by Members opposite. I also listened to a very good intervention by the Hon. Member for The Battlefords-Meadow Lake. I think Members of the Official Opposition are really disrupting the proceedings of this House. Indeed, Mr. Chairman, their whole attitude has been to engage not in a filibuster but simply in advancing spurious amendments. As a matter of interest, the Hon. Member for Mississauga South introduced an amendment this afternoon knowing full well that he did not have the Members to give it a proper showing. He accepted defeat on division knowing that he did not have the troops in order to have that particular motion introduced.

The point, Mr. Chairman, is that people are waiting for refunds, and all Members of the House are getting telephone calls in their constituency offices on a regular basis concerning this, but the returns cannot be processed until this Bill is passed. Now, the Tory Opposition, for their own partisan purposes—

The Deputy Chairman: Order, please. I have to ask the Hon. Minister to come to the point of order.

Mr. Blais: I think the point is made.

The Deputy Chairman: The Hon. Member for Mississauga South rises on a point of order?

Mr. Blenkarn: My point of order is, Mr. Chairman, that I was hoping we would clear up this section this afternoon. We have had suggestions that somewhere along the line we got off the topic on to whether the Government is required to pay rebates. When you come to the question of rebates, that is not the Clause we are dealing with. The question of rebates in income tax is dealt with in Section 152(1) of the Income Tax Act. The Minister will know that that Section says that the Minister shall, with due dispatch, examine a taxpayer's return and assess his tax.

The Deputy Chairman: Order, please. Would the Hon. Member come to his point of order?

Mr. Blenkarn: That is my point of order.

Mr. Hawkes: Mr. Chairman, I guess this afternoon is turning into an incredible experience. I was a new Member of this House in May of 1979, and Parliament met that fall. I guess when you are a newcomer you remember the initial legislation with which you were faced better than you may remember subsequent pieces, because they go by very rapidly sometimes. One of the first pieces of legislation the Clark Government had to bring before the House was the budget brought down in the fall of 1977 by the then Minister of Finance. If you follow the Minister's logic, you would have to conclude that there were no refund cheques sent out on the basis of the 1977 or 1978 tax years. We all know that is simply not true. The Clark Government was the Government which obeyed the law of Canada, and the law of Canada requires income tax refunds to be sent. There is a law, and if one is a Cabinet Minister and respects the law, one sends out refund cheques. If one chooses not to respect the law, there are many ways in which Parliament or Members of the Opposition can force Government Ministers to respect the law. We can implore them to do it. We can suggest they do it, but there is something particularly dishonourable and discredible when you have Ministers of the Crown standing in the House and telling Canadians that a law exists when in fact it does not exist.

I challenge the Cabinet Minister who spoke on the point of order or the Cabinet Minister responsible for this Bill to stand up in this House and tell us where in the law of Canada the Government is required not to send out refund cheques. Tell us. If they want to say the law says they cannot send them out, let them quote us the law, give us the paragraph. I challenge the Minister to do that.

Mr. Cosgrove: Question, Mr. Chairman. We would like the question.

The Deputy Chairman: Is the House ready for the question? It is not. The Hon. Member for Calgary West.

Mr. Hawkes: Mr. Chairman, I guess I can take that as affirmation, that there is no law which currently exists and says to the Minister, the Government or Revenue Canada, that they cannot send out refund cheques. If no such law exists, then where in our system can they be held accountable when they stand in the House and tell us that they cannot do something because of the law? Surely, Mr. Speaker, if they have full knowledge that there is no such law and continue to assert in the House that there is such a law but do not provide proof, then we get very close to the necessity of the Opposition standing up and using unparliamentary words. It gets to be deliberate and we begin to wonder whether Canadians are being misled or just the House. If they continue to move in that direction, then I do not think we have much choice but to do that.

Can I repeat a question I asked earlier?

Mr. Anguish: No.

Mr. Blais: Mr. Chairman, there was a question asked concerning legality relating to refunds. The question has been canvassed and recanvassed. The fact is that for the assessments to be completed this law has to be passed. You cannot send a refund unless you have assessed the returns. The returns cannot be assessed until the law has been passed. You cannot assess a return in expectation of a law being passed.

Mr. Blenkarn: You have been assessing taxes that way.

Mr. Blais: You would have to go back to the existing law and provide a refund under the old law. That is clear, and the hon. gentleman knows that. All this pussyfooting around is indicating that they are not serious. They do not want to pass this Bill. What they want to do is to go through with their leadership campaign, and they do not care who suffers as a result.

The Deputy Chairman: Order, please.

Mr. Blais: They want to interfere with the process of this House.

The Deputy Chairman: Order, please. It being five o'clock, I will interrupt the proceedings.

Progress reported.

The Acting Speaker (Mr. Blaker): It being five o'clock p.m., this House stands adjourned until Monday next at eleven o'clock a.m. pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, March 14, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed from Friday, March 4, 1983, consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs; and the amendment of Mr. Skelly (p. 22957).

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, this morning I rise in what seems to be the usual Monday morning situation for this chamber, that of having closure imposed later on today. In this instance, closure is on a measure authorizing the Government to borrow some additional $19 billion. Our concern throughout the debate up to this point has been, in essence, the question of what the Government will do with the funds, specifically how and where they will employ them. From our point of view, where will the Government employ these funds to create jobs? Jobs are the single most important item facing the economy and our nation.

What will the Government do with this borrowing authority it is seeking? We know with some degree of certainty that with closure being imposed later on today we will probably never know where these funds will be used until we see the programs later on this year or next year. It is clear to many of us, not only on this side of the chamber but throughout this country, that whatever the Government does with this money, if in fact it does intend to use substantial portions to provide or to stimulate employment, it had better be used at least for mid-term employment, if not, for long-term employment.

Many people in Canada are very concerned with the amount of money this Government has poured into winter make-work projects. These projects are of short-term duration and do little, if anything, to enhance permanent jobs for Canadians. That is our basic concern.

For Members such as myself I might be a little more willing to grant with an open mind the funds being sought by this Government if the funds were to be used in a way that left a legacy, be that legacy permanent job creation or the protection of our shipyards. Thousands are laid off in that industry. Many thousands are still working in our shipyards but their future is bleak. If the Government were to direct some of that funding into that hard pressed industry, not only would it save the remaining jobs, but it would put many thousands now unemployed back to work.

• (1110)

The Government can restore these jobs by accelerating the Department of National Defence naval fleet replacement program, providing funds for the Canadian Coast Guard which requires fleet replacement as well as for the Department of Fisheries and Oceans, which also requires fleet replacement. Government accounts alone could restore 25 per cent to 30 per cent of the jobs that have been lost in the last two to three years in our Canadian shipyards. If the Government were to opt for that course, many of us on this side would perhaps be more willing to listen.

If it would use some of the funds to rid the transportation industry of the iniquitous fuel compensation charge, such as now applied to the marine and air industry, we might look upon this Bill more favourably. We read again in the press over the weekend about the dissatisfaction of the national air carriers with the Government's intention in the income tax Bill to press on through the back door with the collection of that tax. Hon. Members are aware of the marine industry's opinion of that tax. While this tax does not apply to road transportation, it is applied to shipping.

The Hon. C. D. Howe said in this Chamber: "What's a million?". We are talking about $1.5 million, but it may be just enough money to keep 2,000 to 3,000 Canadian seamen, marine engineers, mates and captains on the shore this shipping season. If some of the funds were directed toward the elimination of those two fuel taxes, then we might be more willing to grant the borrowing authority that the Government is seeking.

Another worth-while project for which these funds could be used is to provide the much-needed bridge pier fendering protection system for the seven bridges in this country that span navigable waters and are listed by the Government itself as posing a hazard to shipping and to the lives of those who use those bridges. I wonder if any of the funds will go into that project.

I doubt that anything will go into the expansion of the Canadian Armed Forces. We have heard much about bringing some of our young people into the Canadian Armed Forces for basic trade training purposes. That may go a long way, on a voluntary basis, and be very useful, but I doubt we will hear

anything about that here today. It is, however, another project of which we might approve.

What about search and rescue in Canada? Over the last ten years, very few topics have been as consistently brought before the House as that of search and rescue capacity and capability in Canada. The provision of some funds for the upgrading of this area would provide extra permanent jobs and expenditure in that area might encourage us to look somewhat more favourably on the Government's request for this money.

There are many other areas to be dealt with. We have only to cast our minds back to the disparaging and somewhat infuriating debate that has been perpetrated by the Minister of Energy, Mines and Resources (Mr. Chrétien) with respect to offshore oil drilling rigs. For those men to be left out there for three weeks when there was, in fact, a danger to them is unacceptable to Canadians. There is no search and rescue capability present to take those men off those rigs in the event of danger. It is only in the last two or three days that we have seen the Minister of Energy, Mines and Resources, reluctantly or otherwise, order Mobil and others to bring their rigs ashore. That was an unacceptable situation. Indeed, it is the responsibility of the Minister of Transport (Mr. Pepin) to make that type of decision, not the Minister of Energy, Mines and Resources. The Minister of Energy, Mines and Resources, theoretically, knows absolutely nothing about wheather conditions, ship safety or ice movement. Where does he obtain his information? If we had better search and rescue facilities and better reporting capability, and if some of the $19 billion was to be used to provide that, thousands of Canadians would feel much better. However, we do not have that indication.

• (1115)

In looking to the future, unemployed Canadians do not yet have a hope of returning to permanment jobs in their trades. All they can look forward to is make-work programs, such as cutting out a hiking trail or painting the wicket fence around the ballpark or building another softball diamond. There is no money in the community, mind you, to sustain those facilities once they are built. If that is all they have to look forward to, and I am certain that to a large measure that is all they have to look forward to, then where can their hope be? Where is the hope for them? We hear grand talk about these people coming back into the labour force. They will come back into the labour force when the Government starts to spend the money available to it in the sustainment of the very few jobs which continue to exist in the traditional areas of commerce, industry and natural resources. They will not come back into industry for minimum wage, part-time work.

These are our concerns. Will some of the money go into industrial Cape Breton, where perhaps $1 billion is needed, or will there be just little piddling amounts for Mr. Gillespie and others of his ilk? We in Atlantic Canada need an ice-breaking capability for shallow draught harbours. We need it for safety and for the convenience of our fishermen. Is there any indication that it will be provided? Not a bit.

We regret that the Government has not taken the time to tell us, with some specific idea in mind, just how it will spend the money. As a result, it is our intention to vote against this measure later on this afternoon.

Mr. Mark Rose (Mission-Port Moody): Mr. Speaker, I understand that at this stage we have only ten minutes in which to speak on the amendment to Bill C-143. I think the Minister of Finance (Mr. Lalonde) should be congratulated. He has established a new record. Never before in the history of this country has anyone ever requested interim borrowing authority of $14 billion. It takes a lot of cheek to do that, especially when we do not even know what the money is for. That is what everyone on this side has been complaining about. We know we are in trouble, we know that revenues are down, and we know that the big tax grab on the petroleum industry has not paid off because people cannot afford gasoline to run their cars since they are not working. Due to the combination of the oil glut and the price drop, the Government is not deriving the revenue which it needs, and no one will deny that.

The point is that the Government is asking Parliament to agree to signing some kind of a blank cheque, and we on this side do not accept that. We do not know what the money is to be used for. I think there are very worthy purposes to which money could be allocated. However, the problem is that we have seen money being squandered for years. When I first came to this place, the budget was about $12 billion in total and was considered large then. Look at it now. The budget has increased tremendously over the years. So the Minister of Finance has established a record. It seems to me that we should not quickly accept that sort of thing. When it comes time to vote later today, I will be voting against this Bill.

There are all kinds of examples of squandering of money. The Government has squandered money on the PIP grants, with 93-cent dollars. We hear about the ocean oil rigs, ice-breakers and all the rest; they are owned by private companies but financed with public dollars. We think that is a bad way to spend money. At the same time the Government is cutting back on the CHIP Program, the insulation program which would help people; it is squandering more and more money in furtherance of the mythical concept of petroleum self-sufficiency. It seems to me that self-sufficiency could be gained a lot more rapidly through a substitution program rather than poking more holes in the Beaufort Sea. We on this side are not happy with situations in which we have squandered piles of money.

• (1120)

For the next fiscal year we are going to spend $364 million on the nuclear program. Since 1974 we have been spending between $300 million and $600 million a year on the nuclear program. We do not feel that that was sensible in light of the fact that we have not sold one of those monsters since 1978. We did try to give them away to Mexico, to Korea and to Romania, for example. I think the Koreans were the only ones who got one. The grand total of what we have pumped into the nuclear program is $6 billion since its inception. In the riding

of the Secretary of State for External Affairs (Mr. MacEachen), just keeping open two heavy water plants costs about $125 million a year. There is no doubt that we need employment programs in Cape Breton. If some of this money was for reasonable kinds of employment programs in Cape Breton, or any other riding, including my own, I think we could support it, but that is not what is happening.

We do not know what is going to happen with $14 billion we have no idea. We know that we would not need massive borrowing if we had an equitable tax system. Along with this monstrous borrowing authority Bill we are debating an income tax Bill that is as fat as a phone book, and we are being threatened that unless we pass that income tax Bill immediately, people will not get their refunds and will have to turn to the tax discounters.

We have a tax system that unfairly loads the bulk of the payments on the poor. This new tax Bill is going to put taxes up 27 per cent for a family of four, $125 a month. Taxes on MPs' salaries are going to be increased by 13 per cent. But for people like Ian Sinclair or Samuel Bronfman earning over $500,000 a year, taxes will drop by 17 per cent. Is that fair? If we were collecting taxes as we should in an equitable way, I do not think it would be necessary to borrow as much.

We are following the example of the United States. People with incomes under $10,000 a year in the United States pay 36 per cent of the total taxes. That is terrible. People under the poverty line pay the bulk of the taxes in the United States. I thought taxation should have been based on the ability to pay. Obviously it is not in the United States, nor is it in Canada. This new tax Bill makes the situation in Canada more inequitable, and this is not acceptable.

If we had a stimulative kind of budget, if this Bill had come forward in a package with a budget, then we could have examined it, we would know what we were getting and what we are going to spend our money on. I think it is very important to look at how we are spending our money. I would like to quote from the lead editorial of the *Toronto Star* of March 4, 1983. *The Toronto Star* is hardly a socialist rag. It might have some political leaning but I do not think it is to the NDP, or to the Conservatives either. The Conservatives have *The Globe and Mail*. I do not know what paper supports our Party unless it is the Toronto *Sun*.

Mr. Fisher: That is it, and Peter Pocklington; they are yours.

Mr. Rose: They can have Peter. I have a whole list of Tories. We have red Tories and blue Tories and retaliatories, territories like Brian Peckford, and dormitories, some of those who sleep in the House. I have a whole list of them.

In this lead editorial the Toronto *Star* is quoting a study of a Winnipeg economics professor, Ruben Bellan. I do not know Mr. Bellan's political coloration; maybe he does not have any. Academics are seldom biased or prejudiced in any way. For the fifteenth time it has just been announced that there is going to be a new CBC building in Toronto. I wonder if there is going to be an election, because before every election the Minister announces a new CBC building for Toronto. When I heard the announcement last week, I thought my gosh, we are going to have an election soon. I do not think it is a very good time for the Liberals to have an election. It would be very dangerous.

• (1125)

Mr. Cosgrove: It would be bad for the NDP.

Some Hon. Members: Hear, hear!

Mr. Rose: It would be difficult for all of us. However, they thought Mitterrand was dead too, but he was revived.

An Hon. Member: What about Australia?

Mr. Rose: Yes, don't forget Hawkes—not Jim, but Prime Minister Hawkes of Australia.

Getting back to the point I was attempting to make before I was heckled and rudely interrupted by catcalls, mainly from my friends, I would like to make this point. The study of Professor Bellan indicates that if the City of Winnipeg, or any other city which has all the facilities to put people to work, was given $1 million for public works, immediately the Government would get back $140,000 in revenue from taxes on materials used, etc., and save $380,000 on Unemployment Insurance and welfare. Therefore, of the $1 million, the net spending would be half a million. At $25,000 a job, $1 million would create 40 jobs. A billion dollars would create 40,000 jobs. If you take this borrowing authority of $19 billion, in fact take it up to $20 billion across Canada, 20 times 40,000 would be 800,000 at $25,000 per job. The borrowing authority of $14 billion and $5 billion could be used to create almost a million jobs in Canada.

If we knew that we were borrowing the money for those 20 communities across Canada, I would be happy because the choice is between spending money on welfare and Unemployment Insurance and public works. It is eminently sensible to do this when municipalities are all set up to do that kind of work. The unemployed are all ready to go. Parks, sewers, sidewalks and roads could be built immediately. If you pump that kind of dough into that rather than pumping it into losers like Candu reactors, we would have a much better chance of coming out of this recession.

People are scared. They are not buying. That is what is wrong. There is all kinds of money in the banks, but there is no confidence. If there were this opportunity of that kind of spin-off for jobs, my Party would support this Bill; but we will not support a blank cheque.

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, it is a pleasure to follow my friend from Mission-Port Moody (Mr. Rose) on this Bill. I especially appreciate the flattery he showed the Tory Party by spending so much time discussing us and the various kinds of Tories there are. I know the people in British Columbia are aware that he also is a Tory, but he is a "transitory" and will not be around after the next election!

It is with some difficulty that I speak on this Bill because it is easy for us to be against borrowing. I think everybody in Canada is opposed to borrowing of any kind, even though at times it is necessary to do so. We recognize that we are in extreme economic difficulties, so there is a call to do some borrowing.

One of the things that is in the Government's favour at this point is that the numbers we are talking about are so astronomical that the public has lost all sense of context of the situation we are in. To speak of borrowing $19 billion is a context which is foreign to any of us, so what we are really dealing wth escapes us.

There are some very indigenous problems with this Bill. The first is that the Government wants to borrow more than it really needs at the present time. That, I believe, is wrong in principle. I believe it is wrong for us to do it at home. It is wrong for business to do it. Most businesses understand that when times are tough, you have to hunker down, and you cut back on all of the overhead you can. One of the greatest places for overhead to exist is in interest payments, so to borrow more than you really need in a business seems to me to be counter-productive. Yet the Government is setting this example to business &rf655;-1 across Canada, saying: "We need $5 billion but we want permission to borrow $19 billion, $14 billion more than we need". That, Mr. Speaker, is wrong in principle.

• (1130)

I believe it is also wrong politically. Convention and the law of the land require the Government to come back to Parliament for authorization every time it wants to borrow money. The Government really wants to play fast and loose with the whole process. Since the Government would need to borrow money again a few months down the road, it would like to avoid that kind of exposure in the public forum, the confrontation and the publicity of that extra borrowing. It wants to skirt around the parliamentary process by borrowing a lump sum now far in excess of what it really needs, and that, I believe, is wrong politically and wrong in term of the whole parliamentary process.

Second, this borrowing authority flies in the face of any kind of known or demonstrated ability on the part of the Government to forecast its own expenditures. My colleague, the Member for Mission-Port Moody has already indicated that the Government wants to be able to borrow this money without telling us exactly how it is going to spend it, and that is wrong. But it has not been able to forecast its own expenditures either, or its own indebtedness.

I believe all Hon. Members here realize—and the public has caught on to the fact—that in the last four presentations of either economic statements or disclosures, the size of the public debt has already doubled. The expected public debt has doubled and is now around $27.2 billion, whereas earlier it was supposed to be no more than $10 billion or 12 billion. If the Government has no more administrative ability than that, it seems to me we are compounding the problem by giving the Government authority to borrow $14 billion more than it needs at the present time. If it is going to borrow money, that money has to be accounted for.

The third reason that this Bill is wrong, Mr. Speaker, is the reason I have already alluded to, and that is that the Government is introducing this Bill without disclosing how it wishes to spend the money. In the Blue Book Estimates we have seen some indications of what the Government's plans are, and it is startling to see what the Government is beginning to do.

I would like to dovetail this with my next point, which is that the Government is introducing a double standard regarding what it requires of the country and what it wants to demonstrate for itself. The Government says the country ought to be guided by the six-and-five principle, but when it comes to itself, that principle should not apply.

I would like to put on record exactly what the Government is doing in terms of its own Departments. When it comes to managerial expansion, the management boom, take note of the percentage increase over the previous year for management levels, that is the number of management personnel and the increase in salaries. In the Depatment of National Revenue the percentage increase in management costs is 209 per cent for 1983-84, whereas in 1982-83 it was only 5 per cent. In the Department of Communications the percentage increase is 157 per cent, whereas in the previous year there was a drop of 6 per cent. In Supply and Services the percentage increase is 134 per cent and in the previous year it was 20 per cent. In Transport the percentage increase is 127 per cent, whereas last year it was 1 per cent. In CEIC the percentage was 124 per cent, whereas last year it was 1 per cent. In Public Works the percentage increase is 102 per cent and last year it was 5 per cent.

Just to illustrate more specifically, Mr. Speaker, in the Solicitor General's Department the Regional Directors for the Correctional Services have historically been called just that, "Regional Directors", and they were in charge of the regional offices. Just before the six and five program was introduced, all of a sudden they were no longer "Regional Directors". Now they are Deputy Commissioners. That change of title, Mr. Speaker, means a new salary scale. So whereas the country is asked to stay with six and five, the upper levels of the bureaucracy find all kinds of ways of getting around it so they can get the kind of increases they want.

As the Hon. Member for Mission-Port Moody indicated, at the lower levels they have to hunker down, but at the upper levels the spending carries on. These are conditions, Mr. Speaker, which the Government would condemn in private industry. When a client who is strapped for money and needs some operating cash, comes to the Government's own bank, the Federal Business Development Bank, that bank has the client come back and back and back again to give it further documentation on how the money is planned to be spent, for further justification for the need to borrow that money. The poor client who is strapped for cash and wondering how he is going to exist has to set another appointment to justify to the bank why he needs the money. The adage holds true: if you can prove you do not need the money, you can get it.

The Government has not proven that it is going to spend the money wisely, yet it is coming to us, Mr. Speaker, for authority to borrow $19 billion. It seems to me, if we have a situation where 25 per cent to 28 per cent of all Government revenues are being spent to pay the interest on its indebtedness, we have bad Government and we have had management. Therefore, I cannot see how the Government can justify borrowing $14 billion more, which is over $1 billion a month more than it really has need for at this present time. I come back to the point I raised several times in the House, and that is when the Government floated a bond to the Canadian public just over a year ago, it paid excessive interest rates. Six months later it was proved that it was paying far too much. The Government itself paid over $2 billion more in interest charges than it needed to. In the process, it deprived private enterprise of doing the job it wanted to do in order to get the kind of cash it needed to do its job.

Mr. Deputy Speaker: I am sorry to interrupt the Hon. Member but his time has expired.

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I would like to continue on with the point which was raised by my colleague, the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen). I believe he gave a very good example to point out why we are opposed to this kind of legislation. The Government is essentially asking to borrow $19 billion with two very simple pieces of paper. It is not giving us any idea how it intends to spend that money, and we are concerned. We are concerned for precisely the reason stated by my colleague in his concluding remarks.

The Government set interest rates for the Canadian Savings Bond issue at over 19 per cent in the fall of 1981. Subsequently, it was shown that that interest rate was way, way too high. It has been estimated it cost the Government somewhere in the neighbourhood of $2 billion, and that is only part of it. The other part of it is that it forced the whole interest rate structure to go higher than it should have. We in the Opposition are not irresponsible. We realize that the Government has to borrow money because it has to meet its commitments. But we believe that in a parliamentary system, if there is to be any proper accountability, the Government should come before us with a budget so we can have both sides of the story. We realize that the Government has to borrow money, there is no question about that, but at the same time we believe there should be a budget so we can see how it intends to spend that money.

• (1140)

When Governments become as large as they are, and if we essentially combine the spending of different levels of Government, whether it be federal, provincial, municipal or civic, and take it as a percentage of the total disposable income of Canadians, we find that very close to 50 per cent of all money earned by average Canadians is taken away in the form of taxation and is spent by one level of Government or another. That is a tremendous amount of money. When we agree to essentially a form of taxation—and this Bill is a taxation Bill as much as it is a borrowing Bill because the Government will have to tax to come up with the money to repay this loan—at least we should have some say in, or some indication of, what the Government intends to do with the money.

To put the matter in perspective, every time the Government talks about $1 billion, it is talking about roughly $40 per capita. If we take $19 billion, do the arithmetic and relate it to a family of four in the country, it means that this Bill will account for something like $3,000 in borrowing for each family of four. This is a tremendous amount of money.

As I said, we are not opposed to this Bill because we are irresponsible; we are opposed because we are responsible. It would be a much happier day if we could stand in the House and pass a Bill authorizing the Government to borrow $1 billion or $2 billion, which would indicate that it is running its financial affairs properly. It would be no problem. It would be a much happier day for all of us in Opposition if we could say something kind about how the Government is managing its affairs.

As I said, $19 billion amounts to over $3,000 for the average family of four, and we are given no indication of what the Government intends to do with it. We have seen the Estimates but they do not really mean a lot in terms of the direction in which the Government intends to take the country as far as fiscal and monetary management is concerned. We are expected to rise and blanketly approve that amount of expenditure on behalf of our constituents. I submit it would be totally irresponsible of us to give the Government that kind of blank cheque. This is why we are opposed to this kind of spending.

Also we are opposed to it because when we have Government spending of this magnitude it becomes very, very inflationary. I could give all kinds of statistics on that, but generally it is agreed that beyond a certain level Government deficits—and the reason the figure is so high is because the Government is running a large deficit—get to be very inflationary. Those are some of the problems we have with this kind of Bill.

There is another problem about which I would like to talk. I noticed that in the speech of the Hon. Member for Ottawa Centre (Mr. Evans) two or three weeks ago he spent some time talking about the definition of inflation. The classical definition of inflation is simply too much money chasing too few goods. The Government has chosen to attack inflation from the money side, from the spending side, by trying to cut down on the number of dollars which are supposedly chasing the too few goods. It has chosen to go with the accepted or classical definition of inflation.

I submit that we need to attack the other side and do something about increasing production. When we get to the level of the very high interest rates which the Government has used to control the amount of spending, it simply hurts people who are trying to be productive. In my mind it hurts one of the most important sectors of the country, and that is the farming community. We are seeing the results of this today. I understand there are people here from the Farm Survival Association and that there will be a demonstration on the Hill this

afternoon. This is a result of some of the foolish policies the Government has pursued for the last two or three years.

An Hon. Member: Stupid policies.

Mr. Mayer: Yes, stupid. I could call them worse, but certainly the policies of the Government are misguided. This is why we are again into a situation where the Government has to borrow a ridiculous amount of money and tells us nothing about how it will be spent. We should have a budget and be able to see that the Government is pursuing some productive policies.

Some people are concerned about a Private Member's Bill, Bill C-653 in the name of the Hon. Member for Lambton-Middlesex (Mr. Ferguson), concerning the Farmers' Creditors Arrangement Act. This House will not approve something which will cause more problems for the banks and force the banks to cut back on lending. We are responsible people, we will not do anything like that. In lieu of the Government doing anything, we should be sitting down and talking about the situation. Let us get the Bill before us, remove the obviously objectionable parts of it and get it to Committee so that we can have a discussion on it. In many ways it is almost irresponsible of the Hon. Member for Lambton-Middlesex to put forward a Bill for political purposes which contains some measures that in the banks' mind will cause additional problems for farmers.

I have met with some of the people from the Farm Survival Association. I have talked with people in my own constituency. In fact, that is the major thing I do when I go home. I have not talked to one of them who has asked for a hand-out. There may be some who are doing that, but the majority are asking for some time to put their financial houses and farms in order. Over a period of two or three years, if they can have some time and add the additional interest which they are forgoing now on to the length of their mortgage, they may be able to survive and be productive. We are talking about 10 per cent of the farmers in Canada. Perhaps that does not sound like a lot, but if you were one of the 10 per cent, Mr. Speaker, it would be very, very important to you. Even with the 10 per cent figure we are looking at approximately 25,000 farmers. This is a lot of people facing financial problems.

For us to do nothing in the House, to say simply that there is no problem and that it will go away if we ignore it, is totally irresponsible. We require a budget so that we could see, for instance, that the Government was addressing some of the excess taxation—at least I feel it is excess taxation—on farm fuels, or that it was addressing some of the problems of farmers who will be attempting to obtain a line of credit this spring. If we could see some relief, say a minimum $20,000 line of credit, it would give farmers some hope that the Government cared about them or was at least willing to listen to their problems. For us to do nothing is totally irresponsible.

I want to put to rest any of the fears of the banking institutions if we agree to put Bill C-653 into committee and, by implication, will pass something which will cause more problems. We will not do that. We will try to do something to help farmers in conjunction with all the financial institutions to get ourselves out of the mess which the stupid Government has helped get us into. If we are to do something in the House, that is the kind of attitude that we on this side will bring to that kind of legislation.

I have a few suggestions for the Government concerning what it could include in a budget if it were really serious about helping farmers. As I said, it could include a relief from the approximately 60 cents of gasoline tax which the federal Government takes from every gallon of fuel used to produce food. Presently there is a 7-cent per gallon tax refund. I think it is stupid to collect it and then refund it. The first step would be simply not to collect it. That would help immediately as far as cash flow is concerned, and it would presumably cut down on some of the Government bureaucracy needed to administer it. That is a very straightforward, common-sense idea. Unfortunately, the more common sense one shows the Government, the less inclined it is to listen.

Second, the Government could simply lower the level of taxation it collects. I do not think there would be anything wrong with that. What sense does it make to try to set the level of taxation so high that everyone is driven out of business? If we do that, there is no tax to collect in the first instance. If the Government lowered the level of taxation and helped people in business, it seems to me that would be good business practice.

I see Mr. Speaker sitting on the edge of his chair, ready to shut me down. I suggest, in conclusion, that the Government take a serious look at the Western Grain Stabilization Fund and adjust the formula so that there could be a payout this year as quickly as possible. There is about $600 million in that Fund. I see nothing wrong with adjusting the formula so that at least a portion of that money is paid out to farmers to give them some money to help them get their crops in the ground, to continue to be productive citizens and to pay taxes.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I want to spend a few minutes talking about how the Government goes about planning its financial affairs. Individuals and businesses usually plan their economic affairs on an annual basis according to a rational and proper procedure. This may involve estimating the anticipated income, then calculating the fixed expenditures. The difference between the two figures, if a surplus, is available for discretionary spending. If there is not a surplus, however, then the business or family must borrow the additional funds that are necessary to meet their needs, bearing in mind that the debt will have to be paid off in the future. That kind of procedure is used by individuals, families and businesses because it makes sense. It is logical to anyone who thinks about it.

• (1150)

What does the Liberal Government of Canada do? It asks us for authority to borrow $19 billion. That is more that was spent by Government at the time the Prime Minister (Mr. Trudeau) first came into office. It does not think that we need to know why the funds are required or what the estimate of spending and revenues is. We are not permitted to know these

things but are just asked to give authority to the Government to borrow the money. And we know that the sheep behind the Treasury benches will say "Aye, sir, aye" and give that authority.

Then we are told it is an estimate of now much the Government is going to spend. But we are not told the truth, Mr. Speaker. What a ridiculous situation that is. At the end of February we are given an estimate of spending for the year in the Main Estimates. That spending will commence about the end of March and by the end of June the House will have the opportunity to pronounce on whether the Government is authorized to spend that money. But by that time, Mr. Speaker, it will have spent one third of the amount—before the House has given permission. That kind of absurdity arises because it can count on the sheep behind the Treasury benches to say. "I will not think about it—aye, sir, aye".

Finally, we might get a so-called budget, which is the revenue side of the whole budgetary picture. It was promised for early this year, then before April 1 and now we are told it will be some time in April—who knows, it may come in May or it may come in June. Indeed, we may never get one because we are still dealing with the taxation Bill of a budget presented a year and a half ago.

Let me contrast this with the situation in the United States. On February 1 the legislators in the United States are presented with the Government's estimate of spending and taxes—both sides of the equation. They have an opportunity to study it, to recommend changes and to make changes. They have until the end of October to deal with the legislation and pass it for the commencement of the fiscal year. They would not dream of allowing the Government to spend money before the legislators authorize it.

We have a different system in Canada. We have responsible Ministries. Is it true that our Ministers and our Government have more discretionary authority than the United States Cabinet Ministers. Our Ministers are always responsible to this House and therefore that extra discretion is justified.

How does this House hold Ministers responsible for what they do? What mechanism do we have to give truth to what I consider to be a lie—the suggestion that there is ministerial responsibility in this House? No such thing exists, Mr. Speaker. The "Coalgate" affair really demonstrates that the responsibilities of the Ministers will extend only as far as they allow them. When the sheep on the backbenches are ready to say "Aye, sir, aye", no matter how atrocious the behaviour of a Minister, how can the House hold a Minister responsible?

Apologists, such as the Michael Pitfields of the world, will say that there is at least disclosure, and ultimately at the ballot box the people can decide. Perhaps there is not ongoing ministerial responsibility but at least every four or five years we have a chance to re-elect or defeat the dictatorship.

But how much disclosure is there really? How much do we know about Government spending and taxing plans? I humbly suggest we know very little. I should like to deal with two examples of how the Government is flim-flamming this House on the spending Estimates this year.

First of all, there is the usual lock-up where the media is secluded with high-priced officials from Treasury Board who brief them. Members of Parliament are not allowed in that lock-up lest we get to them and give the lie to many of the statements made by the high-priced Treasury Board people.

We are told that this year's spending is 9.6 per cent higher than last year's. That is flim-flam, Mr. Speaker, because it compared the Main Estimates to the total Estimates of last year. The President of the Treasury Board (Mr. Gray) claimed that there is a reserve for any Supplementary Estimates that come in this year. They also claimed there was a reserve last year but that turned out to be false. So why should we believe the Government now, when it compares apples and oranges? Anyone in the media who published that 9.6 per cent figure should be chastened by their superiors for publishing falsehoods.

The other thing the Government has done this year is to reduce the PIP grants by $642 million. The Government is using practices that are contrary to accepted accounting principles and it should be chastened for this. Indeed, it should be taken to court and punished for this flim-flamming and for publishing false accounts. A private company most certainly would be punished for the same sort of thing.

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, the Minister of Finance (Mr. Lalonde) has put before us a Bill asking for authority to borrow another $19 billion without giving us any reason other than to say that the Government is faced with higher than expected expenditures and lower than anticipated revenues.

A more detailed explanation of the "why" behind these expenditures and revenue figures has had to come from this side of the House, since the Government, for obvious reasons, is loth to draw attention to its legacy of wasteful and inefficient programs, profligate spending, wildly miscalculated estimates and projections, blatant mismanagement and staggering federal debt—the interest alone on which now eats up 20 per cent of our total revenues.

Attention hardly need be drawn to the unemployment crisis which accounts for an ever greater proportion both of expenditures and lost revenues—because there is scarcely a family in the country in which one or more members have not faced the spectre of prolonged unemployment. But we are dealing with a Government that is evidently bankrupt not only of resources but of ideas and, it seems, of the very will to govern, which is a very different thing from the will to retain power. It will print and borrow money in prodigious quantities, but it seems unable to make that money work for Canadians by creating jobs, enhancing productivity and generating prosperity.

• (1200)

As a result, the discouragement of the unemployed, the underemployed, the disadvantaged, the aged, the poor, and

yes, even those who are more fortunate, is turning into cynicism and despair. And this, surely, is the most devastating consequence of all in the present malaise—the erosion of a sense of hope and the loss of belief in the future of this great nation.

It is partly for this reason, Mr. Speaker, that I would like my remarks today to be particularly positive and constructive. I would like, briefly, to make suggestions and pose imaginative possibilities. I would like to go beyond the "why" of our present economic woes to consider some "what ifs" with respect to our economic future.

I would like to suggest at the outset that what we need most in this country is not merely more money but a new imagination. We need to concern ourselves primarily not with the astronomical abstraction of $5 billion, $19 billion or $26 billion, but with the 23 million Canadians whom we represent and who are not abstractions at all but individuals with faces, names, families, talents, needs and aspirations.

I wonder what would happen in this country if the potential of every individual was being challenged, not by sermons about restraint but by genuine incentives to productive and creative contributions to our economy?

What if internship and on-the-job training programs were extended and fortified, job retraining projects were enhanced and adult education enriched? What if our most promising graduates and research professionals were assured of finding employment in their own fields? What if the innovation and initiative of the entrepreneur were being rewarded rather than stifled by regulations and restrictions? What if it were profitable for individuals to develop new products and new companies, to establish new businesses and initiate new projects?

At the corporate level, what if businesses starting up in slow growth areas were provided with a 150 per cent tax credit to cover capital and labour costs for the first three years of operation? I am not talking here about an outright grant; I am speaking rather of allowing a newly-established or expanding firm to apply these expenses against future income tax payable. This would provide the investor with an opportunity to recover his investment plus 50 per cent and his labour costs for the first three years plus 50 per cent. At the same time it would create a new corporate taxpayer and ensure the creation of badly needed jobs, all without taking a cent from the federal treasury.

With respect to our most venerable and well established firms, what could we be doing to enhance productivity and prevent obsolescence in an age of rapidly changing technology? If we allow ourselves to be passed by in the rapid march of technology, our competitive edge in even our most traditionally successful fields will be lost. If, on the other hand, Canadian firms are enabled, with Government incentives, to improve technology and undertake appropriate research and development, they can begin to make the necessary long-term adjustments that will ensure us of both success in tomorrow's world marketplace and a more stable and productive domestic economy.

At the regional level, research and development is a particularly critical factor. Problems of regional disparity can never be dealt with effectively if we fail to maximize the particular strengths and potential of each region. Atlantic Canada, for example, has one of the largest fisheries in the world and an extraordinary potential for development in fishing related industries. Yet participation is modest in the manufacture of deck hardware, propulsion machinery, fishing gear, processing equipment and navigational devices. Our own shipbuilding industry cannot at present compete effectively with subsidized foreign suppliers. What if this unrealized potential began to be tapped? Could "One of the largest fisheries" become also "one of the most productive fisheries" in the world?

As we have been reminded in recent weeks, regional initiatives can be particularly vulnerable to political patronage and otherwise inappropriate interventions. If our regional potential is continually subverted by such interference, by oversights, delays or failures of imagination, the effects will be enormously consequential for all Canadians. If, on the other hand, regional disparities can be largely overcome and regional economies rejuvenated, the need for transfer payments will diminish and ultimately vanish altogether, alleviating a great federal financial burden.

At the national level in terms of both domestic and foreign trade, we desperately need new policies and new strategies. What if, for example, Canada established a series of free trade zones in port cities? Such zones have been created and operate successfully in selected American ports under the U.S. DISC program. Imported components are assembled in American assembly plants using American technology, according to American specifications, providing good American jobs, and then exported world-wide. I would like to suggest that we consider pilot projects of this kind in Saint John, Halifax and Vancouver.

On other fronts, are our strengths in high technology and communications being used to their greatest advantage? Are our innovations in computer assisted-design and computer assisted-manufacturing being sufficiently utilized? Are the possible civilian uses of the Canadair pilotless reconnaissance aircraft for ice patrols, forest protection and research, etc., being explored?

More efficient trading nations have reached the apex of their success not by accident but by planning. We need, as Canadians, so by planning effectively, assessing the priority import needs of emerging nations and bending every effort to making Canadian projects available at competitive prices both at home and abroad. We need a Government that will be hospitable to business, industry and investment, that will provide incentives for efficient management and operations, that will, above all, restore a climate of confidence, trust and optimism in this country.

In summary, Mr. Speaker, I would like to submit that the "what ifs" I have posed here today represent not mere wishful thinking but common-sense alternatives and possible roads out of the never-never-land into which the present Government has led us.

It has been estimated that if only half the unused capacity of Canada and the United States were put to work—15 per cent of the available plants and equipment, 6 per cent of the officially unemployed and 5 per cent of the unofficially unemployed—an additional $900 billion worth of output would be forthcoming. That would not only wipe out budgetary debts in Canada and the U.S., but eliminate also the cumulative international debts of the developing nations.

Having considered some of the "what ifs" the obvious next question is why not? I believe the Government owes the Canadian people an answer to that question before it receives authority to add another penny, let alone $19 billion, to the gaping maw of the federal Treasury.

I notice, Mr. Speaker, that you have been tilting for a minute. Thank you for just tilting and allowing me to finish my speech.

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, I do appreciate the opportunity to participate in this debate, if only to bring a little balance to some of the comments made by Members opposite.

It is very difficult to understand just where the New Democratic Party stands. We were castigated for the deficit. First we were told that it was all right, that we needed a bigger deficit which would give us more stimulus in the country. Overnight there was a reversal of that position and the Leader of the NDP said that the deficit was big enough, to leave it and to work within these particular guidelines. Then Mr. McDermott got to the Leader of the NDP. He had to rechew the cabbage, reinstituting the original position of the NDP that it does not care about the precise size of the deficit as long as everyone is back to work. It is a very easy position for them to sell but it does make one wonder just where the New Democratic Party stands on this particular issue.

• (1210)

When the Official Opposition talk about our asking for a blank cheque, I must question whether they have done their homework. The Estimates were tabled only recently. We saw page after page of Ways and Means detailing how the Government proposes to spend its money in the upcoming year. All of the figures are there in considerable detail. As well, specific descriptions are given of how the various Departments will use their increases, why they are taking a particular action or where particular cutbacks are taking place. If the Opposition were really doing their homework, they would be more specific about where cuts should take place and give us some indication what they are talking about. They simply nit-pick about the budget, which anyone can do on a budget in the billions of dollars. Individuals can do that with their own budget. Even when an individual has a budget in the thousands of dollars, it is still easy to nit-pick and indicate areas where too much is being spent.

The Official Opposition have not narrowed their criticism to say, for example, that the expenditure for National Defence should be cut by $2 billion or $4 billion, or even that it should be enhanced. They have not said that we should cut down on the amount being paid to Provinces with respect to health and welfare, for instance. Instead, they take the popular position and say that the federal Government is arbitrarily telling the Provinces that, while they will receive transfer payments, they will be made according to a regimen. However, this is done so that we may plan our particular budget.

We hear the Opposition tell us to cut down on expenses but not to cut down on transfers to the Provinces. The fact that the federal Government spends significantly more than the Province of Ontario for post-secondary education in that Province does not seem to worry the Official Opposition. They are quite content to have that procedure continue, but I think there should be more accountability for the money the federal Government gives to the Provinces in the area of education which is under provincial jurisdiction. The federal Government is paying significantly more than the Province on the post-secondary level.

No one is asking for a blank cheque. One does not have to be an economist to realize that we are going through a recession. There are 12,000 unemployed workers in Sudbury. Those people were paying taxes when they were employed. Thanks to Unemployment Insurance, they are collecting benefits. They are collecting those benefits because far-sighted Liberals in earlier Governments saw fit to put an Unemployment Insurance Program in place that would be beneficial to those people who are unemployed. However, they are not paying income tax at the present time and, of course, that significant revenue is lost to the federal Government. This same situation is true for several industries in the country.

It may be simple to blame the federal Government for the fact that these people are unemployed, but it is not the Government that sets the price for nickel in the international market. We do not set the price for many of the items that our basic industries must sell, obviously at a profit. If the prices set in the international market are such that the industries cannot operate at a profit, significant changes must be made. This cannot be blamed on the federal Government. It is the responsibility of the federal Government, however, to devise forms of assistance that will be in place so that those people facing that dilemma can be helped while riding the wave of recession.

Unemployment Insurance is not a welfare program. It is a program for which our people have paid a significant premium. Many pay that premium in the hope that they will never have to collect it. But now that they do have to collect Unemployment Insurance, they are grateful that that program is in place. The money for that program is not simply placed into a bank account. It is used immediately for the people who need it.

A community such as Sudbury very heavily depends on the pay cheques of the Sudbury miner. Therefore, it is very dependent on the Unemployment Insurance money that is going into that city on a weekly basis. It is helping the small businessman in that community through a very difficult time. While many Sudbury miners will be called back to work on

April 1, it is the Government's responsibility to help those workers through the difficult times they are experiencing.

I was interested to hear the Hon. Member for Calgary Centre (Mr. Andre) singing the praises of the American system of government. He seemed to be very much in accord with the idea that a budget had to be passed by a certain date. There is a time allocation procedure in the U.S. Congress for the passing of fiscal legislation.

If the Hon. Member has visited Britain, he will know that in the Mother of Parliaments at Westminster there is an understanding with the Official Opposition that once a party is elected and becomes the government, it has the right to have its legislation passed through the House. The Opposition has the right to give legislation some ventilation—the word I heard most often—to bills and spend as much time dealing with particular bills as it deems necessary. The Opposition sets its own priorities as to which bills they will attack and those for which they will allow speedy passage.

Mr. Mazankowski: Their government has integrity.

Mr. Cosgrove: And intelligent opposition.

Mr. Cullen: I see that my hon. friend for Vegreville (Mr. Mazankowski) is speaking from his best position—sitting down. I am sorry I cannot hear his interjections. We are close friends but quite far apart in the House, certainly a fair distance apart over policies.

I mentioned that example simply because I believe in the idea of time allocation. We should have a legislative framework under which we operate. The Opposition should know what the Government wishes to have passed in a particular session or timeframe. I believe it behooves the Opposition to allow quick passage of legislation with which it does not find much fault and then it can focus on those bills of greater concern. This would allow for legitimate debate in the House on subjects of some presence. It would give the House of Commons more relevance in the view of the Canadian public, a relevance which sadly seems to be lacking because we spend so much time arguing, for example, for four days on second reading of a bill about whether there should be three or five members on a commission. The fact that we spend so many days trying to make a simple decision has caused us to lose the respect of the people who watch and listen to our debates.

The money we plan to spend is being channelled very carefully. If Hon. Members opposite were intellectually honest instead of politically motivated, they would recognize that there is a whole series of funds in place to help provide training, for example. The Minister of Employment and Immigration (Mr. Axworthy) stated that there is approximately $1 billion going into training programs for young people who are primarily in need in Canada. One only needs to read the headline in yesterday's paper which says "Ottawa Aims to Boost Jobs in High-Tech Industries". We have the message. We know that the high-tech industry is where the jobs of the future lie and it is where the training should take place. Notwithstanding the fact that education is a provincial responsibility under the Constitution, I believe the federal Government has an obligation to induce the Provinces to provide training in areas such as high technology so that our young people will have some hope for the future.

I have noted that Hon. Members opposite do not single out small expenditures such as the $40 million which is allocated to aid native broadcasting. There is a whole myriad of programs in place to help Canadians during this time of recession. If Hon. Members opposite would only take the time to study the issue, they would see how this money would be spent.

Mr. Joe Reid (St. Catharines): Mr. Speaker, I am very pleased to rise with my colleagues on this side of the House and speak in opposition to Bill C-143. While it may sound repetitious to mention $19 billion, let Canadians know that this Bill breaks a record. This Bill will result in a debt that will be the largest in our history. It is the largest borrowing Bill in Canadian history.

Bill C-143 has been introduced with little justification in relation to its expenditures. It will mortgage the future of our children and their children's future as well. More importantly, the headlines of today's paper say that the graduates of this year are asking "What future?" Who can blame them?

• (1220)

I heard the comments of the Hon. Member for Sarnia-Lambton (Mr. Cullen) dealing with the Estimates. We all know that very shortly those Estimates will be deemed to have been passed. As we consider the big spenders on the other side of the House, we must remember that just four months or so ago, in October, the Government stated that the deficit of $22.2 billion would be sufficient to see it through this fiscal year. Now, just over four months later, it wants an additional $5 billion to continue through the fiscal year which is in front of us. An additional $14 billion is requested for the fiscal year 1983-84.

The Minister, with the endorsement of the Hon. Member for Sarnia-Lambton, says "Trust us". When have we heard this phrase before? The people of Canada simply turn their backs. Where is the credibility? Where is the honesty? Where is the confidence?

I would like to quote the words of the Deputy Prime Minister (Mr. MacEachen). Just a few months ago, he emphatically said:

> I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information on the economic situation and the implications of that situation on the Government's fiscal situation. I do not think it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update on both the economic situation and the fiscal situation, and I certainly will be doing that before I would come back to the House for additional borrowing authority.

Those words of the Deputy Prime Minister could not be clearer, yet we hear the Minister's successor asking for an additional $19 billion for borrowing purposes. Where are the explanations? How can the Minister of Finance (Mr. Lalonde) so freely ignore the words of the Deputy Prime Minister? Is it because the Deputy Prime Minister no longer has credibility?

Can he defy those words because he, too, has lost the confidence and trust of the people of Canada?

Not only do we in the Opposition want to know why the Bill is being introduced, but we also feel that Parliament has a right and a duty to question how and where the money will be spent. It is our parliamentary responsibility to the people of Canada to prevent a majority Government, the backbench Members of which simply sit on their hands, from continuing to borrow and borrow and spend as no other Government has spent before. This Parliament must be more than a rubber stamp.

I ask on behalf of my constituents of St. Catharines, will the Bill provide jobs for our automobile industry workers or our shipbuilders when those in the manufacturing industry of the Province of Ontario look for job incentives and opportunities?

What is at issue here does not particularly concern the request for $5 billion for the current fiscal year; we at least have some idea why that request is being made. It involves two totally disastrous budgets and a catastrophic energy program. The $5 billion is part and parcel of the Government's inept management of the economy of the country.

However, what is the forecast for the future? The $14 billion for the fiscal year 1983-84 is another matter altogether. Canadians do not want to see a repeat of last year's performance. They want some direction, leadership, and common sense, and to start the year off by borrowing $14 billion to spend on who knows what is simply an indication of following the forecasts of years gone by, the era of the big spenders.

According to the most up-to-date information available from Revenue Canada, the average taxpayer in the City of St. Catharines earns $20,000 a year. That same taxpayer pays over $3,000 in federal taxes. The Government has already borrowed $2,100 against the name of every taxpayer of that city. Now, through this borrowing measure, it proposes to add another debt of $500 to each and every one of them. Having borrowed $2,100 per taxpayer, it will follow that up with increased carrying charges. Assuming interest of 10 per cent, it would amount to a further $210 per taxpayer in the riding of St. Catharines. The passage of this legislation will add a still further $50, increasing the tax payable by each one of those by $2,100 plus $260. My constituents cannot afford that amount, nor can the people of Canada.

As I pointed out, the average taxpayer in St. Catharines now pays $3,000 a year in federal taxes. An increase of $260 would represent a hike of almost 9 per cent in extra carrying charges only. It does not take into account the Estimates to which reference was made earlier. It does not take into account additional federal spending which might be indicated in this fiscal year, nor a budget, the contents of which we know not. I point out that we in St. Catharines pay, as a whole, $165 million a year in federal taxes. A 9 per cent hike on that sum would almost amount to an additional $15 million.

Last month St. Catharines and Niagara had the highest urban unemployment rate in the land. How can we stimulate the local economy and set people to work again by increasing tax measures, by increasing the burden on the present populace and future generations who will live therein? I suggest to Your Honour that it is not necessary to bankrupt the Treasury and mortgage those future generations of taxpayers. It is not necessary to build Windsor on the back of St. Catharines. Difficult times require decisions and the Government must make decisions.

The only sector of our economy which is not practising restraint and setting priorities of spending is the federal Government. Day in and day out, we are treated to new examples of Government spending by Governments which are oblivious to the strains being placed on the shoulders and backs of the taxpayers. Over $1 million has been spent on newspaper ads to tell us just how close we are to energy self-sufficiency.

In the last 15 years, Government spending has risen at an unprecedented rate and much of it has been since the present Government was elected in February of 1980. Relating those years to fiscal 1979-80, spending has increased by 59 per cent, a sad commentary on those who say that the Government is practising restaint. For every $4 it spends, it must borrow $1, and borrowed money must still be paid for. The cost of interest on the debt of the last fiscal year was forecast at $16.7 billion, the equivalent of one revenue dollar in three. It is no wonder that our young Canadians look with concern to their future. It is no wonder that we Canadians, the people of this country, are concerned.

Mr. Speaker, I see you are signalling that my allotted time has almost expired. I will conclude in just a moment.

The taxpayers of St. Catharines cannot afford to pay more. An examination, as the amendment before us proposes, is the only reasonable approach to fiscal control and expenditure. Alternatively, it leads those of us on this side of the House with no alternative but to oppose this astronomical borrowing Bill, Bill C-143, and that is what we intend to do.

Some Hon. Members: Hear, hear!

Mr. D. M. Collenette (York East): Mr. Speaker, I am very glad to follow the Hon. Member for St. Catharines (Mr. Reid). In completing his remarks, he said that his Party has no alternative but to oppose the present measure before us, the measure to increase the borrowing authority. Of course, that is the role of the Opposition in the House of Commons. However, I think what we are increasingly seeing in this Parliament is that the Opposition is going beyond its role of opposing and criticizing and is trying to impede the orderly flow of legislation through Parliament.

• (1230)

My colleague from Sarnia-Lambton (Mr. Cullen) touched on this a moment ago when he mentioned that in other jurisdictions, in the United States Congress and in the Westminster Parliament, there is an inherent recognition of the right of the Opposition to criticize, to vote against particular measures and

draw public attention to the weaknesses in proposed legislation; but that in the final analysis the majority of members in a legislative body, in this case the Canadian House of Commons, must carry the day.

We have seen in this Parliament, for example on the Constitution resolution and the energy legislation of last year, a continual thrust on the part of the Official Opposition to try to frustrate the will of the majority of Members in this House after legitimate and full debate has taken place. That is perhaps one of the greatest weaknesses of this Parliament, and I would hope when the Conservative Party resolves its leadership question that the first item of business for its new leader, or the present one if he is confirmed, is to take a more responsible approach to Parliament. If the Official Opposition ever hopes to form a Government in this country, I think that Canadians will expect them to behave in a responsible manner. Certainly their conduct throughout this Parliament has given very little reason for Canadians to believe that the Conservative Party truly does respect the workings of Parliament.

I want to talk about the substance of the matter for a few minutes because I believe that the Government is fully justified, after nearly 80 Hon. Members have spoken on this measure, in bringing in time allocation to get this Bill through. The borrowing requirement of the Government of Canada covers an urgent need. A lot of rhetoric has flown from the other side about why the Government requires this money. There is no doubt that the present Government deficit is fully defensible.

I sometimes wonder, when I hear Hon. Members, especially from the Official Opposition, criticize the deficit, if they really have been talking to some of their constituents when they make these criticisms. I represent what could be described as an inner-city constituency in Metropolitan Toronto and I know as much of the full effects of the recession as any Member in this House. I am sure that the Hon. Member for St. Catharines must go home every weekend and talk to his constituents because he represents an area where there is a lot of heavy manufacturing industry which has been hard hit by unemployment. I am sure his constituents are not telling him to come to Ottawa and oppose to ridiculous lengths the requirement for borrowing these funds, because the deficit has performed a great service to Canadians in the past year.

When we look at the projected deficit for this year, the high twenties of billions of dollars, we have to recognize the central factor that most of it is cyclical in nature. In other words, the deficit has increased due to the demand placed upon the Government Treasury by the recession. People have not been working; therefore Unemployment Insurance payments have been higher. People have not been paying taxes because they are not working; therefore Government revenues have declined. It is a matter of pure and simple economics.

The Government is faced with two choices. One is to continue to provide for those generous social welfare programs that the Opposition embraced in the good times—and here I think is the real crux of a commitment of a Member of Parliament in this House to social reform—ten or fifteen years ago when many of the measures that are now in place were passed. I am thinking in particular of the Unemployment Insurance Act revisions in 1971. I am not sure where the Official Opposition stood on the actual amendments to the Unemployment Insurance Act, but I am sure that although many Hon. Members on that side spoke of their concerns, they voted for the changes in the Unemployment Insurance Act, given the fact that no one really could argue about the Government providing a generous flow of benefits to people who had been thrown out of work. It is fine to say that one is for social reform and social expenditures in the best of times, but when we get to the worst of times, for instance in the last year and a half, the true commitment of an individual Member of Parliament and politician is really exposed.

What we are seeing on the part of the Conservative Party in this and other debates on the economy is a blatant show of cynicism because Hon. Members on the Official Opposition side really cannot be caring about those people who are unemployed in my constituency or in the constituency of St. Catharines. The people in my constituency who are unemployed are not coming to me and saying that they want me to get the deficit down, that they do not want the generous unemployment benefits, that they do not want their Family Allowances to be continued to be paid in this difficult time, that they do not want veterans' benefits to be paid—

Mr. Mayer: We are not saying that.

Mr. Collenette: —or that they do not want the generous national medicare scheme to continue because our deficit is too high.

Hon. Members on the other side say that they are not saying that, but surely the true logic is that if they are objecting to the high amount of the deficit they must be objecting to the very programs that are being paid for which have created that high deficit. Therefore, they really are coming down foursquare against, in these very difficult times, the very generous social programs that we have —

Mr. Mayer: You are being very deceitful.

Mr. Collenette: —of national medicare, Unemployment Insurance, family benefits—

Mr. Mayer: Why did you not listen to what we said? We gave you some sensible suggestions.

Mr. Collenette: —veterans' benefits and old age pensions. I think it is truly disgraceful for any politician to come to this House—

Some Hon. Members: Oh, oh!

Mr. Kaplan: The truth hurts.

Mr. Collenette: —and bring forward those arguments. I can understand why the Members across the way are quite exercised at the moment because I think in my short speech so far I have exposed the hypocrisy that they have been espousing in this House.

Mr. Lewis: Your hypocrisy, not ours.

Mr. Collenette: Mr. Speaker, I want to talk about one of those social programs. A large amount of our expenditures today goes to the national medicare scheme. The other night I was watching "The Journal" on the CBC.

Mr. Mayer: We are saying do something besides borrow money.

Mr. Collenette: It was a comparative study of the effects of the recession on industrial centres in the United States and Canada. One of the number of communities looked at in the United States was Lackawanna, New York, a heavily industrialized area, and Hamilton, Ontario, with its heavy industry, steel-making and other manufacturing industries. In all of the major industrial centres, especially in the northeastern United States where the level of unemployment insurance benefits is not nearly as high as in Canada and where there is no national medicare scheme, there is a high increase in the level of malnutrition among children. Mothers cannot afford to feed their children. They are cutting back. They are cutting back on their own food but they are also cutting back on food for their children. The same is true for pregnant women.

I see, Mr. Speaker, that you are nodding for me to sit down, but I just want to say that in Hamilton, Ontario that is not the case. That goes to show that the social programs that we have in place today are fully justified, and that is what this deficit is covering. When people start going back to work as the recession ends, the deficit will decline.

Hon. Bill Jarvis (Perth): Mr. Speaker, I am sure it comes as no surprise to my colleagues on both sides of the House when I say that in rising to speak on this Bill I make no pretence of being either a political historian or a political scientist. However, without any trepidation I am going to attempt to put into perspective what I believe to be the attitudes of Canadians generally, because those attitudes, in my view, have a very direct bearing on Bill C-143 wherein the Government seeks authority to borrow another $19 billion.

Historically in my view, Canadians have had an attitude which, if expressed, would be something like this: "We may disagree with what you, our Government, are doing but at least we believe that you know what you are doing". There was a residual confidence built up over 100 years in the federal Government, particularly in its economic program. It was built up despite from time to time anger, even outrage, strong opposition to some measures, particularly budgetary measures, and despite from time to time the adverse effect that these measures would have on certain groups or sectors of Canadian society. Despite all of this, Canadians continued to say: "We may be very mad or angry at you, we oppose this particular Bill or budget, but you should know what you are doing".

• (1240)

In my view, this contributed to our stability. Stability, progress and expansion flowed from this residual confidence. Given this history, attitude and confidence, where do we find ourselves as we wait for the Government's 1983 budget? Firstly and obviously, we are in a severe recession. This is partly because of international, world-wide conditions and partly because of domestic conditions in which our record compared to those of other industrialized countries is dismal, to say the least.

Canadians cannot blame outsiders, foreign governments and international conditions for our problems, because that simply is not true. Because of both the international scene and Government incompetence, we are suffering from tragic unemployment and its resultant loss of productivity and human misery. We continue to suffer interest rates that are much higher than any economist believes they should be. We continue to suffer the erosion of our lifestyle because of inflation, particularly those least able to protect themselves. We continue to suffer the results of Government spending, as emphasized in this Bill. All of these, except the human misery factor, are measureable.

Second, and in addition to these hard economic facts, we have a situation that is not measureable in absolute terms but which may be equally as serious. For lack of a better term, I call it the psychological factor because, unhappily, Canadians have lost confidence in their Government. Despite our tradition and history, Canadians are now saying that for the first time they not only disagree with what people in Ottawa are doing, but are convinced these people do not know what they are doing.

Evidence of this is everywhere, in my riding as in all ridings across the country, particularly in small business and farming where those able to expand and progress, those not at the mercy of high interest rates, turn to Government bonds at 19½ per cent instead of expanding their small business or increasing their productivity as farmers. That was the test of lack of confidence. If I were to agree, as I do, with the Minister of Finance (Mr. Lalonde), who says that the private sector is the engine of recovery, I say to the Government that if you believe that, why are you trying to spend your way into prosperity? It will not work. Increased Government spending has not reduced unemployment.

What happened to the traditional residual confidence of Canadians in their Government and, following that, in themselves and their communities? I do not think there was any one incident; it was gradual. Government spending and borrowing increases in 1968 caused a deficit of $497 million. That has increased to likely $30 billion in 1983, an increase of 5,936 per cent in the Government deficit. That has contributed to the erosion of confidence.

Government spending out of control, the Turner budgets of the early seventies, when I first came to this House, contributed to the erosion of confidence. The lack of Government accountability, as indicated in Auditor General report after report, the National Energy Program, conceived in stubbornness, born in ignorance and implemented with disastrous results, contributed to the erosion of confidence. Certainly the MacEachen budgets were the straws that broke the camel's back.

All of these combined to achieve a destruction of the traditional confidence of Canadians. In this situation, incidents

which Hon. Members opposite think are relatively minor become major irritants. The $800 to Donald Macdonald does not have a substantial effect on the budget, but imagine the salt it poured into the open wounds of Canadians from coast to coast. Not so minor in nature was the Coalgate or Gillespie affair, a million dollar payment for a very dubious project.

We wonder why Canadians are outraged, why they have no confidence and why they are saying those in Canada do not know what they are doing. In our current atmosphere, Canadians will seize on these issues. They will do things that are completely out of character, such as a penny auction in my riding and a person arrested on a hunger strike—completely out of character in the Canadian context.

Do not be surprised because desperate measures will be taken in desperate circumstances. None of these, however, destroys confidence as much as Bill C-143, a request to borrow $19 billion without any indication as to Government financial forecasts. No control, no accountability, no disclosure and the Government leaps into the money market to compete with small-businessmen and farmers for loans. The Government presents the largest borrowing bill in Canadian history without telling the country where we are headed.

We are to wait for a budget before we find out the Government's economic forecast and strategy. The Government says: "Trust us, have confidence in us". That flies in the face of every economic and psychological factor that exists in this country in March, 1983.

It is natural that I should oppose. That is not my sole function as a Member of the Opposition, but it is part of my function. It is natural that I should oppose Government measures, particularly one that I take so seriously. That is not important. The fact that Opposition Members rise in opposition to a $19 billion borrowing Bill not the significant factor. Rather, it is what my constituents and Canadians everywhere think. Those constituents are saying that rather than expanding their small business, rather than becoming more productive on their farms, rather than hiring additional help or building up inventories in order to produce more, should they leave their money invested in Canada Bonds? Not one job is created thereby. That is what Canadians are thinking in the face of the $19 billion borrowing Bill. Until those Canadians have a change in attitude and the only factor in that change is an increase, not a decrease and erosion, of confidence, all the Government spending in the world will not turn that situation around.

In summary, and I see my time is almost up, in addition to trying to survive the hard economic facts, Canadians are being smothered by a psychological barrier which has resulted from a lack of confidence in their Government, a lack of confidence in themselves, their future and that of their families, and even a lack of confidence in the community in which historically they have thrived and prospered. The Government's response to that psychological situation is to come to this House and say: "Trust us, have confidence in us and give us the authority to borrow $19 billion". On behalf of my constituents and on behalf of Canadians, to that request I say no.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, naturally I join with my colleagues on this side in speaking in opposition to this Bill, which requests authority to borrow $19 billion and places an unprecedented burden on Canadian taxpayers in terms of repayment.

As my colleagues have pointed out, this Bill is unique in character. It is based completely on our trust and confidence in the Government to manage our economy. It is unprecedented in the sense that the Government has not come before us with a budget or spending program to indicate how this money will be spent. As I said when I spoke on this Bill last week, the crime of taxation is not so much in the taking as it is in the way the money is being spent. This Government will take most of this money to continue its insidious drive toward total control of our economy.

I do not think the Prime Minister (Mr. Trudeau) was kidding last week when he said that for a Minister to leave his Cabinet and not be working with Government in some way would pretty well deprive him of his livelihood. He would have to stand on Sparks Street with a tin can and beg for money. I do not think he was kidding because it would be very difficult today for anyone to go into business without being a partner of Government.

• (1250)

That really is the root of the problem which this Government has gotten itself into. It would not matter very much what kind of forecasts the Government would lay before us because its forecasting has been totally out of whack, completely wrong. Government does not have a very good track record. We are still dealing with three prior budgets during which spending has gone from $11 billion to $24 billion. Therefore, it really does not matter much what kind of a forecast the Government would lay before the House. But the question arises, and it is a simple one: If you go to your bank to borrow a large amount of money, surely the banker would first want to know what you need the money for, and second, what you have got to offer as collateral.

Incidentally, to put $1 billion into proper perspective, it has been said it is a stack of brand-new $1 bills 85 miles high. The average person cannot comprehend $19 billion. I know it would take $2 billion to put in place an income security system which would be totally financed and sound actuarially. To take away any anxiety of our senior citizens in terms of retirement income would take $2 billion, and this Government wants $19 billion.

I do not know whether there are some retired Liberals out there who need another $1 million each. I do not know if it is the Government's intention to buy more service stations. I do not know what the Government wants to do with this money. I know there is nothing in any of the programs or legislation before the House right now which would even give me the least bit of confidence that this Government knows what it should do in terms of turning around the economy and creating jobs. It has a new commission now, the Macdonald Commission. A retired Minister, who receives $800 a day, is now out around

the country trying to figure out what the Government should do with the economy. We in the Opposition are being criticized for being critical. That is our role as the Official Opposition, but we have nothing to criticize. All we know is the Government's insatiable appetite for power. Karl Marx always said that the cultural and economic theories of a society are merely the reflection of the vested interests of the ruling class. In his time, of course, taxes were low, profits were high and the capitalists were the ruling class. Today profits are low and taxes are high, and since taxes are the income of bureaucrats in Government, it can only be reasoned that the Government and its bureaucrats are the new ruling class. They are the new oppressors, the bureaucrats and the Government. They are the new capitalists, and it is not so much capitalism in the material sense but capitalism in the sense of the raw exercise of power, the uncontrolled exercise of power. They are the new capitalists.

How is the economy reacting to this unrestrained appetite, this kind of unrestrained Government spending? The corporations are reacting in strange ways. The corporations over the last 10 years have not done what corporations normally do in terms of expanding their business. They have indulged themselves in this exercise which is now known as "paper entrepreneurship". Instead of building a new plant, developing a new product and making a contribution to the economy in terms of creating new jobs, they find companies on the stock market whose assets are undervalued and they gobble them up. That is what I call corporate cannibalism. They do that because they are nervous about Government. They have to compete with Government. The banks are competing with Government. All of this does not create one new job or do anything to ease unemployment or inflation. All it does is put a demand on the money market, putting all the capital pools into one big bowl, splashing them around and handing them out to those in the privileged position of raw power as it is exercised by this Government.

The tragedy of this unbridled borrowing as well, Mr. Speaker, is that there is not enough capital in our own country. Federal, provincial and municipal Governments are borrowing much of that money abroad. In other words, the 25 cents of every dollar which every Canadian taxpayer gives to the Government is spent on interest, which is in turn spent abroad somewhere else.

One can turn on the television set every night and hear this criticism of the American economy: "Reaganomics has failed. Massive deficits will create new pressures on the money supply and interest rates." Well, if we look at the American deficit we see it is $80 billion, but that is two and a half times less than what the Canadian deficit is in real terms, and the Americans, of course, borrow from their own people, from their own institutions. We go abroad, however, to America and borrow the money there. Twenty-five cents of every dollar is paid to some institution in the United States, in Switzerland or in the Arab States. That is the tragedy; the money does not even stay in our own economy. Our own banks cannot even build up any capital pools to lend money to small business. And what have the banks done in reaction to this kind of raw power? Have they made an effort to build pools in order to lend to small business, to medium-sized business, and in doing so create new jobs? Of course not. They have lent money to Dome Petroleum, to Chrysler, to Mexico and to Guatemala, because it is just as easy for them, Mr. Speaker, to service a billion dollar loan to a foreign country, which is guaranteed by the Government, as it is to service a $30,000 loan to a small business. That is the tragedy. The trend is set right there and, sir, we must stop it if we want to save our economic freedom in this country and, in so doing, our personal freedom.

Mr. Thacker: I wonder, Mr. Speaker, if I might call it one o'clock and I will carry on when we reconvene after three o'clock?

Mr. Deputy Speaker: Is there unanimous agreement to call it one o'clock?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: Agreed.

[*Translation*]

It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

TRANSPORT

ACCOUNTABILITY OF CN—REQUEST THAT MONTREAL WORKERS NOT BE TRANSFERRED TO TORONTO

Mr. Gaston Gourde (Lévis): Madam Speaker, on March 8, 1983, the newspaper *Le Devoir* reported that according to a reliable source, Canadian National was considering a transfer of all personnel from its express division in Montreal to Toronto, a move that would affect over eighty people. We enquired at CNX, and it seems it is true a decision will be forthcoming in a matter of days or weeks.

Of course, the present political stance and fiscal policies of the Government of Quebec tend to discourage private companies from moving to or staying in Quebec. However, the Canadian Government and this includes Crown corporations, should not be put off by the climate of uncertainty in this Province. On the contrary, it should set an example and show

its partners in the business world that the situation may well become more normal and more attractive after the next provincial elections, when the so-called nationalists will have breathed their last. I therefore urge CN, considering its obligation to report on its activities, not to transfer those activities, and also to make public the consequence such a decision might have.

* * *

[*English*]

LABOUR CONDITIONS

UNEMPLOYMENT MAJOR CONCERN OF POPULATION

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, when asked to identify the major problem in the country today, Canadians placed the jobless rate far ahead of inflation, or any other issue, as their major concern. Sixty-five per cent of those surveyed by Gallup said the Government should be giving much greater attention to trying to reduce unemployment.

Compare that clearly stated concern of the Canadian people with the response of the Minister of Finance (Mr. Lalonde) when questioned about the latest unemployment figures last Friday. With 1.6 million Canadians unemployed, he dismissed their concern with an attitude of "All is well, a recovery is under way, " or "All will be well, just pass the Income Tax Act," or "No need to worry, just wait for my budget."

This is not the first time the Liberal Government has shown its contempt for the views of Canadians, nor the first time that it has been out of step with what Canadians consider to be the number one priority. But in the face of such massive evidence that Canadians believe unemployment must be dealt with immediately, that joblessness is hitting hard, not only at the unemployed but at their dependants as well, surely the Government has an obligation to bring in job creation measures now, and not wait until some will-of-the-wisp budget to do so.

* * *

[*Translation*]

COMMUNICATIONS

VIEWERS' PREFERENCE FOR AMERICAN TELEVISION—NECESSITY TO STUDY CANADIAN GOVERNMENT INTERVENTION IN BROADCASTING

Mr. Hal Herbert (Vaudreuil): Madam Speaker, when I was watching the American PBS channel from Vermont this weekend, I could not help comparing their system to ours. The American Government is spending $85 million for a population of 230 million. We pay ten times that amount, namely, $850 million for ten times fewer people. This comparison is particularly apt when we read the comments of a popular Quebec columnist who this week was discussing a crucial development. He said that 52 per cent of Quebecers watch television in English, mostly on American channels, and that among young people the proportion is 75 per cent. Since we are now considering the Applebaum-Hébert Report in committee, perhaps we should ask ourselves whether we should go on investing nearly $1 billion of the taxpayers' money when even Quebecers prefer U.S. channels and many make voluntary contributions towards financing the American Public Broadcasting System.

* * *

[*English*]

THE MONARCHY

QUEEN'S VISIT TO BRITISH COLUMBIA

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, *Hansard* should carry a record of the visit to British Columbia last week of Canada's Queen, Her Majesty Elizabeth II. It should also note the enthusiastic welcome extended to Her Majesty by the thousands of British Columbians who stood for hours to greet their Queen, as well as the deep impression made upon her by the children who lined the road sides, many of them offering flowers.

That visit should remind us that today, March 14, is Commonwealth Day, and it should bring to mind the role Her Majesty and the Crown play as the symbols about which the countries of that Commonwealth cluster to exercise their influence for peace, stability, and harmony, and on the development of democratic institutions throughout the world.

* * *

MUNICIPAL AFFAIRS

SASKATCHEWAN ASSOCIATION OF MUNICIPALITIES—OPPOSITION TO CROWSNEST PASS RATE CHANGES

Mr. Bob Ogle (Saskatoon East): Madam Speaker, last week in Saskatoon I attended the annual meeting of the Saskatchewan Association of Rural Municipalities, which is made up of all the councillors of rural municipalities in Saskatchewan. The people who attend that annual meeting are the cream of the crop, Madam Speaker. They are the men and women of the soil of Saskatchewan.

They had two very outstanding resolutions. First, they went on record as being strictly opposed to any change in the Crow rate statutes. This was a unanimous opinion. Second, they went on record as saying that the Crow rate is still non-negotiable. That was also unanimous.

When I speak about the farmers of Saskatchewan who were at that particular meeting, I am referring to the land owners, the people who produce the food for this country, and they should be listened to by us all. Unfortunately, the Government is not listening to them and so it is going to make a grave mistake.

I suggest that the Government should reconsider what it has done. The farmers of Canada are literally in dire straits today and are losing their farms. The Canadian Farm Survival

Association is in Ottawa today, protesting the fact that a Canadian farmer is in jail. I would say that it takes a lot more than wearing a green hat to become someone who is really in touch with what is going on with the farmers.

* * *

[*Translation*]

COMMONWEALTH DAY

CANADIAN CONTRIBUTION TO IMPROVEMENT OF LIVING CONDITIONS IN DEVELOPING COUNTRIES

Mr. Jean Lapierre (Shefford): Madam Speaker, since 1976, the second Monday in March has been designated Commonwealth Day following a proposal by the Right Hon. Prime Minister (Mr. Trudeau) at a meeting of heads of State in Kingston, Jamaica. While many of its members, including Canada, have evolved in the constitutional sense, the Commonwealth has remained a privileged forum for forty-seven countries, nearly one quarter of the world's population. Colonialism has gradually given way to political consultation and co-operation among peoples.

[*English*]

Commonwealth Day should be used primarily for educational purposes, so that developed and developing member nations could learn about the Commonwealth and life in other countries.

On this day Commonwealth countries around the world are marking the occasion with enthusiasm in a wide range of activities. We in Canada should value the many forms of association with the Governments and people of the 47 countries of this world-wide association representing one-quarter of the world's population.

[*Translation*]

Canadians have made a tremendous contribution towards improving living conditions in many developing countries that are fellow members of the Commonwealth, through common institutions or bilateral aid programs.

[*English*]

On this day, then, it behooves us to commemorate our longest continuous multilateral association with other countries, to remind ourselves of the value of that association and the contribution Canada can make politically and economically to its further evolution and well-being.

* * *

ENERGY

DANGERS TO OFFSHORE OIL DRILLING RIGS

Hon. John C. Crosbie (St. John's West): Madam Speaker, on February 16 the Government of Newfoundland observed a severe storm in the East Coast offshore area of the Hibernia well. It raged for two and a half days. Helicopters could not go to the oil rig *West Venture* which could not pull her anchors to be towed in such weather. This rig is not self-propelled. There were ten icebergs and bergy bits around endangering the oil rig and her crew of 84.

On February 24 the Newfoundland Government ordered that Mobil Oil should bring its rigs ashore because of danger. No drilling was done after that time. On February 25 the Minister of Energy, Mines and Resources (Mr. Chrétien) countermanded the order and so put at risk the lives of the 84 people on the *West Venture* and the other rigs in the area. Mobil Oil said that it was responsible only to the federal Government as a result of the court decision on jurisdiction over the offshore.

On March 11 the Minister discovered his mistake when Mobil Oil had to order both its oil rigs in due to the perilous ice conditions. The company will not say where the rigs are going. I understand they are anchored some distance from Hibernia.

The Minister should resign his seat. He has shown his unfitness by his swaggering and bullying lack of sensitivity, his lack of concern for the people whose lives are at risk. He is unfit to be given such responsibilities. He has the jackboots of a petty dictator, exercising his constitutional muscles over the Province of Newfoundland because of that Supreme Court decision. He is unfit for the great responsibilities he has—

• (1410)

Madam Speaker: Order.

* * *

HEALTH

STUDY OF HOSPITAL WORKERS USING VIDEO DISPLAY TERMINALS

Mr. Rod Murphy (Churchill): Madam Speaker, recently a study was completed by H. D. Sharma, a professor from the University of Waterloo, based on 75 video display terminal operators working in British Columbia hospitals. Sharma found an abnormally low rate of pregnancies among the women of child-bearing age and, of the 14 VDT operators who became pregnant over the past year, ten had miscarriages or gave birth to babies with defects. This is only one of many studies with similar results.

A Government task force report on microelectronics made recommendations which could reduce the number of birth complications and other physical problems that are associated with VDTs. At first the Minister of Labour (Mr. Caccia) endorsed these recommendations, and said that they conveyed a sense of urgency. Now he is backing away from the need to legislate health and safety protection for VDT operators, in response to the lobbying of employer groups. The Minister of Labour must find the courage to act immediately on behalf of the workers and their children who need the protection of Canadian law.

S.O. 21

SOCIAL SECURITY

APPLICATION OF GOVERNMENT RESTRAINT PROGRAM TO OLD AGE PENSIONS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I want to use this opportunity to put on the record some comments about the Government's six and five efforts to reduce inflation and, particularly, the impact these efforts have had on senior citizens. These comments are based upon a statement given last Friday afternoon in Ottawa by Bert Hamner of the Ottawa and District Council on Aging to a conference sponsored by Ottawa and Ontario labour groups.

I put these comments on the record here, first because they bear out what we on this side have been saying about six and five and, second, because the CBC, which was filming last Friday's conference, turned off its mikes and cameras during most of Mr. Hamner's presentation. In Mr. Hamner's own words, the application of the six and five program to Old Age Security was "not worth getting excited about".

Some Hon. Members: Oh, oh!

Mr. Smith: Listen and learn. According to Mr. Hamner, senior citizens are quite prepared to do their bit to fight inflation and, indeed, will turn out to be the chief beneficiaries if efforts succeed in bringing down the Consumer Price Index. This, Mr. Hamner says, is exactly what has happened, and the "sacrifice" on the part of Canadian pensioners has been exactly $1 each so far—50 cents off their February cheque and 50 cents off their March cheque.

This is exactly what we have been saying on this side of the House during the debate on the Government's restraint measures, that if we all work together and succeed in reversing the inflationary spiral, we will all be better off in the long run.

Madam Speaker: Order.

* * *

TOURISM

IMPORTANCE TO ECONOMY—CALL FOR GASOLINE TAX REDUCTION

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I want to bring to the attention of the House and of the Minister responsible the fact that there is a very simple, practical and inexpensive way in which the Government can move to assist the revival of the economy, by directing its support to the industry which ranks, at least in Ontario, as the second largest generator of jobs. Furthermore, it is geographically so dispersed that, more than any other employer, it can generate a widespread positive leverage throughout the economy. Of course I am speaking of the tourist industry.

In Ontario alone last year it generated $7.4 billion in revenues and created a ripple effect generating $12.6 billion. That represents big money in a country which is trying to encourage an economic recovery. Yet, on a bilateral basis with the United States alone, in 1981 Canada ran a deficit on tourist account of $1 billion. Surely that is due in large measure to the fact that gasoline, which ultimately fuels all tourism, is 10 cents a litre or, in terms that our would-be tourists can understand, 45 cents a gallon more expensive here than across the border where the world price is in effect. Eighty cents a gallon, or 17 cents a litre of that, is due to federal taxes. A simple cut in this federal grab would cause a beneficial effect to ripple all the way through the domestic Canadian economy, and I recommend this course to the Minister.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PREMIER OF PRINCE EDWARD ISLAND

Madam Speaker: I should like to draw the attention of the House to the presence in our gallery of the Hon. James M. Lee, Premier of Prince Edward Island.

Some Hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

REQUEST FOR MEASURES TO REDUCE UNEMPLOYMENT

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is directed to the Deputy Prime Minister. Following the release last Friday by Statistics Canada of the unemployment figures, showing an increase in the seasonally-adjusted rate and virtually no change in the real rate, Gallup this morning released a poll showing that 65 per cent of Canadians in a national poll feel that unemployment is the main problem facing the country today as opposed to 28 per cent who see inflation as the main problem.

Given the policy of the Government, and given these findings by Statistics Canada and by Gallup, does the Government intend to bring in measures immediately, especially since we have been told not to expect a budget for at least a month? Will the Government change its priorities and bring in budgetary measures now which will address themselves to this critical problem?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member must know that the Government attaches very high priority to the question of unemployment. The Minister of Finance, in his statement last fall and in the earlier budget, indicated that the Government had allocated very large sums of money in order to create jobs and to support activities which

would result in the creation of jobs. At the present time the Minister of Finance and the Government are considering what further steps might be taken to bring about economic recovery, including the creation of more jobs. That will be made known when the Minister brings down his budget.

Mr. McGrath: An examination of the statistics released on last Friday indicate a very alarming increase in the rate of long-term unemployed—up 98 per cent over a year. Of the 1.6 million Canadians officially listed as unemployed, over half of them are long-term unemployed. These are people who have been unemployed for longer than three months. In many instances they have seen unemployment insurance benefits exhausted.

REQUEST FOR TAX CREDIT SYSTEM TO ASSIST LONG-TERM UNEMPLOYED

Hon. James A. McGrath (St. John's East): Madam Speaker, my supplementary question is directed to the Deputy Prime Minister. Given the concern expressed by a majority of Canadians, is the Government prepared to bring in at least a measure to address the problem of the long-term unemployed? I would suggest as a start that the Government accept the recommendation of the Economic Council of Canada to bring in an employment tax credit system which could be targeted to the long-term unemployed or the unemployment insurance exhaustees. That would get people to work right away. It would provide long-term employment in the private sector as opposed to the band aids we keep getting from the Minister of Employment and Immigration.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the programs which have been introduced by the Minister of Employment and Immigration have been absolutely indispensable in assisting the unemployed. They have made a very real contribution to that objective. I am surprised that the Hon. Member does not know that. He must be aware of the very large programs which exist in his own Province of Newfoundland that have been sponsored by the Minister of Employment and Immigration.

Mr. McGrath: That is the kind of band-aid treatment about which I am concerned. According to the Minister's own figures, $500 million has been spent to create 60,000 jobs under the NEED Program. According to the Economic Council of Canada the Government could, for an expenditure of $100 million by way of tax credits, provide 50,000 jobs in the private sector right away. That is the kind of response we expect from the Government, instead of it sitting by, applying band-aids while the patient bleeds to death.

REQUEST FOR IMMEDIATE ACTION

Hon. James A. McGrath (St. John's East): Madam Speaker, I want to ask the Minister, if he has any compassion left in him at all, whether he will recommend to his colleagues in Cabinet, at least to the Minister of Finance, that we have action now and not one or two months down the road when the Minister is ready to bring down a budget.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member referred to the number of jobs which would be created by a particular tax credit. I would think that any of these estimates are related to the prospects for growth in the economy and the prospects for recovery. The Hon. Member must know that there is no specific program which can really solve the problem of unemployment, in Canada or in any other country, until general recovery takes place throughout the industrialized world. There are some signs that at the present time recovery is beginning, but it would be very misleading to suggest that the adoption of this particular suggestion of the Economic Council of Canada would make any deep impression on the unemployment situation.

• (1420)

REQUEST FOR CREATION OF LONG-TERM EMPLOYMENT

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, my question is for the Deputy Prime Minister. I would like to draw to his attention that last year Canada lost an average of 1,400 jobs per day. The Deputy Prime Minister addressed the situation in an answer to a previous question. In Newfoundland unemployment is raging at 18.8 per cent, in New Brunswick unemployment is at 15.3 per cent, and in his own home area of Cape Breton unemployment is out of control. Farm bankruptcies are up. The forest industry is in a shambles. The Government has addressed itself to the fishing problems through the Kirby Report, yet no action is being taken. The shipbuilding policy has been announced, but where is it?

What concrete steps is the Deputy Prime Minister prepared to take now? What recommendations is he prepared to make to this colleagues, specifically to create meaningful jobs that will be long lasting and will provide a future for Canadians?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I have already answered that question, as the Hon. Member will know if he had been listening to the question put by his colleague from St. John's.

FUTURE OF CANADIAN FORCES BASE CHATHAM, N.B.

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, perhaps I might do a little better if I put another question to another Minister, although I doubt it. Nevertheless, I will try, and I direct my question to the Minister responsible for public works from Bonavista to Vancouver Island and all points in between, including the Province of New Brunswick. It has been stated by his colleague from Northumberland-Miramichi that his biggest priority is dealing with the closure of CFB Chatham. As the Minister of Public Works, what does he intend to do to demonstrate that priority to the people of New Brunswick in the Chatham region, and will he now react in a positive way to

the request of the people in that region to go there, put on his dancing slippers and be prepared to meet the piper?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I have said in this House before that the base is not closed, that it will be open until the end of 1984. In spite of this fact, unemployment in the Miramichi area is very high. Officials of the provincial Government, which the Hon. Member supported in the last election, went around last fall talking about the problems of the future, not the problems of today or yesterday. The provincial Government has done very little to solve the problems of Miramichi. If the Hon. Member wants to help the situation he will stop making speeches and try to do something in co-operation with his provincial colleagues.

Mr. Corbett: What are you doing besides hiding in Ottawa?

* * *

ABORIGINAL RIGHTS

REQUEST THAT GOVERNMENT SUPPORT ENTRENCHMENT IN CONSTITUTION

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Minister of Justice in the absence of the Prime Minister. On the eve of the historic First Minister's Conference on Aboriginal Rights, the Government of Canada has left its position unclear on a basic question. I refer to the need to entrench within the Constitution itself a requirement that a certain number of First Ministers' meetings take place over a prescribed and limited period of time to deal with the important question of defining aboriginal rights. Will the Minister take this opportunity to commit the Government to fighting for such an entrenchment, a desire that is requested by virtually every native group in the country?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, I think it is fair to say that the commitment of the kind my hon. friend seeks should probably come at the conference itself. I can tell him in the House that indeed it is the wish of the Government of Canada that an ongoing constitutional process should be provided for in a constitutional amendment so that the native peoples will have a guarantee that this first meeting, which is the only meeting now provided for by the Constitution, will be the beginning of a process and not the end.

Mr. Broadbent: Madam Speaker, it sounds risky, but I am tempted to say that the Minister made what one might call an unequivocal commitment on behalf of the Government to pursue that proposal at the First Ministers' Conference. He is nodding his head, so I assume that is the case.

CONSENT OF NATIVE PEOPLES

Hon. Edward Broadbent (Oshawa): Madam Speaker, my second question concerns the rights of the native peoples themselves in their own communities to pass judgment on whatever negotiated changes might take place in the future concerning aboriginal rights.

The Minister will recall that two years ago the Government turned down a New Democratic Party proposed amendment for a so-called consent clause. Has the Government reconsidered this? Will the Government guarantee to the native people of Canada that any negotiated changes in aboriginal rights will go back to the native people themselves in some form for consent, before such changes are entrenched?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, the whole process of setting up an entrenched constitution process of an ongoing nature is to provide for continuing discussions with the native peoples and, of course, with the Provinces as well. As to the further development of aboriginal rights, we firmly believe that no such changes should be made without full consultation with the aboriginal people.

GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Minister of Justice, as a lawyer, will know that consultation is not the same as consent. I would like the Minister to deal with the question again and to be explicit. Is the Government willing or not willing to commit itself to a process of constitutional change so that when changes are made by the federal Government and the Provinces, which alone have the right now in terms of votes at constitutional meetings, such changes in aboriginal rights will not have the force of constitutional law unless they go back to the native people themselves for a final vote of some kind to obtain their agreement?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, I think that to answer my hon. friend's question fully it is necessary to make a distinction. If what he has in mind is a constitutional amendment formula which would replace the one existing in the Charter now, it is not indeed our purpose to change that provision at the present time.

I would say, and I think the important point is, that it is the purpose of the ongoing process precisely to reach agreement with the native groups in this country as to a fuller expansion of their rights. The Government of Canada is not coming to this conference to insist on its legal right, but to try to reach agreement with the Provinces and with the aboriginal groups on an expanded version of these rights for the future.

Mr. Nielsen: And the Territories.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF LIEUTENANT GOVERNOR OF THE PROVINCE OF MANITOBA

Madam Speaker: I am sure the House will want to acknowledge the presence in our gallery of Her Honour Pearl McGonigal, Lieutenant Governor of Manitoba.

Some Hon. Members: Hear, hear!

* * *

AGRICULTURE

REQUEST THAT GOVERNMENT SUPPORT LEGISLATION AMENDING FARMERS' CREDITORS ARRANGEMENT ACT

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, in the absence of the Minister of Agriculture and of the Minister of Finance, I will direct my question to the Deputy Prime Minister. The Deputy Prime Minister will know that today marks the sixth day of a fast by a young Canadian farmer who is in jail and who will not eat until the Government brings forward appropriate legislation to deal with the critical financial situation that is being faced by many Canadian farmers. The Minister will know that the Opposition Parties support in principle the suggested legislation. When will the Government bring in legislation to deal with this situation? Will it be today, or will there be more promises? What commitment will the Deputy Prime Minister make now to the farmers who are being affected by this situation?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I am sure the Hon. Member will acknowledge that Parliament, at the insistance of the farmers themselves and as a result of this Government's action, has adopted many measures that have proved to be very useful to farmers and agriculture in Canada. Last Friday, the Parliamentary Secretary to the Minister of Agriculture mentioned a number of these very beneficial measures. In addition, one of the Hon. Member's own colleagues, the Hon. Member for Elgin, made a suggestion last Thursday and at the time I said the Government was prepared to give it serious consideration. This morning, however, I was very disappointed to hear one of the Hon. Member's colleagues, the Hon. Member for Portage-Marquette, declare that he was not prepared to allow passage of Bill C-653, a Bill presented by a Liberal Member, the Hon. Member for Lambton-Middlesex, and that he preferred to refer the Bill to a committee.

In the circumstances, I do not think the suggestion by the Hon. Member for Portage-Marquette is very constructive. On the other hand, the proposal of the Hon. Member for Elgin has considerable merits, and we are prepared to give it further consideration.

• (1430)

[*English*]

REQUEST FOR MORATORIUM ON FARM FORECLOSURES

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, I will direct my supplementary question to the Government House Leader. I think that the farmers who are in the galleries now will take little solace from the answer given by the House Leader. I think he will know that this is a critical situation. This critical financial situation faced by the farmer is paralleled by the situation and the risk to the life of the farmer who is in jail. We are not playing politics with this issue. We have a commitment to the principle of the Bill from this side of the House. We are prepared to see it go forward, and it is important that today or in the near future some measure is adopted.

If the House Leader is not able to bring forward this legislation, will he at least bring forward legislation that would impose a moratorium on further farm foreclosures until the House can consider appropriate legislation? This is supported by all Members on this side of the House and would receive quick and unanimous passage, I am sure, if the House Leader would bring forward legislation to solve the problem, instead of playing politics.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the Hon. Member is warning against playing politics at the expense of the farmers. Perhaps he will recall that a few weeks ago his own progressive conservative colleagues were hiding behind the curtains to prevent Parliament from functioning, when the Government wanted to have a very important measure passed that would promote exports of Canadian agricultural products. The Progressive Conservative Party has systematically prevented Parliament from functioning and from adopting certain measures, especially those aimed directly at providing relief for the farmers he just mentioned and who are here today in the gallery. The Hon. Member may be sincere, and I do not really doubt his sincerity, but I think he is misinformed because he certainly does not have the support of his colleagues with respect to the measure he mentioned. I will make him a definite offer and we shall see whether his colleagues are prepared to support him. His own colleague, the Member for Elgin, suggested an amendment to the Bankruptcy Act that would provide the means for helping the farmers concerned. I suggest that this Bill, which has reached the second reading stage, should be referred immediately to the Standing Committee on Agriculture. Furthermore, we shall ensure—I discussed this with the Minister of Consumer and Corporate Affairs—that the amendment in question will be debated and considered very seriously in committee, not on Wednesday, which is normally the day for considering Private Members' Business, since it would then be much too late to help my colleague's friend, but tomorrow, when the agriculture committee could consider a serious

amendment relating to this subject, that would be attached to the Bankruptcy Act which itself has been awaited so long by all Canadians. Therefore, if the Hon. Member is acting in good faith, he will accept my—

Madam Speaker: Order, order!

[*English*]

REQUEST FOR GOVERNMENT COMMITMENT ON LEGISLATION

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is supplementary to that just asked. I would also ask the Government House Leader that we not engage in trade-offs or saw-offs on a matter of such importance.

Given the nature of the problem that confronts so many farmers all across the country, and the fact that more of them are going into bankruptcy and losing both their property and farm machinery every single day, will the Government House Leader make a commitment to bring forward a bill dealing with the Farmers' Creditors Arrangement Act to ease the terrible difficulties that confront so many and continue to grow daily?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I have just indicated to the Member who asked me the previous question all the good measures that were brought in by this Government in support of agriculture since the beginning of this Parliament. He cannot deny that. The farmers themselves recognize those good policies.

Second, he will recognize that we have a Bill on the table which is proposed to facilitate the exportation of farm products from this country.

Some Hon. Members: Oh, oh!

Mr. Pinard: This Bill cannot be passed because of the systematical obstruction coming from the Official Opposition. I had indicated to the Hon. Conservative Member that we were willing to consider a proposal made by one of his colleagues last Thursday, the Hon. Member for Elgin, when he suggested that we might consider making an amendment to the Bankruptcy Act that could achieve the goal which all Members in the House are seeking. I have suggested that this afternoon we all agree to send that Bill immediately without further debate, since debate has begun on second reading of that Bill, to the Agriculture Committee. Tomorrow, the Minister of Consumer and Corporate Affairs is willing to consider very seriously the appropriate amendments to deal with this problem.

Mr. Deans: Table the amendment and we will deal with it now.

[*Translation*]

REQUEST FOR COMMITTEE STUDY OF BILL BASED ON FARMERS' CREDITORS ARRANGEMENT ACT

Hon. Marcel Lambert (Edmonton-West): Madam Speaker, since the Bills proposed by the Government are all lame ducks—Bill C-12 has not been debated in the House since 1981 and the Canagrex Bill is in a morass of problems—would it not be feasible to suggest that a Bill based on the former Farmers' Creditors Arrangement Act be referred to the Committee on Finance, Trade and Economic Affairs for consideration, which could then consider the problems and receive representations from both creditors and debtors, and determine what the best solution would be for the industry today?

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, my learned colleague must admit that a Bill does not become a lame duck just because a political party decides to indulge in systematic obstruction. Bill C-12 is very important. It is favoured by all the Provinces and by all those who are in financial difficulty in Canada, including farmers, and I wonder on what grounds the Hon. Member decided that Bill C-12 was a lame duck? Once again, the offer I made just now still stands. If the Official Opposition is serious about this, it will allow the Bill to be referred to committee right away, where all appropriate amendments will be considered in order to find a solution to the problem.

REQUEST FOR GOVERNMENT OFFER

Hon. Marcel Lambert (Edmonton-West): Madam Speaker, I have a supplementary.

I repeat that Bill C-12 is a lame duck because the Government has not bothered to bring this Bill up for debate since 1981. So it is a lame duck. What I want to say is this: Make us a good offer through the House Leaders, and then perhaps we could settle the consultation issue.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the Hon. Member is asking for a good offer. Since October 27, we have had a list of urgent Bills on the Table which in itself constitutes an excellent offer to end a session that has been going on for nearly three years. The legislation on that list concerns not only agriculture but the entire economy of this country, and it is because of systematic and irresponsible obstruction by the Hon. Member's party that we have not yet been able to finish debate on these measures, including the solution favoured by the Hon. Member for farmers. I would therefore ask the Hon. Member to have the courtesy to speak to his own Parliamentary House Leader. We on this side are prepared to enter into reasonable agreements that will provide for proroguing this session and starting a new one with the throne speech as soon as possible.

INQUIRY RESPECTING GOVERNMENT AMENDMENT

Right Hon. Joe Clark (Yellowhead): Madam Speaker, I have a supplementary for the Government House Leader. Does he have an amendment that he can table in the House today for us to consider?

[*English*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I am surprised that the Right Hon. Member for Yellowhead asks that question.

Mr. Nielsen: Do you have it or not?

Mr. Pinard: He pretends to try to help the farmers. We should have at hand the kinds of amendments he is talking about, and the solutions for farmers he is talking about. We are saying on this side that we are willing to consider any serious proposals based on the bill from the Hon. Member for Lambton-Middlesex, the Liberal Member who has come forward with a suggestion that looks very interesting to us. We are saying that an amendment based on that bill could go to the appropriate committee to deal with Bill C-12.

Mr. Nielsen: Where is it?

Mr. Pinard: Then we might achieve the result that we all want in place. For the Hon. Member for Yellowknife to pretend that I should go to him—

Some Hon. Members: Oh, oh!

• (1440)

Mr. Pinard: I apologize, as I do not mean to offend the Hon. Member. But I was looking at his back, not at his head.

Some Hon. Members: Oh, oh!

Mr. Pinard: I just want to confirm, for the Hon. Member, that the Government has done much for agriculture in this country, that we intend to do much more, and that all good proposals will be very seriously considered. May I once again reiterate the offer I just made, which is a very practical one. Let us agree to send one Bill, which is Bill C-12, to the Committee on Agriculture today.

Mr. Huntington: It's already been sent to another committee.

Mr. Pinard: Tomorrow we will be dealing with the appropriate amendment, which we hope will satisfy the farmers, if not the Opposition.

REQUEST THAT HOUSE LEADERS MEET

Right Hon. Joe Clark (Yellowhead): I point out, for the Minister, that I always look ahead—

[*Translation*]

—and I may point out that his party has no Members from the Province where Yellowhead happens to be or from the Territory where Yellowknife is located. However, that is not what we are discussing here today.

I would like to get things straight, because Canadian farmers are pressing for action and cannot afford the time being wasted by the Liberal Party which does not want to give Canadian farmers the help they need. The Minister mentioned a specific amendment. Does he have an amendment? Is that amendment available now for consideration by the House, and I also have another question for the president of the Privy Council—

[*English*]

Since he has spoken of good will—

[*Translation*]

—he mentioned goodwill. Is he willing to have a meeting right away this afternoon with the House Leaders of our party and the New Democratic Party, in order to determine effective ways of resolving this problem so as to help Canadian farmers?

[*English*]

Will he do that now? Will he immediately call a meeting of House Leaders and show us an amendment at that time, if he has one? And if he does not have an amendment, will he at least sit down with the House Leaders to find a way by which Parliament can come to the aid of the farmers of Canada?

Some Hon. Members: Hear, hear!

Hon. Yvon Pinard (President of the Privy Council): Certainly, Madam Speaker, I welcome that constructive suggestion very much, provided—

Some Hon. Members: Oh, oh!

Mr. Pinard: —the House Leader of the Conservative Party comes with the text of the amendment which was given—

Mr. Nielsen: Your suggestion.

Mr. Pinard: —to his colleague, the Hon. Member for Mississauga South, dealing with the Bankruptcy Act.

Mr. Andre: We are talking about farmers, not that piece of trash.

Mr. Pinard: I have just learned that the amendment, which the former Leader of the Tory Party has been discussing, was given to one of his own colleagues about one week ago. Therefore, if he speaks to the Hon. Member for Mississauga South, then he might know about the amendment. If the Opposition does not agree with it or wants to improve it, we are open-minded, and I will then speak with his House Leader. However, I would suggest that the Hon. Member—

Mr. Nielsen: Right Hon.

Mr. Pinard: —first speak with his own colleague rather than campaigning.

The Hon. Member for Elgin made a proposal to amend Bill C-12, and the Hon. Member for Mississauga South has had the amendment we are discussing in his hands for a week.

GOVERNMENT POSITION

Right Hon. Joe Clark (Yellowhead): Just so that we are absolutely clear, the only action the Government is prepared to contemplate with regard to the Private Member's Bill introduced by its own Member is an amendment which is now in the hands of the Hon. Member for Mississauga South. Is that the proposal, or is the Minister prepared to consider other ways by which this Parliament can immediately act to help farmers who are on the verge of losing their operations, or who may not be able to seed this spring? That is what we are interested in: we are not here to play politics.

Some Hon. Members: Oh, oh!

Some Hon. Members: Boo!

Mr. Ouellet: Even Nielsen's smiling.

Mr. Clark: It may be that my Party plays politics elsewhere—

Madam Speaker: Order.

Mr. Clark: —but we do not play politics with the lives—

Madam Speaker: Order. I guess the question has been posed, so we might have an answer.

Mr. Clark: All right.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the Hon. Member asked me whether we were willing to consider other options besides the single amendment we handed to his colleague from Mississauga-South. In fact, the Liberal Party has a reputation for being open-minded and flexible, and the former Leader of the Progressive Conservative Party will admit that it would be very short-sighted to refuse out of hand any consideration of constructive proposals.

In fact, if he had talked to his agriculture critic, the Hon. Member for Elgin, he would have realized that what the Member for Elgin proposed last Thursday was not only an amendment to Bill C-12 but also a formula for considering the Bill tabled by the Hon. Member for Lambton-Middlesex. When I informed the Member for Elgin that I was willing to consider his proposals, I was referring not only to an amendment to the Bankruptcy Act but also to a formula for considering a Liberal Bill presented by a Member of Parliament who is concerned about his constituents and Canadian farmers. In the circumstances, the answer to his question is quite simple. Of course, we have an open mind, we want to find solutions, we have already done so in the past for the benefit of farmers, and we intend to maintain our reputation as the party that has shown the greatest concern for developing agriculture in this country and defending the interests of our farmers.

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EMPLOYMENT

REQUEST THAT HALF OF NEED PROGRAM FUNDS BE ALLOCATED TO MONTREAL METROPOLITAN REGION

Mr. Claude-André Lachance (Rosemont): Madam Speaker, my question is addressed to the Minister of Employment and Immigration. Considering that the latest Statistics Canada figures reveal that 209,000 of the 450,000 unemployed Quebecers are in the Greater Montreal region, and that in all likelihood many of those idle workers are about to exhaust their unemployment insurance benefits, will the Minister try to convince his Cabinet colleagues to ensure that half of the projects within the federal scope of the NEED Program will go to the Greater Montreal region?

[*English*]

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in response to the question I want to point out that one of the particular attractions of the NEED Program is its ability to target in on those areas where the demand and concern with regard to unemployment are at their highest level. Contrary to the somewhat callous approach taken by the Hon. Member for St. John's East, who would totally deny any assistance to the people in his own Province, as evidenced by the kind of proposal he was making, our ability through the NEED Program is to allocate the money where benefits have been exhausted and where the unemployment rate is highest. On that basis, we are working to ensure that the Montreal region in the Province of Quebec is particularly served by our programs.

I think it would be important for the House to know that we do not wish to follow the precedent set by the previous Government, which cancelled all job creation programs. Nothing would be done for any Canadians, at any time, anywhere, if the Conservatives were in power.

* * *

AGRICULTURE

REQUEST THAT TWO BILLS BE SENT TO COMMITTEE

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is directed to the Government House Leader, who will know that there have been extensive negotiations between the Minister of Consumer and Corporate Affairs and myself with respect to Bill C-12. That Bill could be passed in this House with less than one Hon. Member speaking for each Party, or directed immediately to the Committee. However, the Government House Leader will also know that the farmers

and, in particular, the Hon. Member for Lambton-Middlesex, are not happy with the proposals concerning farmers—

Madam Speaker: Order.

Mr. Blenkarn: —in that Bill.

Madam Speaker: Order, please. We have heard enough speeches on this particular question. It is simply getting out of hand. The Hon. Member could ask a question without making a speech.

Mr. Blenkarn: Madam Speaker, it is about time the Government House Leader knew where we were going here. Therefore, let me ask the Government House Leader a question.

Madam Speaker: Order.

Mr. Blenkarn: Let me ask him a question, then.

Madam Speaker: An admonition is an admonition. The Hon. Member is the one who caught it, but he must ask his question immediately.

Mr. Blenkarn: I would be delighted to ask my question. Will the Government House Leader, then, allow Bill C-653 and Bill C-12 to go immediately to the Standing Committee on Finance, Trade and Economic Affairs for study, if they pass the House at this point, or allow them to go straight to the Committee for study with respect to details concerning farm problems which are here today and becoming worse and worse, and bankruptcy problems which are here today and becoming worse and worse?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, if the Hon. Member is making an offer to refer without debate the two Bills he has mentioned, and if he has the unanimous support of all his colleagues in the Official Opposition and of the other Members, we are quite prepared to consider that suggestion very seriously.

[*English*]

GOVERNMENT POSITION

Mr. Don Blenkarn (Mississauga South): Is the Government House Leader saying, so we can get it clear—

Mr. Smith: It takes a while for you to get it clear.

Mr. Blenkarn: —that he will allow Bill C-653 and Bill C-12 to go immediately to the Standing Committee? Is that his position? Because we will.

• (1450)

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I just do not like to repeat my answers. My answer was very simple. I said that if that is the offer made by the Hon. Member and he has the unanimous support of all the Members in this place, certainly we are willing to consider that suggestion very seriously.

Mr. Blenkarn: Will you come clean? Yes or no?

* * *

TRANSPORT

PROPOSED U.S. USER FEES ON CROSS-BORDER TRAFFIC

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of Transport. In July of last year the Minister of Transport learned that the U.S. Treasury mandated the U.S. Customs to prepare implementation of a user fee on persons and vehicles crossing the border into the United States. Today the Minister's officials are in Washington, paving the way for him to have a meeting with his counterparts in Washington next month. Since the user fee is designed to benefit the U.S. Treasury and not to alleviate any specific costs, would the Minister tell this House what steps he has taken in the last eight months to deal with the U.S. administration, Congress and Senate, on this matter.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am not sure I understand the question. I can confirm that I am talking with the Americans to have a discussion with the Secretary of Transportion on all kinds of subjects related to Canada/U.S. relations in transportation. I will add the subject, when I get a better definition of it, to my list that has already been prepared.

GOVERNMENT POLICY

Mr. Jim Fulton (Skeena): Madam Speaker, the tariffs being discussed by the U.S. Customs will run into hundreds of millions of dollars in terms of commercial vessels, rail traffic, car traffic, air traffic, passengers on trains, and people on foot. It will be $1.80 per passenger car; 40 cents a head for passengers; $1.40 on all railway cars; $296 on commercial freighter traffic, and so on. Those are just some examples.

Would the Minister tell this House what he, his officials or anyone in his Government have done since they learned of this secret decision by the U.S. eight months ago, and what steps he plans to take in the coming days or weeks to make sure that the United States does not impose these kinds of taxes on Canadian travellers and businesses?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, if it was a secret decision that is a good reason why I would not have known about it.

Mr. Fulton: Your officials would know about it.

Mr. Pepin: The subject of cost recovery, of user pay is not one that is new either in Canada or in the United States.

I understand that the Americans are looking for recovery of expenditures, for example, on transportation on the Mississippi

River, which would put a bit of a question mark on the suggestion made on Friday by the NDP relative to the possibility of transportation of Canadian western grain through the United States. So, user pay is not a new principle, either in the United States or in Canada, and one must expect that Governments both in the United States and Canada, will try to recover as much as possible of the amount that they spend on transportation.

* * *

CANADIAN NATIONAL RAILWAYS

NAKINA RUN-THROUGH PROPOSAL

Mr. Keith Penner (Cochrane-Superior): Madam Speaker, my question is directed to the Minister of Transport. I would like to know whether the Minister of Transport is aware that the report of the 1965 Industrial Inquiry into CNR Run-throughs, which is known as the Freedman Report, made this observation, and I quote:

—there is a Government obligation towards communities whose existence or stability is threatened by a run-through or its consequences.

The CNR is proposing once again to run through the community of Nakina, that is, not have any crew changes there. It says that $1.2 million will be saved per year. The community, at the same time, is going to lose $1.5 million in a reduced tax base. I ask the Minister of Transport what will this big federal Government do to help a small northern Ontario community whose stability is threatened at the very moment in its history when it is starting to get on its feet and enjoy some of the services that most other Canadian communities have?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the Canadian National has followed the practice in these matters, in this instance and in the past, and the run-through has been negotiated by the railway and agreed to by the workers, or their union. In other words, the workers are entitled to the benefits of relocation, early retirement, retraining, and so on.

There is another aspect that I recognize which has to do with the town itself. In this instance I will associate myself with the Member in representations that he will want to make to other Departments in order to find out if there are ways and means to help the community.

* * *

TRANSPORT

REPORTED LOSSES BY MAISLIN INDUSTRIES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have a related question for the Deputy Prime Minister. It was published in the *Financial Post*'s Corporation Service that the net losses listed in the nine months ending September 30, 1982, for Maislin Industries Limited, was almost $14 million, with revenue declines of some 36 per cent. Is the Government contemplating the possibility of additional financial aid to Maislin on top of the original $34 million guarantee of last July?

While the Deputy Prime Minister is answering that question, would he also inform the House whether there has been a committee of cabinet set up to watchdog the performance of Maislin, and, if so, perhaps he could inform the House of the membership of that cabinet committee and when it intends to meet next?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I am not aware that any contemplation, to use the Hon. Member's words, is being undertaken with respect to further assistance for Maislin Industries. Further to that, there is no special cabinet committee that has been set up to deal with Maislin, to my knowledge. Matters of that kind would normally be considered by a regular committee of cabinet.

QUERY RESPECTING POSSIBLE APPLICATION FOR ASSISTANCE

Hon. Erik Nielsen (Leader of the Opposition): Can the Deputy Prime Minister perhaps be a little more specific and inform the House whether the Government has received any application whatsoever from Maislin for additional financial assistance, and whether that has been made by way of Maislin itself or by way of the Department of Regional Economic Expansion?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, if an application has been made, the cabinet has certainly not been made aware of it. Some applications might have been made to a Department. I will check on that point. Certainly I am not aware of any applications.

* * *

SOCIAL SECURITY

DISCONTINUANCE OF CHILD ALLOWANCE TO PARENTS OF MISSING GIRL

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, my question is addressed to the Minister responsible for the status of women, in the absence of the Minister of National Health and Welfare. The mother of Tania Murrell, a nine-year-old girl who has been missing from Edmonton since January, has received a letter from the Department of National Health and Welfare indicating that the family will no longer receive Family Allowances for Tania. Will the Minister confirm that this is a departmental decision, and will she also confirm that this would appear to indicate that her Government feels that Tania will not be found alive?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, surely the Hon. Member will be able to address that question more directly to the Minister responsible. In the meantime I shall take the question under notice and bring it to her attention.

REQUEST THAT AWARD BE POSTED FOR INFORMATION ON MISSING CHILD

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, you will appreciate the absolute insensitivity that has been displayed by the Department of National Health and Welfare in doing this. Will the Minister agree to have the decision reversed? Will she also agree to post a reward for anyone who will provide information leading to the safe return of this nine-year-old Edmonton girl?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, obviously I am in no position to make those decisions, but I will assure the Hon. Member that I will bring the matter to the attention of the Minister of National Health and Welfare.

* * *

EMPLOYMENT

SUMMER PROGRAM FOR STUDENTS—DEADLINE FOR APPLICATIONS

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, on March 4 I directed a question to the Minister of Employment and Immigration. I asked, would he consider adding two weeks to the deadline then set for applications to the various elements of the Canada Works Program for the summer, this year.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the answer to the question is "of course" and I made that clear. When we added the additional $50 million to the program to make it a $170 million program I indicated that we would be very flexible on the timing of the applications. The original date was March 4 and we have been accepting applications up until today's date, March 14, ten days later. At that point in time we had to make a cut-off so we could start processing the applications. I can assure the Hon. Member that anything received with a post date of up to March 14 will be accepted.

• (1500)

REQUEST THAT DEADLINE BE EXTENDED

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, the Government of Canada allocated $239 million, known dollars, in last year's budget to advertising. Will the Minister explain why, out of $239 million, the Department of Employment and Immigration could not find enough money to advertise the closing date for those applications in the weekly papers of Canada? I am still receiving objections that people did not know of the extension and they did not know of the closing date. Will the Minister consider adding one additional week, making it March 21 for the closing date for applications, so that students and young people can in fact apply and take advantage of the program?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, in the past many of the Hon. Member's colleagues spent a great deal of time during Question Period belabouring various Ministers for their expenditures on advertising. Now he turns around and says we should be spending more. What we try to do is rely upon the good offices and hard effort of Members of Parliament to contact people in their own riding. I can assure him that, at least, Members on this side of the House have done their job.

* * *

[*Translation*]

PETITION

MR. SHIELDS—RECONSIDERATION OF BILL C-10

Madam Speaker: I have the honour to inform the House that the petition presented by the Hon. Member for Athabasca (Mr. Shields) on Friday, March 11, 1983 meets the requirements of the Standing Orders as to form.

[*English*]

* * *

BUSINESS OF THE HOUSE

Mr. Lewis: Madam Speaker, I rise on a point of order to ask the Government House Leader if he will immediately convene a meeting to deal with what this House might do with Bill C-653.

Mr. Pinard: Madam Speaker, I have received that kind of request from the NDP as well. I think this is a good idea, provided we also consider the way to deal with Bill C-12 following the proposition made by the Tory Member for Elgin. Later today, probably around five o'clock, we could have a meeting; I will let my colleague know exactly when. If it is not this afternoon, then tomorrow morning early.

Mr. Deans: Madam Speaker, I certainly appreciate receiving the answer to the question I asked on Thursday last, I believe. However, since the position of, I think, everyone in the House of Commons is now well known with regard to Bill C-653, or at least the content of it is, would it not expedite matters by simply calling that piece of legislation? We can guarantee passage of it by six o'clock this afternoon and have the vote.

Mr. Pinard: Madam Speaker, all Members know that we are dealing with legislation that is under time limitation because of its great urgency. It has to be dealt with. Providing we get the Income Tax Act and the borrowing authority Bill by six o'clock tonight, we would certainly be willing to consider this Bill on the floor of the House. The Hon. Member will recognize that under former Standing Order 18, it is up to the Government to decide House business. The business for this week was announced last week. It is difficult to change it at the last minute.

Time Allocation

In any event, the legislation the Hon. Member is referring to is Private Members' Business, which comes up on Wednesday. I have just indicated to the Tory House Leader that we will probably meet this afternoon or tomorrow morning. It may be that we can have our meeting earlier than five o'clock. It could be tomorrow afternoon, but definitely it will be before Wednesday when we deal with Private Members' Business.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. OGLE—CROWSNEST PASS FREIGHT RATES

Mr. Bob Ogle (Saskatoon East): Madam Speaker, I have a petition to the Honourable House of Commons and Parliament assembled. The petition is basically this: Wherefore the undersigned, your petitioners, humbly pray and call upon Parliament to adopt the provisions of the alternate plan, the proposal of the NDP, instead of the Pépin-Gilson proposal, and that the statutory Crowsnest Pass freight rate may be maintained and that the railroads of all of Canada may be upgraded and developed into a modern, efficient transport system.

This particular petition has been sent to me by senior citizens living at the Cosmo Court in Saskatoon. Many of them are or were farmers. They are people who understand agriculture in the West. They understand that the prosperity of Saskatchewan depends upon the agricultural proceeds of that Province. I hope that the House of Commons will seriously consider this petition.

* * *

BUSINESS OF THE HOUSE

NOTICE OF ALLOCATION OF TIME TO CONSIDER COMMITTEE STAGE OF BILL C-139

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, I would like to inform the House that there have been consultations between representatives of the Parties but it has not been possible to reach an agreement pursuant to Standing Order 80 or 81 with regard to the allocation of time for the Committee of the Whole stage of Bill C-139, an Act to amend the statute law relating to income tax (No. 2). Therefore, at the next sitting of the House I shall propose a motion pursuant to Standing Order 82 to allocate one sitting day for the said stage of the said Bill.

Some Hon. Members: Shame.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,471 and 4,477.

[*Text*]

SNC ENTERPRISES LTD.

Question No. 4,471—**Mr. Gamble:**

1. How many contracts from CIDA or loans through the Export Development Corporation has the SNC Enterprises Ltd. Group of Montreal received in the past five years?

2. Has Camille A. Dagenais of SNC Enterprises Ltd. done contract or consultant work for CIDA?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): In so far as the Canadian International Development Agency is concerned:

1. CIDA has awarded nine contracts to companies of the SNC Group, headed by SNC Enterprises Ltd., within the past five years.

2. No.

In so far as the Export Development Corporation is concerned:

1. EDC has not made loans directly to the SNC Enterprises Ltd. Group in the sense of the question but it has provided financing to foreign customers in respect of export transactions where a company of the SNC Enterprises Ltd. Group was the exporter of record. In the past five years, EDC has financed four such export transactions.

CBC—AMOUNT PAID IN LIBEL SUITS

Question No. 4,477—**Mr. Jelinek:**

1. What amount did the CBC pay in libel suits in (a) 1982 (b) 1981 (c) 1980 (d) 1979?

2. What amount did the CBC pay on total legal costs in defending these actions?

3. What amount did the CBC pay in their defence of the Vogel case in British Columbia?

4. Was action taken against those who were responsible in the CBC for approving the showing of programs which were found to be libelous and, if so, what was such action?

5. Was action taken against Mr. Len Lauk, who was responsible for approving the libelous attack on Mr. Richard Vogel, the Deputy Attorney General of British Columbia, and, if so, what was such action?

Hon. Francis Fox (Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows:

1.	(a)	1982	$ 249,748.95
	(b)	1981	36,000.00
	(c)	1980	71,577.96
	(d)	1979	11,500.00
2.	(a)	1982	$ 185,072.30
	(b)	1981	395,993.98
	(c)	1980	190,610.65
	(d)	1979	148,212.10

3. With regard to the amount paid by the CBC in its defence of the Vogel case in British Columbia, it has not been customary for Parliament to require the Corporation to provide such details of its internal management and administration as its business arrangements with outside individuals and companies. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

4 and 5. Disciplinary action was taken against those involved, including Len Lauk. However, the nature and severity of disciplinary measures are a matter of CBC internal administration, and it has not been customary for Parliament to require the Corporation to provide such details of its internal management and administration. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

[*Translation*]

Madam Speaker: The questions enumerated by the Hon. Parliamentary Secretary have been answered.

* * *

[*English*]

STARRED QUESTION

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, would you be so kind as to call Starred Question No. 4,641 (revised)?

[*Text*]

*WATER QUALITY OF INDIAN BAY AND SHOAL LAKE

Question No. 4,641 (revised answer)—**Mr. McKenzie:**

1. Will the Government be launching a comprehensive environmental study to determine the effects on the water quality of Indian Bay and Shoal Lake in the event that the proposed 350 cottage lots on the northwest corner of Shoal Lake in Manitoba are developed and, if so (*a*) what will be the starting date (*b*) on what date will it be completed (*c*) will it determine the degree of risk of increased algae production, oil spills or other major forms of pollution (*d*) will it include an examination of the effects of using the sewage lagoon located across from Winnipeg's drinking water intake on the shore of Indian Bay?

2. Will the Government permit the use of motorboats for recreational purposes on Indian Bay?

[*Translation*]

Mr. Denis Ethier (Parliamentary Secretary to Minister of the Environment): Madam Speaker, this being a revised answer to question No. 4,641, I shall deal only with the second part of the question.

The federal Government has responsibility for navigation and shipping on all navigable waters in Canada. This would include the use of recreational vessels on Indian Bay and in Shoal Lake. The control of small vessels may be exercised through the use of the Boating Restriction Regulations, made pursuant to the Canada Shipping Act. Although these are federal regulations, specified bodies of water are only included in, or deleted from, any of the restricted schedules upon receipt of a formal request from a designated provincial agency. This procedure was established, with provincial concurrence, to ensure that all local and provincial interests are taken into account before regulatory action is taken.

[*English*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Lalonde that Bill C-143, to provide supplementary borrowing authority, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs; and the amendment of Mr. Skelly (p. 22957).

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, we are entering the final hours of another closure motion, this one on a $19 billion borrowing Bill. The Minister of State for Finance (Mr. Cosgrove) has just risen in his place to advise us of time allocation on the income tax Bill, a Bill two and one half inches thick, containing hundreds of Clauses which will adversely affect the lives of every man, woman and child in this country. He has announced closure on that Bill. That is an insult to this House, an insult to the very purpose of Parliament, which is for the people of this nation to be able to control executive authority. It is an insult to all ordinary Canadians.

Every Canadian should be as outraged as I am that this Government can run this nation into such huge debt and then, in a device to get out of it, say we need more Government, more Liberal Government. We are not going to put up with that. Anyone who voted Liberal in the last election has had a knife driven into his back, and it is being twisted more every day. Canadians will not make that mistake again, I can assure you of that.

This is the seventeenth or eighteenth time the Government has announced closure. Where are we as a nation? We are in deep trouble. Unemployment is high. Farmers have been put in jail. A young farmer is now starving himself to death. There are tens of thousands of farmers on the verge of tipping under. As history has taught us so many times before, when you let agriculture go down you destroy the family farm. We have not

yet seen the tip of the iceberg as to the problem that the people in the cities and the 1.6 million unemployed are going to have as a result of destroying our farmers. Just as sure as the sun will come up tomorrow morning, people in the cities will rue the day they voted Liberal and put in a gang which for 15 years has been causing this country to hemorrhage and bleed as if we were some Third World country.

• (1510)

Let us not forget where we were in 1968. We had balanced budgets. We had a national debt which was just a drop in the bucket. Yet we had a post-secondary education system which was superb. We had five or six jobs being generated for every graduate who came out of university. We had a medicare system which was the best in the world. We had Old Age Security, hospital insurance and Family Allowances. This country was strong and we were racing up the mountain as a real power to be in the future. Then we put in a Liberal Government under a Prime Minister (Mr. Trudeau) who is still running this country, and, Mr. Speaker, things have gone downhill ever since.

Where do we find ourselves today? We have a budget deficit which is $30 billion a year. We find a national debt which is $200 billion-plus when you add in all the Crown corporations, and that is just simply a way of doing indirectly what the Government knows it cannot do directly. The post-secondary education system is in a shambles. Hospital insurance is breaking down. The medicare system is in a shambles, and people are feeling insecure. The Old Age Security system for our senior citizens has been destroyed so that our senior citizens know that if they are forced to retire today, within five years their money will be worth only half what it was, as compared to 1968 when a person could retire and with a rate of inflation of 1 per cent, 2 per cent or 3 per cent it would be 25 years before their money would be half the value, and by that time they would probably be gone. In short, Mr. Speaker, we could cope with a couple of per cent inflation but we cannot cope with 20 per cent and we cannot cope with 20 per cent interest rates.

That is what is destroying our country. We not only have our hospital insurance in difficulty but we have our post-secondary education system in difficulty as well, so that our university graduates do not have any jobs. How can that possibly be, Mr. Speaker? We have 24 million people, one half of 1 per cent of the world's population, a drop in the bucket. We are sitting on the resources of half a continent yet our university graduates cannot get jobs. Our high school graduates cannot get jobs. How can that be, Mr. Speaker?

I can tell the House how it can be. When you put too much power into the hands of too few people, you are heading for trouble. The Liberal Cabinet, 36 men and women, with a small bureaucracy around them at the senior levels, believe they can run this country better than the millions of ordinary Canadians and, Mr. Speaker, they are driving us into the ground.

We are not going to tolerate this because the lesson we learned in our western democracy is that when the king made decisions affecting the capital of the nation, the nation never got ahead. When that capital was broken up into millions and millions of individual pieces, and an individual would give their whole life, effort and energy making decisions about that capital, it created wealth in the western world and raised the poor of our world to a much higher level than even the kings and queens in the old days. That is what economic capitalism will do, Mr. Speaker. But this Liberal Government does not believe it because it wants to make the decisions.

It goes beyond economics, Mr. Speaker. They will soon want to control our political life. They will then want to control our social life. In Western Canada we have millions and millions of square miles and acres of land all divided off into one-mile squares which fit together perfectly. Every mile you go west you hit a road. Every two miles North you hit a road. Millions of acres were surveyed that way. This Government is now going to convert this land into metric measurement so that 160 acres has now become 64.75 hectares. Every mile becomes 1.6 kilometres. That is the illogical outflow of a socialist Government which wants to control everything. It wants to remake mankind in its own image, its great socialist image.

I believe we are in this jam today simply because the Government wants us to be here. It believes if it can bring everyone to their knees then people are going to call for more Government, and it is going to be there to say: "We'll save you. Forget the fact that we caused the problem, ladies and gentlemen, but we will save you." That is not going to work, Mr. Speaker, because Canadians en masse are going to see that it is a circular argument; that if you call upon that same Government to create more Government, we are going to be in even deeper trouble. I believe that is what the polls are showing today. Canadians recognize that there are a group of men and women over there who really believe they can run this whole country, while practical experience shows they cannot. In the next election they will be wiped off the map and no one will be happier than myself, and perhaps even you, Mr. Speaker, because I know you are a wise man.

How is it that the youth of this country does not have a future? As I said earlier, we have all the resources. Surely it is because of the so-called "Canadianization program", which you and I know, Mr. Speaker, having looked at the fine print, is not Canadianization at all. It is nationalization. Again, we have under nationalization this concentration of decision-making by this group of men and women who are not practical businessmen and women, who are not practical farmers or people out on the steet who really know what it is like. These men and women have had great education and often ended up at the London School of Economics as their finishing school, but it does not mean a tinker's damn because they do not know what it is like to meet a payroll. That is the difference between someone who is a good Government politician as compared to those guys today.

Look at the great leaders we have had before. Even C. D. Howe understood how to make wealth, Mr. Speaker, and that was by taking the strength of our resources and putting them into the hands of people who would devote their full time and

effort to it. You then get good decision-making, and if you have enough competitive systems going, then there is a constant thinning out at the bottom, but it is only of smaller corporations so that the released workers can be reabsorbed.

This gang opposite want to concentrate things into massive dimensions, and if they then fail, the result is tens and tens of thousands of people unemployed. That is not the way we should do things in this country. Mr. Speaker, I can tell you that every day I am receiving more and more letters from ordinary Canadians who see the ruse, and it is a pleasure now to go out and talk to these people because they are beginning to take their sovereignty back. What Canadians must do is call each of us out as politicians and find out where we stand as individuals and what we believe their rights are economically, politically and socially. We will then have them electing the best person from each riding, Mr. Speaker, and it will not be Liberals.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, before us in the House today is yet another borrowing authority Bill. It is the fourth of its kind in eight months. The others were Bill C-111 in June of 1982 which asked for $6.6 billion, Bill C-125 in July of 1982 which asked for $7 billion, and Bill C-128 in November of 1982 which asked for $4 billion. Now we are being asked for $19 billion, $5 billion of which is to be used to get through this fiscal year, the remaining $14 billion to be used as interim money for the period ending October, 1983.

Asking for this money, Mr. Speaker, without a financial statement is tantamount to writing a blank cheque for Government policy. It is hardly an approach which we could possibly endorse. While this amount of money is high relative to other requests for borrowing authority, it is not unprecedented. However, the manner in which the Government is doing it is noteworthy. Thomas Walkom of *The Globe and Mail* said, and I quote:

> While it is not unheard of for a Government to ask for some interim borrowing authority, a $14 billion request without a budget is unprecedented.

As all members know, the borrowing authority offers Hon. Members a chance to complain about Government policies and generally the way in which the Government chooses to spend its revenues. I am sure that most members have enough information at hand to criticize how this Government spends money in the fields in which they are interested without any additional information from the Government.

• (1520)

I want to talk about some of the things the Government has done. We have seen it put the clamps on important social programs. We have seen it bring in the six and five program. It started by applying it to the salaries of federal public servants and those working for Crown corporations, but then it applied it to Family Allowances and old age pensions. The pensioners, the women and children of this country are being asked to bear the brunt of the present economic difficulties. These are being brought on to a large extent by the mistake in economic policies of the Government.

Now we hear that funding to universities will be cut by the application of the six and five guidelines to the Government's contribution to university education. For the first time in a number of years enrolment in the universities has increased. That is because many young people cannot find jobs and are going back to the universities and community colleges. This is happening at a time when those institutions need more financial assistance in order to give people the kind of training that Government spokesmen say they will need in the job market in the next 10 or 20 years. There will be an increase in the emphasis on technical knowledge, computerization and microtechnology. Yet the Government has put a 6 per cent and 5 per cent limit on the increase of funding for universities.

Let me give another illustration of the stupidity of the Government, Mr. Speaker. It has abandoned the Crow rate which for years has protected Canadian farmers. It is doing this at a time when bankruptcies are at an all-time high. In February they increased 32 per cent over the same time last year. Yet the Government abandons the Crow rate and tells Canadians farmers that there will be an increase of up 500 per cent in the cost of shipping grain in the next few years. This tremendous increase will have to be absorbed by the farmers as they cannot add it to the price of the grain on the international market and expect to compete. While this is going on the Government is subsidizing the CPR, one of the largest and most profitable Canadian corporations, so that it can improve its track. As well, VIA Rail, which is supposed to move passengers, is permitted to continue in its weak state.

This Party is not opposed to a Government deficit, Mr. Speaker. We recognize that it is inevitable, particularly in a time of recession when the private sector is not expanding and investing in new facilities and techniques because it is operating at less than 70 per cent capacity. This is the time when the Government should be increasing expenditures to improve the transportation system, the environment and housing stock. We are not opposed to the Government running a deficit or borrowing, but we see no evidence of a plan or a strategy to meet the country's needs.

We are opposed to the Bill because it is obvious that the Government has abdicated its responsibility for putting an economic policy before the people. It has given responsibility for dealing with the problems of the country to the Bank of Canada to a degree that we find unacceptable. It is supposed to settle our economic policies by bringing down the rate of inflation. It has managed to do that but at the expense of everything else, particularly unemployment. There are now 1,600,000 people unemployed, the largest number ever, and the rate of unemployment is higher than at any time since the great Depression of the 1930s.

The recent Gallup poll indicates that the people of Canada believe that unemployment is the major problem facing the country today, yet the Government continues to concentrate on the supposed threat of inflation. The Government's single-minded attack on inflation has only been marginally successful but it has been a disaster for the economy. It has resulted in the largest number of people unemployed ever, 11,000 business

bankruptcies in the last year and a record number of farm bankruptcies. The economy is running at less than 70 per cent capacity.

While the Government is putting the clamp on social and economic programs, there are many examples of waste around. We see $100 million poured down the drain with Consolidated Computer, poorly thought out DREE programs, the Mirabel white elephant, incredibly lucrative grants to the supposedly suffering oil companies, and then there is the spectacle of deserving Liberals appointed to position after position.

The Government is continuing to clobber Canadians by raising taxes for low-income earners through deindexation and raising Unemployment Insurance premiums. Taxes are decreased for investors and upper-income earners. This is supposed to provide the engines of growth but these tactics have failed to produce any results whatsoever. The "trickle down effect" is simply not working.

While we see higher taxes for those who can least afford them, the Royal Bank, which made several hundred million dollars of profit last year, pays an effective tax rate of less than 1 per cent. It sounds strange but in fact the Royal Bank had a negative tax figure last year because it received a tax credit for over $125 million this year.

We cannot support this borrowing Bill brought forward by a Government which has no economic policy, no strategy and which is going from one disaster to another.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I listened to the speeches this morning and this afternoon given by the Hon. Member for Mission-Port Moody (Mr. Rose), the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen), the Hon. Member for Calgary Centre (Mr. Andre), the Hon. Member for Perth (Mr. Jarvis), the Hon. Member the Lethbridge-Foothills (Mr. Thacker) and now the Hon. Member for Winnipeg North (Mr. Orlikow).

There is a recurring theme in the speeches and a recurring question asked by all Hon. Members. They seem to say; "We do not know what the money is for. We do not know how the Government will spend it. How can you ask us for more money when you have not shown us how you are going to spend it?" I suggest that one requirement for becoming a Member of Parliament in this Chamber should be the ability to read. Had all speakers who preceded me learned how to read and read through the Estimates, they would have learned exactly how every penny will be spent. I refer Hon. Members who spoke before me and who will speak after me to the Estimates wherein it is spelled out very clearly and exactly how every dollar or every penny will be spent.

• (1530)

The Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen) at least admitted that there is a call to do some borrowing. He complimented the Government on that, but he said that the figures were so astronomical that the public could not comprehend them. I think the public can comprehend them; I think it is the Hon. Member who cannot. The figures seem to be too large for his comprehension. He went on to say that this move was wrong politically. I do not know why that should worry the Official Opposition. If it is politically wrong for the Government side, then it should be politically good for the Official Oppositon. Opposition Members should be urging us to go further on this route which they claim is politically wrong. I think they are worried that it is politically sound, good and on the right track. The Hon. Member went on to say that the Government wanted to borrow this large amount without telling the public what it needed the money for. We heard this over and over again. Again I refer that gentleman to the Estimates.

The Hon. Member for Dartmouth-Halifax East (Mr. Forrestall) said that some of the money the Government wanted should be spent on search and rescue, that if it were used toward putting youth to work for the Canadian Armed Forces, perhaps he would vote for the Bill. He went on to say that he wanted money spent on bridge pier fendering around his constituency, which are clearly a provincial jurisdiction. He wanted the federal Government to pay for them, and he wanted more money for icebreaking facilities and vessels. Also he wanted more money for fleet replacement of the Canadian Coast Guard. This is great, but he did not say where that money would come from. It is fine to say, "Give me this, give me that", but tell the public, Canadian taxpayers and the House, where the money will come from. The very things he mentioned that he wanted are listed in the Estimates. That is where the majority of the money will be going.

I invite Hon. Members of the New Democratic Party and of the Official Opposition to come to the Standing Committee on Transport tomorrow morning at 9.30 a.m. when the Minister will appear before it. Then they could question him on how these funds will be spent in the Department for which the Minister and I are responsible, the Department of Transport. I think this is a great democratic process, where every Department is held accountable to the public or the country at large through elected representatives.

Opposition speakers this morning and this afternoon were almost unanimous in asking what the Government would do with these additional funds. They suggested that perhaps some of them could be used for job creation, and then they would support the Bill. Let me remind Hon. Members opposite that we have had a great debate over the last year on the western transportation initiative. Professor Gilson was out West listening to the grassroots people, listening to all sectors of the economy so as to come up with recommendations on how we could improve the entire western transportation system. If the House were to implement his recommendations soon, they would create 375,000 person-years of work over the next decade. If Hon. Members opposite are serious about job creation, why are they not supporting the changes to the Crow rate and the western transportation initiative? If both Parties opposite are really serious about job creation, why are they not

speaking out publicly and supporting the western transportation initiative, which will create 375,000 person-years in the next decade?

Also I make very clear the long-term objectives of the Government as far as job creation is concerned, as well as its short-term goals in job creation. In my home riding, last year over 50 students obtained jobs through the Summer Canada Program. Again this year organizations are submitting applications to provide jobs for high school and university students this summer. The intention of the Program is to provide jobs only for the summer months, so that these students can earn some money to help pay their tuition fees come the fall. It is not meant to provide these students with permanent jobs; that is not the purpose of the Program. We should make clear and distinguish the difference between long-term initiatives such as the western transportation initiative and something like the Summer Canada Program or the NEED Program which will get exhaustees, people who exhaust their unemployment insurance benefits, back to work. They do not want welfare; they want to work. Mr. Speaker, they tell you and me that.

Again using my own riding as an example, I point out that on the books there is a project to provide jobs for 15 workers to work in Ontario Place, a provincially-owned complex. Another 15 workers have been provided jobs in a community centre in my riding. There are other pending projects to provide jobs on the Canadian National Exhibition grounds, getting them ready for the summer. Again, these jobs are short-term ones. We agree with that. I think everyone would agree that these people would rather work and be paid than go on welfare. I could talk about the Canadian Community Development Program, but I do not think time would allow it.

The Government has demonstrated good management and how to spend taxpayers' dollars prudently. The Opposition mentioned that we should spend more money putting young people to work through DND. We have to look at that very carefully. I was one of the Members on this side who signed a petition containing 108 signatures and making this recommendation, but I did not sign it with the intention of putting all our eggs in one basket. If it costs $25,000 to train one young Canadian in certain skills over the next two years, but through some other program we could train two or three young Canadians to learn the same skills in the same amount of time, as good managers we should ensure that we steer more money to more efficient training for young Canadians.

Another example close to my riding is the Toronto International Airport. Projections showed that in the 1980s we would need a new Terminal 3. Because of the downturn in the economy and a drop in air traffic, the projections now indicate that we will not need a new terminal until the 1990s, and we have postponed it until then. Again I think this is good management and that this is prudent spending of taxpayers' dollars.

We heard charges that we were just throwing away taxpayers' dollars foolishly. I do not think we are doing that. We have demonstrated wise spending and good management. Speaker after speaker this morning and again this afternoon said, "How can the Government ask for more money and not tell the public how it will be spent?" This kept coming up over and over again. If Hon. Members opposite would look—and I know I am not supposed to display things while I am speaking, but some of them may not even know the colour of the Estimates; that is why I am holding up the Blue Book at page 29-2 of the Estimates, they would find a breakdown of how the Government will spend how much and in what mode. They should just look at the capital projects on that page. There is over $64 million which will be spent in ridings represented by Hon. Members opposite. If they are serious—

Mr. Deputy Speaker: I am sorry to interrupt the Hon. Member, but his allotted time has expired.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, when any Member on the Government side of the House can stand in support of what is in the Blue Book and what is in the borrowing Bill, he or she has not taken a look at the real world. For instance, we heard discussed today the unemployment rate in the Province of New Brunswick, which exceeds 15 per cent. We have a cabinet Minister representing the Province of New Brunswick who has stood idly by while a transfer of the DND operations is to take place from his Province. He has at no time indicated in any way that he stood behind the appeals of the Province of New Brunswick to keep that DND installation active and employing people in the Province of New Brunswick. Instead of that he has apparently acquiesced and recognizes that in 1984 the DND operation will be transferred out of perhaps one of the most highly unemployed areas of Canada. That is our Minister from New Brunswick in this Government's Cabinet.

• (1540)

The same Minister has taken a look at agriculture and decided that he will dilute the agricultural research by establishing a second branch in the Province of New Brunswick at the expense of personnel in other research stations in Atlantic Canada. Any knowledgeable individual not so politically biased as our present Minister of Public Works (Mr. LeBlanc) would recognize that extension of the knowledge accumulated in research is very necessary in New Brunswick but that division of the research structure into a second unit would certainly give us diminution of real results of a concentrated effort taking place as it is in that Province. He has done precisely the same thing in research with respect to fisheries. We have one of the most renowned research stations in the world at St. Andrews, New Brunswick. Again, we are going to dilute that and put people in an establishment which is probably a two-hour drive from any meaningful salt water, the object of research. That is our Minister. He did not even locate that establishment in Chatham, New Brunswick. He cuddled it into his own constituency in his usual political way, not caring two hoots about what is good for New Brunswick but perhaps only considering what is good for him as a Cabinet Minister. That is the way we are represented. That, Sir, is why we oppose more borrowing for more stupid political behaviour by this Government.

Why did the Government not pick up the idea once promoted by the Province with respect to the development of the oil shale potential, either as a source of oil or as a source of fuel for electrical generation? Instead of that, the Member for Moncton (Mr. McCauley) pooh-poohed everything that might be practical, and he in turn was supported by our Minister of Public Works. The reason New Brunswick does not approve of the borrowing of $29 billion is that it has been ignored purely for political reasons.

In the field of agriculture we watched the impact of the change in the capital cost allowance and in the investment in capital goods allowance. In the constituency of Victoria-Madawaska it cost a farmer $12,000 more for the purchase of capital equipment in Victoria County than it cost a farmer in Madawaska County. That is within a constituency. The uneven handouts of allocation of privileges under this Government can be epitomized no better than by the division of a farming community within a particular constituency for the benefit of a particular group of people. This sort of thing cannot go on, Mr. Speaker.

During Question Period this afternoon it was mentioned that Maislin received $34 million, which money apparently was interest free and which apparently will be lost to Canadian taxpayers. We in New Brunswick in an agricultural community want to know why $34 million was poured into one firm in Montreal and $45 million had to do for all Canadian farmers under the administration of the Farm Credit Corporation. Things are pretty badly out of balance when that kind of political patronage is practised by the Government of Canada. Yes, it is a political decision and, yes, it is a bad decision for Canada.

On March 4 I raised a question about the advertising being carried out by the Minister of Employment and Immigration (Mr. Axworthy). I raised the question again today. I believe the notice of the closing date of the summer employment programs arrived on my desk on March 1. There was no way, as the Minister suggested today, that I could disseminate that information to a rural constituency through Canada's present postal system. There was absolutely no way. I could not reach the weekly papers in my constituency. There was no media coverage. Yet the Government could spend $239 million for other advertising. My students, the young people in my riding of Carleton-Charlotte, will not have an opportunity in many instances to apply for the benefits which will come from this program.

There is more money to be made and more employment to be created by making a change in the fuel tax for agriculture, fisheries and forestry. There is more money to be made that way than in any other way in this country, particularly if this change were combined with a change in the capital cost allowance which these industries need and need very badly. Instead of that, we have unemployment almost as if by intention in the fisheries, forestry and farming sectors. We have unemployed people by the tens of thousands.

Farm income is reputed to have declined 10 per cent one year and 15 per cent the next year, and as we looked at the future of agriculture in Canada in December we saw that in the last two years we have given farmers year after year less and less incentive and burdened them with more and more costs.

What is the consequence of all of this? I will be very repetitive because I have already stated this about three time in the House but it is worthy of statement once more. When interest rates were running wild in this country the increase in the cost of money to farmers in the potato industry exceeded the total cost of production of an acre of potatoes ten years prior to the time of the 22 per cent and 24 per cent interest rates for farmers. Yes, we are critical of this Government, Mr. Speaker. We certainly are. I had conversation last night with a couple of my grandchildren. Nothing impressed me more after I had hung up the phone than the fact that today, when I would be speaking on this Bill, what would be foremost in my mind was that I had inherited a sane, sound, sensible financial management from Government. However, after some 30 years of elected office under an irresponsible Government such as we have now, I am passing on for my grandchildren to pay, my hospital bills, my old age pension and my Canada Pension Plan. Justify that, gentlemen of the Government. I did not inherit that. My first public meeting was a school meeting in what was my school district then. The object of those taxpayers when they voted the money to rebuild a bigger and better school, was that within 20 years we must have it paid for the children of the next generation.

The object of this borrowing Bill and the Blue Book which was mentioned earlier is to live high off the hog today and let the next generation pay. The next generation will grovel in the mess left behind for them in the hog pen of this Liberal Government.

I do not know how to condemn this Government further. If I did, I think I would. We are subsidizing and subsidizing. We are subsidizing everybody but the man in the moon. We are giving no consideration and expressing no concern as to how this nation will share its social, its industrial or its economic responsibilities ten years down the road with this type of administration.

It has been pointed out what the increment will be on an annual basis as a result of borrowing today. That is what we are passing on to the next generation. Why do we not give incentives for people to invest, for people to farm, for people to fish and for people to go to work in the forests? Why are we not spending some of these moneys to rejuvenate our assets. Why are we throwing money down the gutter by way of $239 million in advertising and maybe a total of $1 billion of Crown Corporation and Government advertising? These are astounding figures to ask our grandchildren to pay.

• (1550)

Hon. Don Mazankowski (Vegreville): Mr. Speaker, according to my calculation, this is the nineteenth time in this session that the Government has used this device to cut off debate on an important piece of legislation. Today, the Minister of State for Finance (Mr. Cosgrove) rose in his place and announced

that time allocation was going to be imposed again on another matter of importance, namely a tax Bill. That will be the twentieth time in this session of Parliament that closure, or some form of it, has been evoked. This is a device that is supposed to be used very sparingly and with a great deal of discretion.

When one looks at the issues upon which time allocation was invoked, they generally dealt with financial measures such as amendments to the Income Tax Act. They are the very fundamental issues which make this institution necessary. We have seen closure invoked on 17 occasions when we were dealing with measures pertaining to the financial administration of the country. The other two occasions involving closure dealt with the question of the Constitution and the adjournment of the House.

When we review the legislative matters upon which closure was imposed, we suddenly realize that this institution is no longer functioning as a parliamentary democracy. It is more like a parliamentary dictatorship. This Parliament is functioning under one Party rule and by a Government which really only represents one-half of the country.

Closure has become the rule rather than the exception. When this fact is coupled with the excessive use of Orders in Council and the implementation of such things as forced metric and the emergency planning order, the result has been a severe undermining of the institution of Parliament. It severely undermines the purpose for which the parliamentary institution was devised; to authorize the collection and expenditure of public funds on behalf of the people of Canada. In other words, the Government is to act as a trustee on the advice of the collective wisdom of this House. However, under this Government this Parliament has become nothing more than a rubberstamp. Parliament has become impotent and powerless, with no mechanism to deny the Government's frivolous, wasteful and extravagant expenditures. Parliament can only take such dramatic steps as ringing the bells or engaging in a long-term filibuster. The power of Parliament has been subverted and transferred to the hands of those who occupy the Treasury benches, supported by a group over there who follow their Party mainly for partisan purposes rather than putting the interests of the country ahead of their Party.

The views of the former Auditor General, who said in 1976 that Parliament has lost or is close to losing effective control of the public purse, effectively represent today an accurate reflection of where we are. It is interesting to note that the latest report of the present Auditor General highlights a similar concern. It is the fact that we have a Crown corporation proliferation in this country which really serves as a subgovernment. In effect, these Crown corporations are not accountable to the shareholders through the Parliament of Canada. Since they cannot be controlled, they continue to build empires frivolously and spend the taxpayer's money on questionable practices.

I was interested to hear the views of the Auditor General on the matter of VIA Rail when he appeared before the Public Accounts Committee. He observed that a corporation like VIA, which has extracted over $2 billion of taxpayers' dollars, is calling this year for some $755 million. He complained about the fact that he is unable to tell Parliament and the people of Canada whether this expenditure is made on a sound basis or with due regard to economy and efficiency because he is denied access to the documents containing information about the costs or the bills that the railways submit to VIA Rail. That is fundamentally wrong and detracts from the purpose of this institution. As a result of that lack of control and accountability, we see the expenditures in this country soaring and the demands upon the taxpayers having a crippling effect.

I submit that it is that lack of control and accountability, combined with the attitude of the Government to try to spend its way out of problems, that has put the country in the financial crisis in which it is today.

That same philosophy is inherent in this Bill. Through this Bill the Government is asking to borrow $19 billion without telling Parliament and the people of Canada what the money will be used for. It simply perpetuates the catastrophic financial mess that this Government has created.

Let us look at the deficits that have been created since this Government was returned to power in 1980. It has chalked up some $90 billion in deficits since it returned to office. Another interesting statistic with respect to federal Government spending can be expressed as a percentage of Gross National Product. In 1979-80, that figure was 20.8 per cent. In the 1982-83 public accounts, it was 26 per cent. We see a continuing proliferation of Government spending which demonstrates the continued lunacy of the 1970s. It is probably the reason why our country has slipped to being twenty-fourth of the industrialized nations with respect to its economic growth. That is why it has the highest misery rate of any nation in the world and the highest unemployment rate of any nation in the world.

I would like to refer to the *Alberta Report* of February 14, which I believe summarized this very well. It says:

> The great jolt of the 80s has, of course, been the return of economic reality. We look back on 20 years of senseless government. Billions upon billions have been poured into the slop, swill and waste of ruinous irresponsibility—into welfare programs that accomplished little more than to corrupt the necessity and eagerness of people to work, into bilingual 'advancement' programs that were impossible of fulfilment, into economic aid programs that crumbled on the hard rock of immovable economic fact. We have lavished millions on the metric converter who was not necessary while dismaying and discouraging the investor who was. We have drained hundreds of millions from private industry in plans for gigantic projects—the Mackenzie Valley pipeline, Alsands, Cold Lake—only to flush it all away in the toilet of governmental procrastination, indecision and spaced-out philosophizing.

Mr. Arnold Malone (Crowfoot): Mr. Speaker, we sometimes use terms lightly in the House. One phrase that has been expressed from time to time is the reference to the Government turning us into a banana republic. I submit that when we use the phrase "banana republic" to refer to the Government, there is perhaps more realism than analogy in the expression. The truth of the matter is that the per capita debt in Canada today is so large that it is now seven times the per capita debt of Latin America. The accumulated debt of the 360 million

persons in those more than 20 nations is nearly double that of Canada. This means that the debt for all the people of this country is seven-fold that of the foreign debt of Latin America.

• (1600)

We are on a very dangerous course in this country, bearing in mind the fact that we are into that period of the year when it is tax time. People across the country will be cognizant of the fact that they are now paying their Government. What they must underline, in each of their tax considerations, is that for every amount they pay to the Government, 25 per cent will pay for interest on the accumulated federal debt.

Mr. Speaker, if you have a tax owing this year of $100, $25 would be payable simply on interest on the accumulated debt. Likewise, that means that all across the country, one-quarter of the wealth given to the Government of Canada is to pay for nothing else than interest on the accumulated debt. We are not, then, with one-quarter of our tax, building structures or ports, providing for shipbuilding industries or for the infrastructure of pipelines or assistance thereto which would create both wealth and jobs in the country. We are paying for money already borrowed. At that stage of money already borrowed, the Government is back again at the trough to ask for another $19 billion.

I submit that somewhere there must be some sanity which will come to the Canadian people, because if it does not come by reason of logic that we must run the country somewhat more along a business principle, it will come to us in the same way the banana republics are learning that neither can they foster economies which are weak, based on debt and borrowing, based on the fact that their resources are insufficient. Canada today would be as bankrupt as Mexico. Our debt per capita is higher than Mexico's. The only reason we are not bankrupt is that because this land is resource-rich. We are rich in forests, in minerals hardrock, in fisheries, both salt water and fresh water, and rich in agriculture.

We are a wealthy land blessed with resources. It is on that back that we have mortgage tomorrow based on the confidence of other nations. Our next generation will be in debt because the other nations know that the resources are there, in other words, the wealth is there, but the truth is that on the basis of pure economy, we are in worse economic shape than the Latin American countries. That is a despicable record for a nation which should have been doing precisely the opposite.

The truth of the matter is that if the Japanese, with their 110 million persons, took hold of these advantages of resources and talented people, they would no doubt have the wealthiest economy in the whole world today. Here we are, wanting nothing, but dropping to fortieth position according to the OECD. Japan, an island of rock with a minimum of agriculture, and the only extended list of resources being that of fish and tin, has the second highest economy in the world today. It imports all of its uranium, coal, gas and oil. In short, it imports everything. We are energy-rich. Energy being the basis of our production today, it seems to me folly that we should be in a situation where the Japanese are able to outstrip and outproduce us. They are doing that because our Government is borrowing upon borrowing mainly for political reasons, not for reasons of industrialization.

I would like to consider the frequency with which the Government has gone back to the trough. This is the second time this year, 1983, that the Government has sought to increase its borrowing authority. In the June budget, it outlined the projected financial requirements to be $17 billion. Then, through Bill C-125 introduced in July, it sought to increase the borrowing authority from $10.2 billion to $21.2 billion, an increase of some $11 billion. The frequency with which the Government has been coming back is exemplified in Bill C-30, which received Royal Assent on July 17, through which it borrowed $12 billion and then through Bill C-59, which was given Royal Assent on April 8, 1981, allowing borrowing of another $14 billion. Then Bill C-111 was given Royal Assent on June 17, 1982, allowing the Government to borrow another $6.6 billion. Bill C-125 was given Royal Assent on August 4, 1982, allowing the Government to borrow another $11 billion. Then Bill C-128, given Royal Assent on November 8 of 1982, allowed borrowing of an additional $4 billion. Today we are debating Bill C-143, requesting that the Government borrow yet an additional $19 billion.

From 1980 to 1983, a three year period, the Government has come to Parliament to borrow some $66.6 billion. That list of borrowing upon borrowing, with the insult of this latest request without a budget in front of us, simply demonstrates, as clearly as could ever be demonstrated, the absolute incapacity of the Government to manage.

Any Canadian citizen who went to the bank to request a loan of some significant amount, be it $1,000 or $10,000, must state the purpose of the loan. A banker would ask, "What is the purpose of the loan?" If the citizen were to respond by saying, "I have no stated intentions for the money, and I just want the money", the chance of obtaining a loan would be basically nil, irrespective of the capacity of the person to pay back the loan.

The Government has asked the people of Canada to give $19 billion without a plan. What folly! What a false, mismanaged Government it is which would think for one moment that the people of the country should willingly give it $19 billion without any stated intentions or purpose. The Hon. Member who—

Mr. Deputy Speaker: Order, please. The Hon. Member's allotted time has expired.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, of course, we on this side of the House agree with many of the comments of the Hon. Member for Crowfoot (Mr. Malone), particularly concerning the inadequacy of the Government coming before us for money once again without having an economic plan of any kind. However, one comment of the Hon. Member exemplified the tendency of Canadian politicians to use scare tactics concerning the deficit. I believe he said that Canada has a higher per capita debt than the countries of

South America. Of course, what he did not mention was the fact that the population of the countries in South America is much larger than ours. Perhaps, if we took that into account—

Mr. Fisher: And they have less money.

Mr. Blaikie: —we would have a more adequate analysis. I think that the truth ought to be served, even it does go against the Hon. Member of the Opposition from time to time.

This afternoon I wanted to make some comments concerning over-all economic policy on something which has caught the attention of the Canadian public, the Canadian media and also the House in recent weeks. I am referring to the statement by the Canadian Conference of Catholic Bishops entitled "Ethical Reflections on the Economic Crisis." It was a statement made to the Government of Canada on the economic crisis which we face as a country.

• (1610)

In that context I would like to put on the record my own view of the theological context in which we ought to reflect on economic matters.

The God of the Bible is a God who wants to redeem the whole of human existence, our social as well as our individual life, in the end by bringing to fulfilment and completion something called the Kingdom of God. And living in harmony with this desire of God involves His followers in the world, and in the world of politics and policital choices, as an inescapable fact of being individual in the world.

What kind of world is it? Well, the original will and intention of God is for a world and for the world. Genesis tells us that God created the world and called it good. Thus, whether we find it in the form of a garden at the beginning of history or as a city at the end of history, the intention of God is for a world, a created reality which is more than the sum of its parts, an organic creation.

This is reinforced by the story of the creation of human existance per se. God creates human beings plural, male and female, in His own image. Like God, humans are personal and free to enter into relationship with each other. This is the intention of God for human life, that we enter into fellowship with Him and with each other, that we enjoy each other's company. Relation is the primary intention of human existence, relation in love, that is, but relation is also the primary structure of our existence. That is why all economic systems which ask us to perceive ourselves as rugged individuals, acting apart from the needs of the community and acting apart from the needs of others, are so much falsehood. Human beings are never without God and they are never without each other. They can only pretend that they are. The law of our being is the law of love, represented and demonstrated in the life, death and resurrection of Jesus Christ, the man for others. Christ, being a unique and special event in the life of the world and the life of God, is the means through which God has revealed what it means to be fully human and through which He has revealed Himself, that is to say His own solidarity with human suffering and the pain of the world and the power of His love over the power of death.

Sin has its origins in human will and responsibility, the misuse of our God-given freedom by which we rebel against relation as the law of our being and try to set ourselves up as God, wanting to live a self-created and independent life, denying our relationship with God, denying our relationship with neighbours and denying our relationship with the rest of creation. I am speaking now of the way we treat our environment.

The incarnation is not the incarnation of something radically other, but the coming of God into the life and history of a world in which He is already Creator, already indwelling principle, already ultimate reality. Thus the truth of the Gospel conforms to the deepest truth of our existence. Thus we are encountered by Christ not only in His life, death and victory over death, but in the ongoing life of our sisters and brothers in human history and, more particularly, in the life and needs of the hungry, the poor and the oppressed, the least of them, as Jesus put it.

So if we follow this view which sees the primary religious axis as that between God and the world, then the Church is not a sacred island in the profane ocean of humanity gathering the select few for the heavenly dispensation. The Church is different from the rest of the world only in so far as, and when, it lives human existence more fully as a result of hearing the Gospel. Its task, like that of Israel before it, is to bear witness to the truth of our relationship to each other and to God, to tell the world the truth about itself.

Mr. Deputy Speaker: With respect to the Hon. Member, the Chair is having some difficulty relating his remarks to the borrowing authority Bill before us. The Hon. Member might just bear in mind the particular measure before the House.

Mr. Blaikie: Mr. Speaker, I am speaking about the context in which we make economic decisions, the context in which this Government ought to plan the way the Canadian economy is run, and I think my remarks are relevant. If they are irrelevant, then we are in a sorry state indeed. If we cannot, in the context of the most general kind of economic motion that we have before us, make these kinds of over-all reflections, then where indeed could we do this kind of reflecting?

It is the responsibility of the Church to tell the world the truth about itself. The Church exists for the sake of the world. The Lordship of Jesus is lordship over the world. The life of the Church is acknowledging and living from this lordship and being instrumental to God's purposes for the world. So the Church is not an end in itself. It exists to continue the work of its Lord to help save the world, not to save individuals only, but to save the world. Not to condemn it or to help men out of it, like the Gnostics, but to save the world.

Once we have concluded that the world and its redemption is the proper focus of faithful Christian activity, we must look to the prophetic tradition in the Bible for guidance. It is here that we find a long record of protests against religion that

exalted the eternal at the expense of the temporal, the transcendent at the expense of the imminent, the vertical at the expense of the horizontal, individual piety at the expense of justice and the life of God at the expense of the life of the world. Christians must realize that we can only be in the world, even if we are not of it, if we are actually willing to be participants in history, to make choices. Standing back from the fray is not an option, no matter how much piety accompanies the standing back.

The Bishops are to be commended for speaking out, for speaking out that way is part and parcel of the Christian life collectively as the Church and individually as Christians.

If we want to act in and for the world, as God would have his image-bearers act, then we must ask ourselves what kind of choices, what kind of sides is God reported to have taken in the Biblical record. The inescapable answer to such a question is that God did take sides and that the choices he made, the sides he took, were invariably on the side of the poor, the needy, the vulnerable, and the oppressed. The continuity with and fulfilment of this bias on the part of God, because God does have a bias, in and by Christ is stated most eloquently and clearly in the Magnificat of Mary (Luke 1:46-55) where the arrival of the Lord of History is praised and welcomed as the scattering of the proud, the putting down of the mighty, the exalting of those of low degree, the filling of the hungry, and the sending of rich away empty.

God is creator, judge and redeemer. He is the judge of the oppressor, and deliverer of the oppressed. Judgment and deliverance are in a sense interchangeable in the Biblical tradition, both semantically and conceptually, depending on what is needed and by whom at any particular point in history. Both have their origins in the steadfast, loving rule of God, who wills to humanize and redeem the oppressor by breaking the prideful domination of others and to humanize the oppressed by liberating them from bondage.

The Church cannot just say that war is bad but some wars are necessary. Rather, it must say: participate in this particular war or do not participate in it. The Church cannot just say that it is wrong for people to starve, but then say nothing definite about what form a solution might take. What I am saying is that it is the responsibility of all those who would act out of a particular religious point of view to be concrete. There is absolutely nothing wrong with being concrete. In fact, it is only by being concrete that we have a hope of being right, that we have a hope of saying the word which is needed in any particular point in history.

So I repudiate the criticisms of all those who have criticized the Bishops on the basis that they were too concrete. It is only by being concrete that they have lived up to their responsibilities.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I appreciate this opportunity to join in this discussion today. I had an opportunity last week to talk about the various points of view put forward by the Opposition.

• (1620)

I would like to put forward today in a more positive way my views about Government borrowing. I recall very clearly being asked my views during the last election campaign. In particular, I remember a discussion I had with the Mississauga newspaper. Each candidate in that campaign was asked his or her view about the deficit and Government borrowing. I replied that I felt Government borrowing to be a legitimate financial tool for the federal Government, that I am not afraid of using this tool. I do not see taxes and spending cuts as the only alternatives to financial crises. I see Government borrowing as an equally important tool for Governments to use.

I was reminded of this point of view today in an article in *The Toronto Star* by Professor Ruben Bellan, who is at St. John's College at the University of Manitoba, the economics department. Professor Bellan says that when we look at attempts to cut the deficit to get rid of Government borrowing, we get a paradox. I quote as follows from Professor Bellan's article in today's paper:

> A corresponding paradox may attach to attempts by a federal government to reduce its budget deficit. To achieve such a reduction the government reduces its spending, raises the rates of taxes already being levied, introduces new forms of taxation.
>
> The effect of its spending reductions is to put people out of work: Government employees lose their jobs, as do persons employed by firms from whom the government now buys less. Increase in rates of taxation and the imposition of new taxes have the same effect.

In short, Professor Bellan has pointed out that severe tax increases and severe cuts in Government spending tend to accelerate a recession rather than answer the recession. I agree with his point of view. I believe that Government borrowing is a way that Government can use to cushion ordinary Canadians against the blows of a recession like the one we are currently experiencing.

We heard some interesting comments in the House in the last couple of speeches. I think the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) spoke from the heart when he said we had to aim our economic policies at human misery, the most vulnerable and most needy in society. That was a laudable comment. Equally, the Hon. Member for Crowfoot (Mr. Malone) discussed the extremes in the other direction, cautioning us against too much borrowing and too much spending. There is a traditional middle of the road between those two positions. It is possible for a Government to borrow responsibly and cushion its people against a recession. That is what we are doing now. I would like to point out that our borrowing is as a result of transfers to ordinary people, businesses and other levels of Government. That is the major part of our spending, the major source of financial requirements.

I would like to point out some very interesting testimony in the Finance Committee last week. One of our officials noted that if we add up all the deficits and all the surpluses of all the Provinces in this country, we actually have a $300 million surplus, not a deficit. The Provinces are in a surplus position. The federal Government carries the weight of borrowing, not the municipalities and the Provinces. It is our borrowing that is being transferred to the Provinces and other Governments,

which enables them to run their schools, hospitals, medical care, transfers to people, welfare, and social programs. That is the kind of action we have to take. We have to recognize that there are people in need who must have this cushion underneath them during tough times.

The Hon. Member for Carleton-Charlotte (Mr. McCain) accused the Government of encouraging people to live high off the hog. Despite my affection for the Hon. Member, I regret that I must reject that point of view. I do not think our children would thank us if we passed along to them a devastated economy, and that is what would occur if the federal Government did not take the kind of affirmative action it has taken.

Our children will not necessarily appreciate the borrowing we are going through, but they will see it as far more preferable to a devastated economy. They will recognize, as I recognize now about previous people who have borrowed, that the borrowing spread out difficulties over the years, that we are able to offer the economy a little less of a blow now because we are borrowing against our future. That is acceptable. It is fine as long as it is done in a responsible fashion and we demonstrate that we can repay this borrowing at some future date.

As well, I reject the argument that we are comparable in this regard to poorer countries. Poorer countries by definition have a smaller capacity to repay such a loan. Therefore, it is a political red herring to drag in countries in Latin America and around the world that have lower standards of living and lower resources at their command.

I remind Hon. Members that in the June budget the Government emphasized the policy of a reallocation. We did not bring in huge new spending programs. Instead, we trimmed our sails in one area in order to finance expansion in other areas. We did that with purpose. We felt that the federal Government should be responsible. Therefore, we priorized our spending areas more carefully, trimmed a bit off and spent the saving. As a result, we have had $3,000 home grants that have gone right to the heart of the industry and revitalized that industry. We have railroad rehabilitation programs that are not only building up a vital infrastructure, but stimulating otherwise depressed industries. We were able to spend money to help out on unemployment insurance. We did not simply go to already depressed employers or distressed workers and ask them to bear the whole load.

We put a bit extra in. The upshot has been a higher deficit, but it has been a deficit that is affordable. We need only look at the recent experience in the money markets to show that interest rates are coming down, that we are not crowding out the private sector, others who want to borrow.

In summary, I believe that our deficit is an important cushion for all Canadians. I believe we are the major stimulus in the economy at the present time. Without us, our economy would be flat and very desperate. Finally, I believe that our policy of reallocation and careful priorizing of our spending is paying off.

Mr. Peter Elzinga (Pembina): Mr. Speaker, it is interesting to note that whenever the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) speaks, rather than offering positive proposals as to what this Government is doing, he simply comments on what other Members of this House are saying. That exemplifies exactly what this Government is doing. Rather than act, it simply talks.

We listened today to the Hon. Member for Vegreville (Mr. Mazankowski) who spoke about this Government's irresponsible approach to financing expenditures. In the short time since the last election, this Government has increased the Canadian debt by some $90 billion. We now have before us Bill C-143. The Government wishes to have the authority to borrow an additional $19 billion without giving this House any type of commitment as to whether this money is going, without showing any economic restraints or any concrete economic policy, and we in this Party are in opposition to the irresponsible approach of our Liberal friends opposite.

• (1630)

I believe it is important that all of us, as Members of Parliament, reflect upon what our thoughts were when we first came to this Chamber and what prompted our involvement in politics. My reason was quite straightforward when I decided to involve myself in the political process in that I totally disagreed with the economic management of my Liberal friends opposite. In the close to nine years that I have been a Member of the House of Commons, that irresponsibility has grown. When we look at what they have offered to the Canadian people we see a depressed economy, one of the more depressed economies since the Depression itself.

During my short participation in this debate, I would like to review, on a very personal basis, what we in this Party are going to do about it, and why I as an individual also sought the presidency of our national association. I want to do everything within my power, Mr. Speaker, to return to the Canadian people the hope and opportunity which this country once had and no longer has under the Liberal Government opposite. I ask Hon. Members of this Chamber, and all Canadians, where did those bright hopes of the early 1980s go? When we went into this new decade, our hopes were great for this country of ours. There were a number of megaprojects which were to come on stream, but because of the inaction of our friends opposite some 10,000 jobs were lost in just the energy sector itself. I remember at one time, Mr. Speaker, that to live dangerously was at one's choosing rather than because of a Liberal Government policy.

Even though there is much that we as an Opposition can criticize as to what this Government is doing, I have found in my travels throughout this country that the Canadian people are tired of what I call "old time politics". These are politics whereby the Opposition criticized what our friends in the Liberal Government were doing. Canadians are now looking to us, the Conservative Party, to offer constructive proposals to cure the economic malaise which this Government has brought us into.

I would like to review with you a brief five-point program which we would implement in the event that we were the Government, and which we will implement after the next general election. We will reduce the Government budgetary deficit, Mr. Speaker, and we will redirect and limit Government spending. We will simplify not only the income tax forms, but also the Income Tax Act under which we function, to encourage again risk-taking investment especially as it relates to the small business sector. We will amend the National Energy Program to reduce Government red tape and eliminate Government confiscation as it relates to the 25 per cent backing Clause. We will reduce the burden of Government and unnecessary regulations, again as it relates specifically to the small business sector. We will assist Canadians to reach the forefront of new technology with aggressive research and development policies. We did this in our budget in 1979 in which we increased our funding to research and development. Those are just basic principles, Mr. Speaker, and we are in the process of putting meat to the bone so that we can once again restore economic activity in this great nation of ours.

When I indicate to people in my part of the country that we plan to simplify the Income Tax Act, they say, "Well, the Liberal Government has already done that". These individuals indicated that the Income Tax Act was already simplified, and this is the way the Liberal Government's tax forms reads now, "Item Number 1: How much money did you make last year? Item Number 2: What are your expenses? Item Number 3: How much do you have left? Item Number 4: Please send the Liberal Government the amount listed in Item Number 3." That is how this Government has destroyed the economic activity in this nation.

One might ask, Mr. Speaker, what we as a Party are going to do to restore a climate of confidence in this nation of ours. I would like to refer to the budget that we introduced in 1979. We can point to that with pride, and we have something substantial which we can point to by way of the record. That budget, Mr. Speaker, squarely confronted the economic difficulties with which this nation was faced, and it proposed solutions based on sound economic management. There were policies which offered encouragement to the private investment community and yet provided protection for those who were disadvantaged in this society. Our budget contained measures which placed women in a position of equality with men so far as family enterprises are concerned. We introduced an energy tax credit to assist lower and middle income earners in Canada to meet the higher energy costs. We had our mortgage and property tax credit scheme. We had measures to help specifically the small business sector as it related to the high interest rate, which would have effectively cut interest rates in half. We also offered substantial capital gains relief with relation to the farming sector. Yet, Mr. Speaker, we were reducing the Government's budgetary deficit and we were reducing Government spending. To top it all off, that budget was labelled as the most socially progressive budget which had been introduced in Canada in the past 10 years.

I ask you, Mr. Speaker, to compare that to what is taking place now. We have a Government which has destroyed the energy sector. We have a Government which wishes to do the same thing to the agricultural sector. We have legislation before this House called Canagrex which wants to give full and total control to the Government over the agricultural sector. We on this side of the House have a responsibility to the Canadian people to offer hope and faith in this nation of ours once again.

Whenever I have occasion to speak in regard to Government policy, I am reminded of the time when the President of the United States addressed the two Chambers two years ago. He likened Government to a baby. He indicated it is like an alimentary canal with an appetite at one end and no sense of responsibility at the other. We, the Progressive Conservative Party, have to return that sense of responsibility to Government, and I can assure you as an individual Member of Parliament and as a Member of this Party that we are going to return responsibility and we are going to return faith and hope to this great nation of ours.

My parents immigrated a good many years ago to this country from Holland because they saw this country as the country which would hold hope not only for themselves but for their children. Mr. Speaker, Canadians are looking to us, as a Party, to restore that hope.

Mr. Darling: Mr. Speaker, once again I want to rise to speak to this appalling Bill C-143, which is the Government's edict demanding $19 billion. This Bill which is in itself—

• (1640)

Mr. Deputy Speaker: Order, please. The Hon. Member has already spoken on this amendment on February 28 and therefore cannot be recognized again under the rules. The Hon. Member for Beaches (Mr. Young).

Mr. Young: Mr. Speaker—

Mr. Munro (Esquimalt-Saanich): A point of order—

Mr. Deputy Speaker: Order, there seems to be a question. On Monday, February 28 when the House was debating the amendment which it is currently debating, the Hon. Member for Parry Sound-Muskoka (Mr. Darling) was recognized and spoke.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, on a point of order. As I read *Hansard* for that particular day and subsequent days, the debate is on "Resuming consideration on the motion and the Amendment—"

Mr. Deputy Speaker: Order, please. It is quite clear that a debate took place on the amendment which is exactly the same subject as the amendment before the House at that time.

Mr. Neil Young (Beaches): Thank you, Mr. Speaker. I am glad we have that matter cleared up.

The Government is asking the House to give it authority to borrow some $19 billion to meet projected expenditures in the

coming fiscal year, without giving the House the opportunity to examine what it intends to spend the money on.

I have two concerns about how the Government proposes to spend this money. One in particular is the recent announcement that over the next fiscal year the Government intends to reduce the amount of money available for social housing. That is being done in face of the housing crisis in Metropolitan Toronto and Ontario today. It is irrational that this should be the case when we have the highest unemployment on reocord in the country today. It is well known that for every job created in housing construction, 3.5 jobs are created in spin-off industries. Housing is not only a social need, it is also a tool for major job creation.

Nearly 18,000 families are on the Ontario Housing Corporation waiting list. Cityhome in the city of Toronto requires 16,000 new units to handle its waiting list. Emergency hostels provided for transients have become permanent homes for hundreds of people who cannot find affordable accommodation. At the same time, thousands of units of affordable housing are waiting to be built in Metropolitan Toronto, but the federal and provincial Governments are forcing their delay or cancellation.

Today the Oak Street site is a vacant lot. If Canada Mortgage and Housing Corporation would approve the housing subsidy under its non-profit co-operative housing program, the site would contain 149 units of housing, a small park and a daycare centre.

Non-profit co-operatives are developed by a board of directors and then run on a democratic basis by the tenants. By removing the profit component and by making units available to low income people assisted by federal and provincial rent subsidies, this development would provide affordable housing to those who need it most.

Metro Toronto has been allocated a 1983 budget of 815 co-op housing units. This is a substantial drop, since the 1981 allocation was 1,300 units and the 1982 allocation was 1,100 units. Besides the Oak Street site, there are 14 sites in Metro where construction could begin if CMHC gave a financing commitment. These sites include Windward, Harbourside and Arcadia Co-op on the Harbour front, Lambton Co-op in York Borough, three Scarborough locations with over 300 units, three downtown locations, Toronto Women's Co-op in Parkdale and the North of Metro Co-op. With this many projects on hold, co-op housing developers must turn down all new proposals.

CMHC is a federal body and is the main provider of subsidies for non-profit co-operative housing. Given the enormous need for social housing and the high unemployment in our construction industry, the NDP has urged the Province to take direct action in the development of co-operative housing. Over 2,000 person years of employment could be created by Government investment in the co-op housing that is ready to be developed this year in the Metro Toronto area.

Cityhome is the City of Toronto's non-profit housing development corporation. Right now it requires 16,000 new housing units to meet its waiting list.

The Ontario Ministry of Municipal Affairs and Housing allocates CMHC funding for municipal non-profit programs. In December the Province transferred 172 units from the 1982 allocation to the 1983 allocation, and indicated that no allocation would be available for additional new units in 1983.

Cityhome wanted to develop 964 units in 1983. The Commissioner of Housing believed the Province would support the building of over 600 units. These units would be located at 27 Elm Street, Elizabeth and Chestnut, Bathurst Quay, Greenwood and Walpole, Coxwell Stables, Jones and Curzon, Jarvis and Homewood and Queen and Vanauley. Construction of those 964 units would result in over 2,000 person years of employment.

We in this Party believe the Province of Ontario should be expanding the municipal non-profit housing sector, not cutting it back. We will continue to argue for a major infusion of new funds into the co-operative and non-profit sector to create jobs and meet our housing needs. When we take a look at the actual cost savings, apart from the social benefits to society, we find that to keep an individual in an institution costs upwards of $30,000 per year. To allow that person to live within the mainstream of Canadian life in the community, the cost to the taxpayer is something around $8,000 per year. This is a substantial saving to the taxpayer and provides the disabled person or the psychiatric patient upon his discharge from an institution with an opportunity to become a fully participating member of society again.

It is not so long ago that we in Canada observed the International Year of Disabled Persons. In fact, the House recognized the importance of that international year by establishing a Task Force comprised of Members of all political parties in the House to conduct an investigation into the needs of the disabled in this country.

One of the major findings of that Task Force was the crying need for deinstitutionalized programs for disabled people in the country. I am not talking about the kind of deinstitutionalization that has taken place in Ontario, where literally thousands of mental patients are being discharged from care centres into the community without adequate community support bases being provided. There is a particular need for adequate housing for those phychiatric patients who have been discharged. I am now talking about the kind of deinstitutionalized program that is taking place in the Province of Ontario where there is an intention to close homes for the mentally retarded. I am sure that the inadequate housing that will be provided for these patients will be of less benefit to them than the existing accommodation.

If the Government were to ask the House for authority to borrow funds for these socially useful purposes, I am sure that Members on this side would not be as reluctant as we are to give the Government the authority to borrow that sizeable amount of money. We hear talk about deinstitutionalization and the cost of keeping people in institutions as opposed to allowing them to live in the community.

• (1650)

If the Government were to say that it wanted to use these moneys for job-creation projects, housing construction and socially-useful purposes, I may feel an awful lot easier about giving that authority. Today I do not.

The Acting Speaker (Mr. Blaker): Before recognizing the Hon. Member for Halifax West (Mr. Crosby) for the purpose of debate, may I say that there is an indication that a certain "Mr. Crosby" has spoken. There is no indication whether it was the Hon. Member for Halifax West or the Hon. Member for St. John's West (Mr. Crosbie). I think the easiest way to clear it up would be to ask the Hon. Member for Halifax West whether or not he has already spoken on this Bill. If not, he may proceed to participate in the debate.

Mr. Howard Crosby (Halifax West): Mr. Speaker, that happens to be an embarrassing question because I cannot answer without reservation, except to say that I was under the impression that at no time had I spoken on any aspect of the borrowing Bill, that is to say, Bill C-143. I am virtually certain that I did not, but at the same time I can just as easily assure the Chair that the Hon. Member for St. John's West (Mr. Crosbie) probably spoke on the Bill. With that situation and in the absence of any objection from Hon. Members, I will proceed.

In ten minutes it is very difficult to express with any satisfactory result one's view of the provision in Bill C-143 which authorizes a further borrowing that in total amounts to $19 billion. It is one of the simplest provisions before the House of Commons, but at the same time it is one that has the greatest possible ramifications for the people of Canada. To try to put into real terms the effect of a massive legislative measure such as an authority to borrow $19 billion, let me point out that this borrowing and other anticipated borrowings will bring the total debt load of the Government of Canada into the area of $200 billion. If we divide that among the people of Canada, we will see immediately that every man, woman and child will owe, as a result of all this borrowing, some $8,000; that is $8,000 for every Canadian person.

When we attribute that borrowing to the work force in Canada—the people who actually have to pay the bills and provide the wealth and resources to the Government which enables it to carry on its services and pay for its debt—we realize that the debt more than doubles. Every working Canadian can look forward to carrying on behalf of the Government of Canada a debt load of some $18,000 and to paying and providing the resources to pay the interest on that amount of debt.

When we look back a year or so ago when the interest rate was at 19 per cent, we realize the enormity of that burden on the people of Canada. Unfortunately it does not end there because each of us lives in one of the Provinces of Canada, in the Northwest Territories or in Yukon. In respect of that residence we have, as wage earners and supporters of the economy of the country, a liability to support our Provinces. That carries with it an additional burden. For example, in the case of the Province of Nova Scotia, my obligation as a resident apparently is to pay $5,224 in addition to the $18,000 that I owe as a wage earner of Canada. If we increase that number proportionately, we find that my debt load is not only the $18,000 with which I have to support Canada, but the $10,000 or more which I have to supply in respect of my obligations to the Province of Nova Scotia.

I could almost sit down now because the thought of owing $26,000 on top of every other responsibility of a wage earner in Canada is of such magnitude and so horrendous that it dispels and dissipates every ambition for economic success in the future. This is exactly what has happened in Canada. We have become victims of our own extravagance. But it is not our extravagance as individual Canadians; it is the extravagance of the Government of Canada. It did not learn the lesson which was learned by Canadians in the post-war period after 1945 and in the early 1950s. I remember as a university student in that period reading a reproduction of an editorial which appeared in the *New York Times*, in which the Government of Canada was praised for not only balancing the budget, that is to say equating the expenditures of the Government of Canada to its income and revenues, but providing a tidy surplus. It was not a great amount, but it was enough to put aside for the proverbial rainy day. Since the heydays of the early 1950s, the attitude of the Government of Canada changed very drastically and it got completely away from the idea and concept of a balanced budget.

I just want to take a minute or two to address myself to the concept of a balanced budget. Many people say that that is a right-wing view, that it is the view of arch-capitalists that we have to balance our expenditures against our income. It is a rule of economics that we cannot deny regardless of our other views. It is a fact of economic life that if one allows one's expenditures to exceed one's income and revenues, one will get in difficulty somewhere along the line. It is not only those who want to be economic purists who respect the concept of a balanced budget. It is also those who want to provide a future for all Canadians and to provide the services which all Canadians need right now. The only method to ensure the provision of social services is to have the kind of economic purity which results from a balanced budget.

We in the House of Commons have to remind the Government of Canada constantly that having abandoned this essential and necessary economic concept, it now has to recognize and realize the error of its ways and return to that concept. Until we bring back into the economic and governmental affairs of Canada the concept of a balanced budget, we will remain in the economic no man's land in which we have been drifting for the past decade and in which, of necessity, we will have to drift for another decade.

Just as I favour the concept of a balanced budget, I recognize that we cannot return to that concept overnight because we have made a social contract and have guaranteed to the people of Canada that we will provide necessary medical services, hospital care, and education, in some circumstances at no cost and in other circumstances at a tuition fee. We have to continue these kinds of services, but at the same time our challenge and task is to bring all this into line, that is to say,

the concept of a balanced budget and the necessity for continuing social services, including health care, education and all the services to which Canadians have become accustomed.

The other side of the coin is that in falling into the horror of continual deficit budgeting we have built up an economic burden that we can no longer carry. I have heard from time to time that the Government of Canada has said to provincial leaders that they must take up more of the economic burden. As I have already indicated, it would appear to me that practically every Province of Canada has reached the limit of its financial capacity as well. For instance, every resident of New Brunswick carries a debt of $6,200. In Newfoundland, the per capita debt is $6,300. Even in rich Ontario the per capita debt is $4,060, and in Quebec it is $4,500. I could go on with these statistics, but they merely point out the facts that Canadians, who are not only residents of Canada but residents of the Provinces and Territories of Canada, have reached the limit of their debt capacity and that this spending spree has to stop.

• (1700)

When the former Minister of Finance introduced his budget he gave the indication that the spending spree was going to stop, that he was bringing forward a program of restraint in Government spending which he called the six and five program. He immediately took the dollar bills that were saved as a result of the six and five program and assigned them to other areas of Government expenditure. The net result was even greater Government spending and an increase in the deficit.

The deficit has risen over the past two years from $11 billion to $19 billion, to $23.6 billion to $26 billion, and now it is nearing $29 billion. As long as we attempt to carry a deficit of that size, every social service and every educational service is in danger. But the spending goes on and on.

Last week we learned that the Canadian National Railway has piled up a deficit of $225 million. That was after spinning off all the loss operations, such as CN Marine and VIA Rail. When will it all stop? When will the Michael Pitfields stop feeding at the public trough? When will all this spending stop? What we are doing here is dealing with this Bill and with this amendment and trying to convince the Government that it has to stop its spending, that it deals with the realities of Government expenditure and service, and get Canada back on the road to a balanced budget.

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

I see the Hon. Member for Red Deer (Mr. Towers) rising, but again I have to ask the Hon. Member whether he has already spoken. Perhaps the Hon. Member will give me a moment to check the list. There are so many Members who have spoken on the Bill that I think it is important to check the list.

The Hon. Member for Esquimalt-Saanich (Mr. Munro) is rising on a point of order.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I rise on a point of order. I have been checking the record. The Bill was introduced on February 17, 1983 by the Minister. There were five speakers on the main motion at second reading. The fifth speaker proposed an amendment. Following that it is my understanding that speakers could speak to the main motion or to the amendment. But the amendment has not been brought to a vote. Why is it that those of us who have spoken on the amendment—I admit frankly that I did—are not permitted to speak to the main motion? We had only ten minutes allotted to us. In ten minutes you can say very little about a proposal as substantial as this one. Nineteen billion dollars is a great deal of money. I think it is most important the Canadian people have an opportunity to find out just how much it is. Therefore, I feel the amendment ought to be put, if you like, with the vote deferred so that those of us who have spoken on the amendment can speak now on the main motion.

The Acting Speaker (Mr. Blaker): The Hon. Member for Esquimalt-Saanich (Mr. Munro) raises the point at issue exactly. First, let me deal with the Hon. Member for Red Deer (Mr. Towers). I see that he spoke on Monday, February 28 as reported in *Hansard* at page 23300. I cannot recognize the Hon. Member for Red Deer to speak on the amendment again. However, as indicated by the Hon. Member for Esquimalt-Saanich, if the House sees fit, I will put the question on the amendment. Once the amendment is disposed of then Hon. Members may proceed to debate the main motion. Members will also recognize that we have a House order that calls for a vote at 4.45 p.m. on the amendment and on the main motion. We could, of course, defer the vote. I am in the hands of Hon. Members. The Hon. Member for Burlington (Mr. Kempling).

Mr. Kempling: Mr. Speaker, There have been discussions among the Parties. We have agreed that, if we had no further speakers on the amendment, we would allow the motion to be put, and the vote would be defered until 5.45 p.m. If no one rises to speak, we will proceed in that fashion, provided there is unanimous consent of the House.

Mr. Cosgrove: Mr. Speaker, I can confirm the agreement as indicated by the Hon. Member for Burlington (Mr. Kempling). Inasmuch as some of the comments made by the Opposition have been constructive, we have no objection to constructive criticism continuing.

Mr. King: Mr. Speaker, I want to clarify whether I am on your list. I spoke to the main motion on March 4, I believe. I would like some clarification on that.

The Acting Speaker (Mr. Blaker): Again, I must ask the House to be patient. There have been so many speakers that I have to check the list. I know the Hon. Member for Okanagan-Similkameen (Mr. King) is on the list of speakers. I want to determine whether his name was on the list of speakers on the main motion or on the amendment.

The Hon. Member for Okanagan-Similkameen spoke to the amendment on Friday, March 4, 1983. He cannot speak again to the amendment.

The Hon. Member for Burlington (Mr. Kempling) has put forward a suggestion which I think is appropriate for me to put to the House. Very simply, let me put the question on the

amendment, and having done so, defer the vote to 5.45 p.m. This will require the unanimous consent of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): The vote on this matter will be deferred until 5.45 p.m. today. Debate will now be on the main motion.

The Hon. Member for Parry Sound-Muskoka.

Some Hon. Members: Hear, hear!

Mr. Blais: Finally. We have been waiting to hear you all afternoon.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I am delighted to hear that my colleague from Nipissing, the Minister of Supply and Services (Mr. Blais) will be listening attentively.

Once again, I want to rise to speak to this appalling Bill. Bill C-143 is in itself such an outright admission of fiscal and administrative failure that in our parliamentary system as practised anywhere but in Ottawa under the Liberal Party of Canada it would only be presented if accompanied by the resignation of the Government responsible.

We all know now that because Liberals feel no guilt they, therefore, have no guilt. Out of the goodness of my heart, let me present them with a slogan that might or might not serve them well in the next election. It is: "Being a Liberal means never having to say you're guilty."

Therefore, before the beginning of the new fiscal year, before we have so much as seen a budget—and I would remind you that when this Bill was introduced we had not even seen the Estimates—and before we are given any idea what the money is wanted for, we are being forced to authorize a blank cheque for $19 billion.

Let me use what I think is a very graphic illustration to give some idea of just what we are talking about when we glibly toss around phrases like "$19 billion." If your ancestors and mine had started a company in the year Jesus was born, capitalizing it with $1 billion but, running it so badly that it lost $1,000 a day, we would today still have a quarter of our capital left. That is $1 billion.

• (1710)

This Bill tells us that the Government wants us to give it a blank cheque for $19 billion, $5 billion of which is to paper over its various sins of omissions of this fiscal year and another $14 billion to get it well under way to its undisclosed and uncertain destination in fiscal year 1983-84.

Let us look at what little we do know about Government spending plans for the coming year. Let us see if they are the stuff that gives us any spine stiffening confidence that our moneys are being well husbanded and sparingly spent. Bear in mind that this is the Government which has just forced its six and five regime on its pensioners and the senior citizens of the nation. Yet, it has allowed the salary and wage costs in the Ministry of Economic Development, for example, to rise by 52.3 per cent. This cannot be due merely to new recruiting because the manpower of the Department has gone up by only 3 per cent. It is hard to see how it can be due to a reorganization of functions in the economic area because at the same time the salaries of the Department of Regional Economic Expansion have risen by 9.1 per cent and those of Industry, Trade and Commerce, by 8.4 per cent. Indeed, wages and salaries in the Government as a whole have gone up by 7.6 per cent which, by comparison with the Government's past standards, is pretty good. However, in comparison with what could and should be achieved by an administration for which fiscal responsibility is something more than a slogan and in comparison with the Government's own six and five guidelines, it is an affront.

If a Government comes to this House and asks for a blank cheque for $19 billion, at least we should be assured that its estimating and forecasting is accurate. Let us look at what its estimates tell us about the coming year's construction costs. We must presume that some of this money will go to pay construction costs, but we do not know that.

The Ministry of Transport is building a firehall and garage at St. John's National Airport and is making some modifications on the air terminal at the Regina National Airport. The previous Estimates for these came to $40.4 million. This year's Estimates come to $78.2 million, which is an increase of 93.6 per cent.

What about our new embassy in Riyadh, Saudi Arabia? Last year its cost was estimated at $1.7 million. The latest guess is $32.8 million, which is an increase of 1,829 per cent. So it goes. The costs of Canadian police services facilities at Rockliffe, St. John's and Fredericton are up by 59.6 per cent.

Let us turn to the classic place for hiding sins of omission, standard item No. 12 which is "other expenditures". This item is up by 88.4 per cent this year. What does that mean? I guess we will have to wait for the debate on the Estimates and hope for an explanation then. In the meanwhile, we are expected to pass a blank cheque Bill for $19 billion, part of which moneys will presumably be spent on this item, whatever it may represent. In any event, we are told that none of that is any of our business and that we should just shut up and pass the legislation. It goes without saying that this kind of legislative conduct is bad for the political system. It goes without saying that this sort of catch-up financial fumble ball is the mark of an exhausted Government which is out of control of the public purse, out of touch with the public mood, and out of sync with economic realities. Yet, as long as its tame sheep will bleat on demand, the Government remains in control of the House and this Bill will pass.

When I look across the aisle, I think of the line in "HMS Pinafore", sung by Sir Joseph Porter, KCB, which is:

I always voted at my party's call and never thought of thinking for myself at all—

And the next line, which you will remember:

I thought so little they rewarded me—

And so on. How little times seem to have changed, in Liberal Ottawa anyway.

There is a line spoken by Sir Winston Churchill in "Churchill; the Wilderness Years" which was shown in recent weeks on the PBS System. Mr. Churchill had at least been offered a Cabinet post by Neville Chamberlain after being resolutely ignored for a decade because of his independent views. Mr. Chamberlain expressed regret for this, and Sir Winston replied that as long as Party discipline is not so tight as to stifle honest dissent, democracy is safe. I am wondering if we will see that here in Ottawa.

Of course, this Bill will pass because it must. It will be passed because the Government, which has lost control of the country and the public purse, retains control of the legislature. As a result, democracy is ill served.

It is clear that while it may technically retain the confidence of this House, it has forfeited the confidence of mainstreet Canada, and this Bill and what it represents is why.

It is wrong in principle to force through a draft for any sum to pay for God knows what and move the country further along God knows what undisclosed path. It is wrong by every standard of measurement to purloin $19 billion from the taxpaying public.

I want to say to those who heretofore have been very acquiescent on the other side of the House and who are willing to give the Bill the stamp of endorsement that the great public, their electorate and mine, whose money they are taking, are watching them now. They must now pass judgment on this, their Government's Bill. Of course, I know that the people of Canada will make their decision later.

Mr. David Kilgour (Edmonton-Strathcona): Mr. Speaker, it is an honour to take part in this debate and speak against a Bill which would allow the Government to borrow $19 billion. Many speakers have tried to explain what $19 billion is. I believe, when speaking to the amendment approximately a week ago, I indicated that, at least by my arithmetic, it would take a husband and wife 53,000 years to spend $19 billion at the rate of $1,000 a day, seven days a week.

I would like to make a couple of points in the ten minutes that I have. They deal primarily with the question of waste in proportions which I think would make any democracy in the history of the world blush. Let me give a few examples, for which I am indebted to my colleague, the Hon. Member for Vancouver-Quadra (Mr. Clarke) since these examples come from one of his recent householders. My first example, remember, comes from the Member for Central Nova (Mr. MacKay). It is a plane ticket for the Minister of Finance (Mr. Lalonde), which cost the ordinary taxpayer $2,611, so that he could fly by Concord Jet on June 14, 1982, from Kennedy Airport to Heath row in London. I did not have time to check what the regular airfare is but I am prepared to wager that it would be much less than the $2,611 that is required of those who have the taste to fly by Concord.

My second example involves photocopying. The Auditor General tells us that the federal Government spends in excess of $50 million each year currently for photocopying, for approximately $900 million photocopies per year.

The third example of absolute, total waste is the $674,000 spent to buy briefcases for public servants between April of 1980 and June of 1981.

The fourth example relates to land banking. The Government spent $775 million in land banking for future Canadian housing needs. According to the 1978 Greenspan Report on land prices, instead of controlling land prices, the program created a shortage of land, providing spectacular profits for land speculators as prices skyrocketed.

• (1720)

The next example is the promotion of the six and five. That is the restraint program, as Hon. Members will remember. How there is a connection between six and five and the Canada Unity Information office is beyond me. The Government spent $1 million to set up exhibits at the Canadian National Exhibition, the Pacific National Exhibition and Expo Quebec. I might add, since I am dealing with the Unity Information office, that I am advised that the Government spent $4,500 last month to advertise "the Crow goes without a flap" in the Montreal *Gazette*. That was the ad which told us that westerners would not benefit from the abolition of the Crow rate.

The sixth example of unparalleled waste is the fact that the Auditor General told us not long ago that the net debt of the Government of Canada is understated by $14.5 billion as of March 31, 1982. Oh, the list becomes very long.

The 1981 Canada Savings Bond issue had a $1 billion blunder in it. As Hon. Members will recall, these geniuses of finance opposite decided to offer the bond issue at 19.5 per cent interest, and the economist, Donald McGillivray, has estimated that, based on the interest rates prevailing at the time, the cost to the taxpayer was a mere extra $1 billion more than was necessary.

I cannot resist the example of the Jet Stars flying in formation to Winnipeg. That was when Messrs. Munro, Gray and Blais used three separate Jet Stars to fly to the same Liberal fund raising dinner in Winnipeg. Indeed, the cost of fuel alone would have been $27,000, and first class commercial airline tickets would have cost $1,770, return.

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

Mr. Munro (Esquimalt-Saanich): Oh, did we miss you?

Mr. Blais: Mr. Speaker, yes, I will say that I was on an aircraft to Winnipeg, but it was not for a fund raising dinner. It was for the inauguration of a new plant which we were creating in Winnipeg as a result of the F-18 offset, a plant which, I might indicate, is highly profitable and has a very long future to consider. I would have hoped that the hon. gentleman would have checked his facts before he started making allegations.

Mr. Daudlin: I rise on the same point of order, Mr. Speaker.

Mr. Kilgour: Mr. Speaker, ten minutes is a very short amount of time.

The Acting Speaker (Mr. Blaker): The Hon. Member for Essex-Kent rises on the same point of order.

Mr. Daudlin: Mr. Speaker, I do not want to take any time from the Hon. Member, and I know that the Minister did not want to raise this matter because his name was perhaps mentioned. However, it seems to me that unless the rules change, and the changes we are getting into right now have gone beyond where I believe they have gone, the practice of the House remains that Hon. Members and Ministers are to be called by their responsible Ministry or by their riding. I think that the Hon. Member would want to do that.

Mr. Kilgour: Mr. Speaker, I know, as I was saying it, that I was making a mistake. I hope that Your Honour will forgive me. I notice that the Minister of Supply and Services (Mr. Blais) did not tell us whether or not he went to the fund raising dinner.

The next item which I would mention concerns the question of the $200,000, I believe, which is being paid in salaries, benefits, travel allowances or expenses, to keep Mr. Edwin Clark in Paris for a year with his family in the style to which he has become accustomed. I do not believe that there are very many people opposite who will stand and defend that particular use of the taxpayer's money.

I suppose that my favourite example, because everyone in Canada can relate to it, concerns the $11,000 which the Government spent to send Miss Janet Smith from the Privy Council office to study French on the Riviera in France. Do you know how the Government defended it, Mr. Speaker? It stated that paying to send this young lady to take French lessons in Quebec, New Brunswick, Ottawa or anywhere else would require a cash outlay of $13,000, I believe. In other words, Canadian taxpayers were being saved, by some perverted bit of logic, the sum of $2,000. If one ignores our balance of payments problems, it just might make sense, but not otherwise.

[*Translation*]

I should like to switch to French now to mention a few points raised by University of Montreal Professor Maurice Marchon about current problems related to inflation and unemployment. Here is what he said about our situation over the past ten years:

> The Canadian experience at the beginning of this decade has some similarities with the Swiss and Japanese experiences. The Bank of Canada intervention on the money market in 1971-72 and the fact that interest rates were kept too low resulted in a money supply expansion rate which was not conducive to price stability. The national product growth rate was very high in 1971-72, but inflation reached 11 per cent in 1974. The rapid increase in the inflation rate cannot therefore be due mainly to rising energy prices controlled by the Government, but above all to an overly expansionary monetary policy.

[*English*]

He continues and basically says, as I understand his writing, that the Government does not understand monetarism or the proper use of the theories of John Maynard Keynes.

Concerning the problem we have now, I refer to some points made by Professor Antonio Martino, Professor of Monetary History at the University of Rome, in an excellent book entitled "Constraining Inflationary Government". One of his points, which is totally germane to what we are discussing now, is that Government deficits reach a very high level and they inevitably lead to "refinancing of the deficit through money creation". That is happening now and will continue to happen.

Professor Martino quotes Richard Wagner and Robert Tollis on the same point as saying, "While some Government borrowing is for investment, most of it is for consumption. This means that budget deficits replace the creation of capital goods with a subsidization of consumption". Further down, he quotes Walter Eltis as saying, "It must be particularly disturbing to Keynesian policy-makers that the countries where the influence has been greatest are those which have suffered most from inflation". Further down, in his concluding paragraph, he discusses inflation. In effect, he says that Keynes' obsession with the short-run was also doomed to result in both destabilizing macroeconomic policies and in an inflationary bias. He discussed how Keynes' policies have destroyed the most effective constraint in Government growth. At one point it was considered undesirable to have a deficit. Now it has become a desirable feature.

I must tell Hon. Members that our deficit this year is on the order of $26 billion. It is rather like a pyramid. It becomes larger every year. The point that Hon. Members opposite cannot comprehend is that the more they create deficits, the more they create additional problems for taxpayers in servicing the debt, and we will have even more unemployment. As evident in today's Gallup poll, unemployment is now, by far the largest problem for Canadians.

It is like talking to the trees. They do not listen. Like the Bourbon kings, they neither listen, learn nor forget. I suppose it is obvious that I wish they would bring on an election so that we could change to a Government which believed in people instead of larger and larger deficits.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in this debate we have heard a number of definitions of the quantity of money which is being requested in this legislation, the $5 billion for current expenditures and the $14 billion for future expenditures, unspecified, and for purposes which are not clear. Regarding the $19 billion that are contained in this Bill, it is worth recalling that in the Estimates that were tabled about 10 days ago a table, Chart B at page 9, indicated the various envelopes under which the expenditures for the year are foreseen. With respect to the public debt, we are talking about indebtedness and future indebtedness, and I am thinking of the pages that are sitting in front of you, Mr. Speaker, and the debt that is going to be on their heads. We are borrowing; they are going to pay. Let us remember that. That applies to the children of every person in this room, in this Chamber, and across this country. Their children are going to be faced with repaying the debt that we are being asked to authorize here.

• (1730)

That $19 billion, to come back to the table, Chart B on page 9 of the Estimates, indicates that the debt servicing this year is going to amount to $18.57 billion. In other words, what the Government is trying to borrow now would just about meet the servicing of the current debt. We are being asked to increase that debt so that next year that amount of money would not

service the debt, that is, the settlement of outstanding loans, the rescheduling and also paying the interest.

Furthermore, it is worth remembering that over the past six years the percentage of the degree of servicing the public debt has actually doubled. In 1977-78, the amount required for servicing the public debt was $5.5 billion. Today it is $18.57 billion. It has more than trebled. On the average over those six years, that is a 12 per cent inflation factor. Our indebtedness has been increasing at the rate of 12 per cent per year. We hear the Government boasting, puffing out their chests and saying, "What great boys we are because we have brought down the inflation rate." They are increasing the inflation rate because the average increase in indebtedness over these six years is 12 per cent.

A number of Members have been trying to provide a means of comprehending the size of the borrowing authority that we are dealing with today, the $19 billion. I have tried to reduce it to actual physical scale, and I do not know whether you, Mr. Speaker, have ever seen a stack of $1,000 bills all gathered up together with a piece of paper around them. A thousand of those $1,000 bills would make a million dollars, and that would be only four inches thick. Three million dollars, if they were stacked on top of one another would make a stack one foot high, and that is only three million dollars. The Peace Tower is about 300 feet high and if they were stacked up in front of the Peace Tower, by the time the look-out point was reached with stacks of $1,000 bills a total of $1 billion would not have been reached. And we are talking about $19 billion. If we wanted to have all of those $1,000 bills stacked in front of the House of Commons it would make quite a sight, would it not? Nineteen columns of $1 billion each sitting side by side. The main entrance to the House of Commons would be blocked by the $1,000 bills that we are being asked to authorize in this Bill. It is preposterous.

If we put it another way, if we stacked them all the way up, they would reach to over 6,000 feet, 6,333 feet is the exact figure, and that is, as close as I can make it, about two kilometres, for those who prefer to speak in kilometres. We have a column two kilometres high of $1,000 bills, and that is the scale of this particular operation.

Put in another way, where could one find such funds? Let us say they were spread equally amongst all of the constituencies of this country. There are 282 constituencies. That would mean that each constituency would be responsible for raising $67.3 million. To make it even more impressive, $67.3 million in some constituencies perhaps would be no great problem, but let us look at it in terms of Prince Edward Island. Those four constituencies in Prince Edward Island—and I am sorry that the Minister is not here to realize what his Government is asking this Parliament to do—would be required to raise $269.5 million. I do not think the banks on Prince Edward Island could raise that unless they were given some notice, and therefore that gives us a notion of the magnitude in terms of constituencies.

In terms of population, what does it mean? Here again I refer to the pages. They, and everyone in this country, are under an obligation, if that amount of money is to be raised, $19 billion, to find $750 and put it out on the table there and say: "Okay, Government, there is your $19 billion." That is preposterous. In terms of families, it means about $750 for every man, woman and child, and if you deal with that on the basis of, let us say, a family of four, that means $3,000 for a family of four. Every family of four in this country would be required to find $3,000 to make up this sum.

Because of the nature of Clauses 2 and 3, one being the requirement for $5 billion for current expenditures and the other one for $14 billion, I do hope that when this goes to committee we will be able to introduce an amendment which will split the Bill so that we will leave the $14 billion to one side until the year in which it is to be spent appears and until we have some notion from the Government as to the manner in which it proposes to spend those funds.

That is my case. It is a lot of money. It could block the doorway to the Peace Tower. It would require Prince Edward Island to raise almost $270 million. It puts at the door of every Canadian the requirement to raise $750. That is a preposterous notion when you consider that $14 billion of that is for purposes of which we have no notion whatsoever.

Mr. Bill Kempling (Burlington): Mr. Speaker, those persons who have lost their jobs, their homes or their businesses and those who are now unemployed and those trying to enter the labour market for the first time have awakened to the size and magnitude of Government financial operations. In other words they are more conscious of taxes and spending than ever before. What concerns most people I talk to about Bill C-143 is the process by which it is being handled. We have this situation. The Government wants to borrow $19 billion, $5 billion for use between now and March 31 and $14 billion for future requirements.

• (1740)

What we want to see is a projection of revenue and expenditures before we approve the borrowing of the $14 billion. It does not seem to be an unusual request. Anyone with any sense of responsibility for financial matters would want to know revenue and expenditure levels before loans of the magnitude of $19 billion were undertaken.

There is no doubt that the people of Canada just do not trust the Government and the process it uses. The raising of taxes, the approval of spending Estimates and the lack of forecasting for future expenditures is very much in question in the minds of the people of Canada today. The people of this country want some assurance that the pipeline has a valve that will meter the flow.

The feeling is that if we do not watch the process closely, those who sacrifice to bring down inflation will have done so for nothing. In other words, we are on a narrow path. If we walk carefully, we can make it safely out of the inflation and recession that we are enduring. If not, we are in difficulty. Part of the walking carefully is knowing where we are going.

We and people generally would be happy and would view it as being more acceptable if we saw a new budget and then the borrowing authority brought in later. In other words, let us see

what our revenue will be to cover the $89 billion proposed in the spending Estimates. Let us see the estimated shortfall, and then we will look at the borrowing requirements.

Three Auditors General in a row have said that Government spending is out of control. Numerous boards and commissions have said the same. Just contemplate the magnitude of the Estimates, $88.9 billion, a 17 per cent increase over the Main Estimates of last year. That is not the end of it. We will have Supplementary Estimates A, B, C, D, E and F. We do not know what it will come to. We do not know how much more spending will be done and how high the amount will go before we are asked to approve another borrowing authority beyond the $19 billion.

If we look at the budgetary deficits, we see a picture of deficits which began at $5 billion in 1975-76. It went to $6.2 billion, then to $10.3 billion, onwards and onwards until we have approximately $30 billion by March 31 of this year. With that record, no wonder there is a lack of trust between the people of Canada and their Government. Since 1980, the Government has run up $90 billion in deficits. Those who are trying to rearrange their lives from the effects of the recession—and there is no one who has not been hurt by the recession—those who have been ravaged by high interest rates and are carrying a heavy debt load live in fear that inflation will return and they will have another round of the same.

We have an opportunity to put back into our national affairs a measure of confidence, no matter how small it may be. We should have a forecast of revenues and expenditures together with an anticipated borrowing for five years ahead. Other Governments do it. Large corporations forecast long and short-range. There is no reason in the world why it cannot be done here. We should begin here now.

The Acting Speaker (Mr. Blaker): Order, please. Hon. Members will recall that a few minutes earlier the House unanimously consented to defer the vote on the amendment until now. Accordingly, it being 5.45 o'clock, pursuant to order made Tuesday, March 8, 1983, it is my duty to interrupt the proceedings. The House will now proceed to the taking of the deferred division on the amendment. Call in the Members.

The House divided on the motion (Mr. Skelly) which was negatived on the following division:

(*Division No. 300*)

YEAS

Messrs.

Andre
Baker (Nepean-Carleton)
Benjamin
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Corbett
Cossitt (Mrs.)
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Forrestall
Fretz
Friesen
Fulton
Gamble
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Hnatyshyn
Howie
Huntington
Jarvis
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Kristiansen
Kushner
Lambert
Lewis
Lewycky
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McGrath
McKenzie
McKinnon
McKnight
McLean
McMillan
Miller
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Reid (St. Catharines)
Riis
Roche
Rose
Sargeant
Scott (Hamilton-Wentworth)
Siddon
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wright
Young—93.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
MacBain
MacEachen
MacGuigan
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Rompkey
Rossi
Roy
Simmons
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead—130.

● (1810)

Madam Speaker: I declare the amendment (Mr. Skelly) lost.

Motion (Mr. Skelly) negatived.

[*Translation*]

Madam Speaker: The question is now on the main motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Madam Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Madam Speaker: All those opposed to the motion will please say nay.

Some Hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Madam Speaker: If the House agrees, we will not ring the bells to call in the Members.

The House divided on the motion (Mr. Lalonde) which was agreed to on the following division:

(Division No. 301)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
MacBain
MacEachen
MacGuigan
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Rompkey
Rossi
Roy
Simmons
Tardif
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead—130.

NAYS

Messrs.

Andre
Baker (Nepean-Carleton)
Benjamin
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Corbett
Cossitt (Mrs.)
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Forrestall
Fretz
Friesen
Fulton
Gamble
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Hnatyshyn
Howie
Huntington
Jarvis
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Kristiansen
Kushner
Lambert
Lewis
Lewycky
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McGrath
McKenzie
McKinnon
McKnight
McLean
McMillan
Miller
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Reid (St. Catharines)
Riis
Roche
Rose
Sargeant
Scott (Hamilton-Wentworth)
Siddon
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wright
Young—93.

Madam Speaker: The motion is carried.

Motion agreed to, Bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Madam Speaker: It being past 6 o'clock, I do now leave the Chair until tomorrow at 11 a.m.

At 6.23 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, March 15, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed from Friday, March 11, 1983, consideration in Committee of Bill C-139, to amend the statute law relating to income tax (No. 2)—Mr. Lalonde—Mr. Corbin in the Chair.

The Assistant Deputy Chairman: Order, please. The Hon. Member for La Prairie (Mr. Deniger) has the floor.

On Clause 1—*Value of benefits*

Mr. Deniger: Mr. Chairman, I would like to take advantage of this opportunity, in the debate on the Income Tax Bill, to make a few comments on automobile standby charges. For many hours the House has been debating this Bill and particularly the policy on automobile standby charges. Like most Members, I have received a host of recommendations and advice regarding this new tax. Of course, the easy way out would be to remove the tax altogether. However, I do not think that would be wise, in view of the extent of the Government's deficit and its financial requirements.

I feel that as responsible legislators, we should not be considering the nature of this tax but its methodology and application. When I discuss the matter with my constituents who include some of those 140,000 Canadians who are driving cars or vehicles provided by their employers, they all agree, Mr. Chairman, that there is a certain time during which they drive the car or vehicles for personal use, and they fully understand that this is a benefit that constitutes income, and that like any income it should be taxed, and I think it is irresponsible to try and argue against this principle.

What I would like to suggest to the Minister—whether he does it in this Bill or in the next budget—is a new method for collecting this tax.

• (1110)

At the present time, car users, car dealers and travelling salesmen are responsible for these charges, which means they themselves must keep track of what is personal use and what is not. There is a proposal before the House to set the monthly standby charge at 2 per cent of the cost of a car belonging to the employer, and so forth.

I think that if I were to draft this legislation, I would do it quite differently. I would put the onus on the employer, and I shall explain. Instead of taxing the user, I would tax the company, which would be done as follows. A company that provides a car to an employee has thereby incurred an expense that is tax-deductible, and I would like the company to charge the employee, that is, the user, an amount for the personal value of this service. For instance, if the car has a four-cylinder engine, the employer could charge $40 a month, $60 for six cylinders and $80 for eight cylinders, for personal use by the employee. What does the employee have to do? The employee who, let us say, has a nice car, a V-8, for instance, would have to pay $80 a month, after paying taxes. This is what is called after-tax dollars, and the amount would be paid to the company, which would then be taxed on this additional income.

This way, the Government's main goal, to tax personal use, has been achieved, because we are taxing the employer. Instead of taxing 140,000 users, we would then be taxing perhaps 1,000 employers who are providing cars to these users. From the accounting point of view, it would seem to be a far simpler, more practical and more effective procedure. I also feel that the employee, who would have a monthly premium to pay, would realize what his car is worth daily and monthly. That is quite clear, and as far as the company is concerned, it would be very happy to use that method.

Mr. Chairman, this is not an original proposal, because as you probably know, the same method is being used in various States in the US. It is a foolproof method and a very satisfactory one as far as the Government's objectives are concerned. That being said—and I agree with the Government that personal use should be taxed since it is a benefit or income and as such should be taxed—it seems to me that we should ensure that not employees but employers are responsible for the tax on this benefit. While I am on the subject of cars, I shall, if I may, say a few words about capital cost allowance and how it affects the automobile industry.

• (1115)

Earlier, before the Committee on Finance, Trade and Economic Affairs, the Minister of State (Finance) (Mr. Cosgrove) was asking for a borrowing authority of several billion dollars. The increase in the Government's borrowing requirements and the deficit is of course due to the fact that this year, the Government had to spend about $8 billion, if I am not mistaken, on additional unemployment insurance benefits. It seems the additional amount is needed as a result of the disastrous situation in the automobile industry, which is mainly concentrated in Central Canada—in Ontario and at Sainte-Thérèse. What should be understood when discussing the automobile industry is that the industry has a very broad impact in Canada. As a result, there are workers who have lost their jobs, in every riding in the country.

I feel that if we are to make a positive contribution towards helping the automobile industry, which is the largest employer in Canada, perhaps, in addition to reconsidering automobile standby charges as I mentioned earlier, we could also take another look at the rules for capital cost allowance for cars that are leased or purchased by companies.

Mr. Chairman, yesterday a delegation of dealers in Japanese cars met with the Minister of International Trade (Mr. Regan). They complained about the fact that the measures we have adopted have resulted in the loss of 2,300 jobs. I for one would prefer to use tax measures to help the automobile industry, and I think the best way to do that would be to increase the capital cost allowance on North American cars.

We used to have 30 per cent for the first year. Our budget has restricted this to 30 per cent for the first six months and 15 per cent for the last six months. However, the 15 per cent for the last six months constitutes a real danger to the automobile leasing industry and is in fact jeopardizing the very survival of Canadian car dealers. I realize that the Government urgently requires substantial amounts of money. In fact, I share its views on the aims of the Income Tax Act. However, I do have some problems with respect to the application of this legislation to the automobiles. Furthermore, I would like the Minister to consider the amendment we proposed a few months ago, by which a capital cost allowance of up to 40 per cent would be allowed companies such as Tilden, Hertz, Avis and others, on cars rented on the daily basis.

I wish the Government would consider this amendment for the benefit of thousands of car dealers and thousands of companies engaging in automobile leasing, for the benefit of hundreds of companies which buy fleets of cars which are of course of North American origin, often built in Canada. If they were not built in Detroit or Toledo, these cars are from Windsor or Oshawa or Sainte-Thérèse. These are cars that were built here. What is happening now is that the new tax system discourages companies from purchasing North American cars and is in fact an incentive to purchase imported cars which may be made in Japan or in Germany.

In concluding, Mr. Chairman, I would like the Minister to give some thought to the comments I have just made. I am anxious to hear his reply. I would also like to make a few comments subsequent to the Minister's reply. However, if the Minister is unable to respond—and I am aware that it is important to complete consideration of this Bill as soon as possible so that taxpayers can receive their tax refunds—if the Minister is unable to give the House a satisfactory answer right away, I would like him to consider my comments as representations in connection with the budget we all hope will be brought down within the next few weeks.

• (1120)

[*English*]

Mr. Cosgrove: Mr. Chairman, I thank the Hon. Member for his thoughtful presentation and his recommendations to myself and the Minister of Finance. There is no question that the Hon. Member put his observations in the context of total Government responsibility. For example, he indicated that any benefit offered to one segment of the community under our tax domain is quantifiable and no doubt can be equated to income. If there is no tax on such benefit, it means that other Canadians have to carry that charge through paying taxes in some other area. Therefore, I appreciate that the Hon. Member thought about that in his question.

The Hon. Member prefaced his question by saying that any feature of the tax system that gives a preference or permits a deduction or exemption is a charge on the over-all Government operation and finally becomes part of the deficit and the borrowing Bill which was before the Finance Committee.

Similarly, I am pleased that the Hon. Member has drawn our attention to the competition between the North American product and the imported product. He used the example of Japanese vehicles. There was one point he did not comment on either in his preface or his larger presentation. That is an alternate way of assisting the North American industry in selling its product and thereby either maintaining present employment levels or, optimistically, looking at prospects for potential growth of the North American industry.

With the greatest respect to the Hon. Member, I do not think the answer to the health of that industry is through Government action in giving exemptions, either by way of depreciation or waiving of income benefits that some people receive. In effect, the economy would then be carrying one sector that is not competing. The difficulty is that the sector is not competing.

The problem with the North American product is that other countries, including Japan and Europe, are offering products such as vehicles which the Canadian public wants to buy. They express their preference with their pocketbook. The only answer is for the industry to compete better. We cannot expect the Government to set the standards and be the final arbiter as to what products Canadians are going to purchase. One of the reasons the industry is not doing well is that Canadians in large numbers are buying other products. I think there is a message there for the industry.

I believe I have dealt with capital depreciation in a general way. On the specifics of the method imposing the tax which the Hon. Member referred to, I would like the Parliamentary Secretary to comment on that. There have been previous submissions on that point and the Parliamentary Secretary might expand on the specifics of that proposal, which is an interesting one.

• (1125)

The Assistant Deputy Chairman: Order. Before recognizing the Hon. Member for Mississauga South, the Chair should inform the House that on Friday, March 11, the Hon. Member for Mississauga South moved a motion which the Chair has not put to the House. I believe at this point I should read the motion to the House. The Hon. Parliamentary Secretary rises on a point of order?

Mr. Fisher: Yes, Mr. Chairman, just a small point of order. I was going to provide some additional information to supplement the Minister's answer in reply to the Hon. Member for La Prairie.

The Assistant Deputy Chairman: That is quite in order.

Mr. Fisher: Mr. Chairman, I look forward to the comments of the Hon. Member for Mississauga South, as usual, but I would like to clear one important matter up.

First of all, Mr. Chairman, I would like to point out that the Hon. Member for La Prairie has consistently given us outstanding advice on these matters over the past year. I have filled my office as Parliamentary Secretary for almost a year now and throughout that period the Hon. Member has discussed with us the problems associated with the standby charges and with capital cost allowances. His advice has been vital in making up the final version of this Bill. I believe he would like us to go a little further and to be even more understanding, and I compliment him on his vigour and enthusiasm in raising these issues. We saw a good deal of his understanding of the matter in his discussion earlier.

He went right to the core of the question in saying that "personal use" is the key issue. He then suggested to us an interesting method whereby the employer would collect a rebate from an employee for personal use of an automobile.

I would point out to the Hon. Member that under Revenue Canada's interpretation bulletin IT-63R, we find under Section 6, and I quote:

> A payment by an employee to his employer for his personal use of the automobile reduces the benefit added to income under paragraph 6(1)(a).

He will find if he goes to the existing Act and to this Bill that the same provision is carried on. It is a question of degree after that. He has pursued an opportunity which is already in the law. He is suggesting to us that for a simplification we should use this everywhere. I believe it is a very good idea, one that warrants the consideration of the Minister of Finance, and I will personally ensure that he takes a good look at it. I would also ask the Hon. Member to point out to employers and to his own contacts that this opportunity exists already and they should take advantage of it.

[*Translation*]

Mr. Hawkes: A point of order, Mr. Chairman. Did the Parliamentary Secretary say that the Hon. Member for La Prairie (Mr. Deniger) is responsible for that regulation? Is that what he said?

[*English*]

The Assistant Deputy Chairman: That sounds more like a question than a point of order.

Mr. Fisher: Mr. Chairman, I must confess that the ability of the Hon. Member in Her Majesty's second official language is better than mine. I apologize for that. I view it as a personal handicap on my part and nothing of which I am proud. I missed the question. Could the Hon. Member repeat it, please?

Mr. Hawkes: Mr. Chairman, did the Parliamentary Secretary say that the Hon. Member for La Prairie was responsible for this regulation? Is that the sum total of what that was all about?

Mr. Fisher: Is that a point of order, Mr. Chairman, or in the course of normal debate?

The Assistant Deputy Chairman: I am afraid not. Order. The Chair will now proceed with the reading of the motion moved by the Hon. Member for Mississauga South on Friday. It is moved:

> That Subclause 1(4) of Bill C-139, an Act to amend the statute law relating to income tax (No. 2) be amended by adding the following, immediately after line 24 on page 4;
>
> "(2.2) For the purposes of subparagraph 6(1)(e)(iii) a benefit relating to the operation of an automobile shall only be the cost of motor fuel paid for by the employer but utilized by the employee in personal use of the automobile"

• (1130)

Mr. Blenkarn: Mr. Chairman, I believe we have had a rather long discussion with respect to Clause 1. I just wanted to make two or three points with respect to the amendment, and unless other Members really want to say more with respect to automobiles, I propose we move on to other sections of the Act.

As you know, sir, it has been our position that this Act should have full and complete discussion as far as possible. Frankly, we spent rather longer than I had hoped on Clause 1 on Friday, and it is unfortunate that the Minister and his Parliamentary Secretary refused to answer questions appropriately, particularly those of the Hon. Member for Calgary West. Had they done that, we would have moved out of Clause 1 earlier.

Speaking to the amendment, sir, at the top of page 2 Members will note Clause 1(a)(iii) reads:

> —that was a benefit in relation to the use of an automobile, except to the extent that it related to the operation of the automobile;

When you read that it does not make any sense at all, so you go to the explanatory notes which the Minister said were so clear and everyone could understand. We have asked the Minister to explain those explanatory notes but he cannot. The explanatory notes say that this amendment adds that Subclause to provide an exception for any benefit relating to the availability of an automobile for personal use, but clarifies that operating costs of an automobile used for personal purposes which are paid for by the employer must be included in income.

Well, Mr. Chairman, what we are saying is that the operating costs to be included in income should be restricted to the actual operating costs of the automobile, essentially the fuel. Remember, this is the employer's car and the employee is using it part-time for personal use. As to the licence, obviously the owner has to license the car and there is no reason why that charge should be borne in part by the employee. When you get to the question of insurance, in the case of a salesman's automobile it is usually much higher than that which the individual himself might pay, particularly in view of the fact that corporations often insure for much higher limits than individuals would necessarily insure themselves. Therefore, because of the wording of the Clause, the employee is being asked to pay a disproportionately high charge for maintenance.

This has never been the law in the past which is why this amendment is here. It is a further burden on the employee. You will recall, sir, that we objected to the inclusion of this particular part because it was not within the Ways and Means motion, but the Chair ruled it was. Nonetheless, this is a further burden on the employee. We say that burden should be restricted to the actual cost of operating the vehicle, the gasoline in the tank. If the employer pays the gas bill, then the employee should pick up his share of the gas bill with reference to his mileage.

If we could have a reply from the Minister on that, and perhaps some other views, I think we could get on with the Bill at this point.

Mr. Cosgrove: Mr. Chairman, the Government does not support the amendment and we would be prepared to express our view in a vote very quickly. The difficulty in the amendment proposed by the Hon. Member for Mississauga South is that we do not share with him whatever rationale he has for drawing the distinction between fuel and other expenses. For example, what is the rationale for exempting the cost of tires, grease or oil and not that of fuel? Similarly, the cost of insurance or a licence. The car will not go without fuel, and it certainly should not be on the road without insurance or a licence. We find no rationale for the amendment and cannot accept it for that reason.

Mr. Rose: Mr. Chairman, on the same subject I would like to read into the record a letter to the Minister of Finance, a copy of which I received. I will not read the whole thing, but I would like some clarification on it for my constituents. The constituent writes:

> It grieves me considerably to have to write to you on a situation you have inherited with your position. However, my grievance is costing me considerably, all a result of the increased tax portion of my company automobile.
>
> It is costing me $3,158.16 taxable benefits portion annually, for an automobile worth $10,049.48 annually (all costs included). That represents 31 per cent. My personal mileage, 10,000 km versus 45,600 km business mileage represents only 21.9 per cent "Real Value" or to rephrase the statement I'm taxed 1/3 on 1/5 value, net.

He then goes on to talk about some other personal problems and ends with this paragraph:

> With these excessive tax rates and nasty twists being annually developed, how is one expected to get ahead? Why is the incentive to perform and exceed being taken away, especially from the young who will one day be expected to take over the management and operation of our businesses, provinces and country.

Now, I would like to inquire of the Minister or his Parliamentary Secretary what kind of answer I should give my constituent. Whether or not you want to include tires, gasoline or insurance, or whatever, what do I say to him about the proportion of personal use involved, roughly one-fifth, and is there any chance that there could be a proportionate write-off in some way to assist him?

Mr. Fisher: Mr. Chairman, I appreciate the Hon. Member's representation. I think there are many taxpayers with similar specific questions so I am sure that more than just that one person will find this question useful. I hope I will be able to answer to his satisfaction.

We have set the 12,000 kilometre minimum standby charge because we believe that is roughly what everyone else would pay for personal use of the car. We have used 12,000 kilometres as a reasonable cut-off point. Many people will use business cars for smaller portions of personal use, but by the time you get to 12,000 kilometres you are using your car for roughly the same amount of personal use as most other citizens would be. So the Government has, perhaps arbitrarily, drawn a line and said that at 12,000 kilometres everyone is being treated equally. It is what everybody would drive personally and it is also what other people would pay in after tax charges.

However, I ask the Hon. Member to remember two or three qualifiers. First of all, it is the personal choice of the taxpayer to drive the company car for personal use. The taxpayer can easily decide not to do so, to use either other methods of transportation or to buy a different vehicle altogether. It is the taxpayer's choice. I suspect, and this is what I have found in my dealings with my own constituents, that people drive the company car under these circumstances because it is still fairly cheap to do so. In fact, using the Hon. Member's example of, I believe he said, $3,100 taxable benefit, if the taxpayer is in a one-third tax bracket, which is a fairly rich one, he is paying $1,000 tax on the $3,100 benefit and at that price the taxpayer is getting a car with all the luxuries and operating expenses that go with it. A $1,000 car today, per annum, is quite cheap. After the individual has finished driving it, the insurance and everything else is included.

• (1140)

Third, the Hon. Member asked about prorating and he is quite right that 12,000 kilometres is a dividing line. The standby charge comes into full force after 12,000 kilometres and the taxpayer prorates his liability under 12,000 kilometres. I think he indicated that his constituent has 10,000 kilometres of use, so he would pay five-sixths of his standby liabilities.

I would ask the Hon. Member to take into consideration that 12,000 kilometres is a dividing line that we think is fair to everyone, that personal use is the choice of the taxpayer and that, even so, it is quite an inexpensive way to get a car; and finally, it is prorated below 12,000 kilometres.

Mr. Hawkes: Mr. Chairman, I also want to move on to other Clauses. We moved an amendment that has the impact of reducing the number of items taken into expenses for the calculation of what is, in effect, about a 300 per cent tax increase. I suggest that it is reasonable for the Government to give more consideration to that idea than it has up to this point.

I have three short questions. We have suggested to the Government during our discussions that it is unfair for the value of the original price of a car to remain the same year after year, because when an automobile is used for one year or two years, or for 100,000 kilometres, its value declines. Yet the Government wants to tax the user as if it were still a brand-new automobile. Has the Minister reconsidered that principle of cutting down on the valuation?

Mr. Cosgrove: Mr. Chairman, there was an amendment which I believe was put by the Hon. Member for Mississauga South. I cannot recall whether we have actually disposed of that amendment as yet. The Hon. Member for Mississauga South indicates that we have disposed of that motion. If the Hon. Member for Calgary West really wants to move along to a new Section, as he has indicated, I respectfully suggest that we really should not be discussing items which we have not only dealt with but voted on.

Mr. Hawkes: May I repeat the question? Will the Government consider changing the value of that automobile each year? As its value declines the taxpayer must pay for personal use based on the value of the automobile. Why should the taxpayer have to pay the same amount in the third year as he would have to pay in the first year when, in fact, the value of the automobile has declined?

Mr. Cosgrove: Mr. Chairman, I want to go on record as saying that I do not think it is useful for this Committee to entertain discussion of matters that have been dealt with and voted on by the Committee.

The Assistant Deputy Chairman: Order, please. Perhaps the Hon. Member for Calgary West could clarify the matter which he is raising now for the benefit of the Chair and the House. The Hon. Minister of State for Finance contends that the Hon. Member for Calgary West is debating an issue which is contained in a Clause which the House has already disposed of. It would be useful for the Chair if the Hon. Member for Calgary West would clarify that point.

Mr. Hawkes: Mr. Chairman, it shows some confusion that exists in the Minister's mind from time to time. We are on Clause 1 which deals with the method of calculation of the benefit to a taxpayer. Part of that method of calculation is the value of the automobile, the value of the expenses and so on. The Committee has disposed of a specific amendment which we presented and which would have changed part of that calculation. To that extent the Minister is correct.

However, the subject matter is Clause 1 and the amendment thereto. The amendment which we are currently debating deals with the calculation on the expense side. The strong feeling that we have that that calculation should be changed could, in fact, be modified somewhat if the Government indicated a willingness to change the calculation on the value side. However, the Government clearly does not even want to talk about it. It does not want Canadian taxpayers to know about it or even its backbenchers to know about it.

We will leave the question of the value of the automobile because the Minister will not answer it. Let us proceed to the expense calculation. The impact of our amendment would be to reduce the expenses simply to the fuel used. There are some parts to that expense method that simply run against the grain because they are wrong.

Why does the Minister insist on charging a private taxpayer a portion of an expense amount for private use which is calculated on an insurance benefit that is based on commercial rates? Every taxpayer in this country knows that a taxi driver pays enormous amounts of money for personal insurance on that automobile. Premiums of $3,000 and $4,000 are not unusual. Private individuals who use an automobile for personal use can purchase insurance for $500 to $700. Simply because my company must pay a high insurance rate, why should I have to receive a taxable benefit based on that commercial insurance payment rather than something related to what I would have to pay to insure my vehicle privately? Why does the Government insist on inflating my tax liability based on that expense item called insurance?

Mr. Fisher: Mr. Chairman, I suppose that the question raised by the Hon. Member is one of degree. It seems to me that when we evaluate these individual costs, we can probably go through the operation of an automobile and find some costs that are more expensive, as I am sure he will find, and some that are less expensive because an employer is supplying them instead of the private individual.

The Government is trying to take a simple course of action for the calculation of these costs. I suggest that the most straightforward answer to his question is simplicity. If the individual calculates these costs and then prorates for personal use, he has a very simple calculation to make and that ends it. On the other hand, I would again want to come back to the principle which is the most important principle of all. It is up to the private individual to decide whether he wants to use the car or find some other method of transportation. If the

individual finds that an extra few dollars on an insurance policy is onerous, then perhaps the individual could calculate the alternatives available. As well, the individual could calculate what other taxpayers pay in particular circumstances. For example, there are those taxpayers who use private vehicles for company business and who charge kilometrage to their employer rather than using the company car. The same example would apply there.

Mr. Hawkes: It becomes more and more frustrating. We have moved from principles of equity and fairness and all of a sudden there is simplicity. The principles of Canadian tax law change before our very eyes day after day. It is simple to say that every taxpayer in the country who uses a company automobile for personal purposes will deem the insurance costs to be $600, and they will have to calculate in that portion that the Government decides they should. That is simple, Mr. Parliamentary Secretary.

• (1150)

Mr. Fisher: Right.

Mr. Hawkes: It is totally unfair that a person on my left who works for a company whose insurance fleet coverage is so bad that they are paying $5,000 for each vehicle will have to pay more tax than somebody on my right who drives the same car, the same everything, but whose fleet coverage is very good with a $3,000 insurance premium per vehicle.

Mr. Fisher: That is not true.

Mr. Hawkes: That is unfair.

Mr. Fisher: Use your head and start thinking.

Mr. Hawkes: Why does the Government have the following formula built into this Bill? The value of the automobile is fixed on the date of purchase and lasts for five years. If the car costs $10,000 at the outset, the Government says that car is still worth $10,000 five years from now. We all know that is nonsense but that is simplicity in the Government's terms. We also know one other thing about that five-year period of time. Repair costs go up. As the vehicle is used more and more and gets older, repair costs increase. A taxpayer with a five-year-old vehicle will be paying more tax dollars to the Government of Canada because of that repair side of this equation than the person on my left who has a brand-new vehicle which is worth more, gives better service and has less problems. That is the Government's idea of simplicity, Mr. Chairman.

Can the Parliamentary Secretary tell me why he wants it both ways? The only logical explanation that I can conceive of is that this is a money grab. It has nothing to do with simplicity, fairness or anything else except a money grab. It is unfair to Canadian taxpayers. Will the Government consider taking the repair part of this taxation liability out of the equation? If the Government is going to keep that automobile value as if it were brand-new, why does the Government not also assume the car needs no repairs? Brand-new vehicles do not need repairs; they are under warranty. If that is the value the Government is putting on one side of the equation, why does the Government not drop the repair side?

Mr. Fisher: Mr. Chairman, the Hon. Member has a fascinating theory.

Mr. Hawkes: Fascinating?

Mr. Fisher: It is a theory that I think ordinary practice will not bear out. He is concerned about questions of equity. Bear in mind the simple principle that we are asking people who use their cars for personal use to pay for that use in after-tax dollars. That is the principle. Can the ordinary taxpayer who does not have a company car but has his own car work out some complicated depreciation plan the way the Hon. Member is suggesting? Can this ordinary taxpayer come to the Government and say: "Government, my car is three years old this year; therefore, I want to write some of it off and get a benefit?" The ordinary taxpayer cannot do that. What we are asking is that the personal use of a vehicle be paid for in after-tax dollars and that business-related use be paid for in pre-tax dollars.

Let me carry the Hon. Members' example one step further. He said that there are questions of equity on maintenance. Let us explore that to its logical extreme. If the Hon. Member is counting angels on top of a pin, I will too.

Let us take an individual who has a personal car and drives it on an authorized basis for company use. The longer he hangs on to that car, the more his repair bills will be. Should we allow that individual a complicated set of calculations? No. All we do is say to him that he can collect a kilometrage charge from his employer on a tax-free basis. We do not want to make his life more complicated. We do not come to him and say: "This is the first year of the life of the vehicle, therefore, it can only be so much but the second year will be so much plus some and the third year will be even more". We do not do those kinds of silly calculations. We just say to the individual taxpayer that when his car is for personal use, pay for it with after-tax dollars. When his car is for business use, the car is treated on a tax-exempt basis. It is very simple and very straightforward.

I would like to tell the Hon. Member that I have received a letter which I will show to him. It concerns his behaviour here. This letter is from a chartered accountant, not a constituent of mine. He says that we should be charging the Hon. Member for elementary accounting lessons, and I think that is right. We cannot charge him for the time he has wasted in the House with these silly examples, but at least the Hon. Member should have the decency to pay us for his basic education.

Some Hon. Members: Oh, oh!

Mr. Lambert: You are so arrogant you should be in the Cabinet.

The Assistant Deputy Chairman: Order, please. The Hon. Member for Calgary West.

Mr. Hawkes: Mr. Chairman, the Government intends to throttle this House later this day. This is amazing. First, the Government moves closure on the Bill. We have time allocation. Suddenly we see Liberal Members standing up and taking the time of the House. Not only do they cut the Opposition's debating time to a day, but the Government cuts that day in half through that kind of behaviour and no doubt we shall get filibustering from the Minister too.

Let me come back to the issue, Mr. Chairman. I, as an individual taxpayer, can decide whether to buy an automobile that is five years old. I pay less for it and I understand that I will probably have larger repair bills. I can make the opposite economic decision and buy a new automobile with full knowledge that I will pay less in repair bills. The Government is saying that if I work for a company, and for whatever set of reasons it is more convenient to use that company automobile part of the time for personal use, I will not have the choice. If I own the automobile I can decide to repair it. If I get a fender bumped a little bit and there is a dent and I do not have the money for the repair, I do not have to repair it. If the company decides to repair it, then under this provision I have to pay tax. That is the basic unfairness.

We are being charged as though we owned a new automobile when, in fact, it is not a new automobile. Then we are being charged for all the repairs which the company decides to make on it. The individual's choice has disappeared. This is totally unfair and I urge Members opposite to vote for the amendment which the Hon. Member for Mississauga South has moved because his amendment at least puts some sense of fairness back into the system.

The Assistant Deputy Chairman: Is the House ready for the question?

Some Hon. Members: Question.

Amendment (Mr. Blenkarn) negatived: Yeas, 11; Nays, 22.

The Assistant Deputy Chairman: I declare the amendment lost.

Mr. Lambert: Mr. Chairman, I rise on a point of order. It is always very constructive to see that while Members on this side are being counted seats are filling on the other side of the House. Four Members came into the chamber while the vote was being taken.

[*Translation*]

Mr. Pinard: Mr. Chairman, my learned colleague is fully cognizant of the Standing Orders and our parliamentary practice, and he knows that when a vote is taken in Committee of the Whole, Hon. Members may enter the House, they are not necessarily expected to be in their seat, and they may be counted as long as the Clerk has not reached their row. The three Members involved were in the last row and they were here at the appropriate time to be counted. Besides, you have ruled that the amendment was negatived, so it seems to me this is not a point of order.

• (1200)

[*English*]

The Assistant Deputy Chairman: Shall Clause 1 carry?

Some Hon. Members: Agreed.

Mr. Blenkarn: On division.

Clause agreed to on division.

On Clause 6—

Mr. Blenkarn: Mr. Chairman, we do not intend to debate Clause 6. We want to point out that we cannot agree to this Clause because it is very unfair and adds an enormous burden on those who are selling property that is available for redevelopment. It does not allow people to make an appropriate capital gain on the sale of real estate.

Rather than hold up the Bill, we would like to proceed with a number of other sections. We feel that the Government should allow full consideration of the Act, and in order to do that we are prepared to allow Clause 6 to pass on division.

The Assistant Deputy Chairman: Shall Clause 6 carry?

Some Hon. Members: Agreed.

Mr. Blenkarn: On division.

Clause agreed to on division.

On Clause 7—*Shareholder debt*

Mr. Blenkarn: Mr. Chairman, we believe that Clause 7 should carry on division. It deals in part with loans to shareholders. We have some real concern about Subclause (1). Subclauses (2) and (3) deal with automobiles and we have some concerns with them as well. We are prepared to allow Clause 7 to carry on division, however.

The Assistant Deputy Chairman: Shall Clause 7 carry?

Some Hon. Members: Agreed.

Mr. Blenkarn: On division.

Clause agreed to on division.

The Assistant Deputy Chairman: The House will now consider Clause 8.

Mr. Blenkarn: Mr. Chairman, Clauses 8 and 9 and Clause 128(12) should be grouped together. They deal with small business bonds and that is a separate issue.

Mr. Cosgrove: Mr. Chairman, we agree with that. I take it there will be one vote on all three Clauses.

Mr. Blenkarn: On Clauses 8, 9 and 128(12) there should be one vote.

The Assistant Deputy Chairman: Is that agreed?

Some Hon. Members: Agreed.

On Clauses 8, 9 and 128(12)—

Mr. Gurbin: Mr. Chairman, this give us an opportunity to look at some of the background of the Small Business Bond. I have a number of questions about it because of the way the situation has evolved. Since the concept of the bond was introduced in the Crosbie budget in 1979 it has proved to be an interesting and in some cases a very good and reasonable measure for businesses to expand initially or in cases of financial distress, to refinance.

I should like to express some concern that it is available only in cases of bail-out for those who are in financial distress now and that we do not have the opportunity to use the mechanism for people who want to expand.

I wonder what the rationale of the Government was in changing the concept from one of assisting expansion to one of assisting those in financial distress. I understand the difference between the Small Business Development Bond and the Small Business Bond, but what financial parameters were used to decide that it was no longer in the best interest of businesses to allow them to use this to expand and instead use it only as a bail-out mechanism?

Does the Government know the cost compared to the benefit to the Government through taxation, increased employment opportunities, business expansions and so on? I know the Government can relate to a lost-tax position, but can it compare that to the expansion that took place and the additional economic activity that took place?

Mr. Cosgrove: Mr. Speaker, I will begin by adopting the comments of the Hon. Member for Bruce-Grey that the section was of help to many small businesses. The amount of take-up by small businesses and banks has been very encouraging, not only under the original section, but as well subsequent to the amendments which are in this section. Advantage has been taken of them since the announcement was made.

One of the complaints about this provision initially was that it applied only to unincorporated business entities. One of the amendments before us is to expand that to unincorporated sole proprietorships, thereby opening the provision to a larger number of Canadian businessmen.

In response to the question raised by the Hon. Member for Bruce-Grey, I should point out that we felt that, as well as applying this to the unincorporated person, we should include those in financial difficulty.

Realizing that this section was limited in scope, the Government was relying upon the participation of the banking institutions to assist business. Considering the amount of funds available to assist in this area, and bearing in mind that there was no take-up under the provision, it was felt that the Government had to target on those businesses in more serious difficulty and those which, without funding under this provision, would otherwise fail. The provision for expansion seemed to address the most needy of small businesses, those close to using this provision as a last resort. Under the circumstances we felt that that was a group that really should be addressed first.

As I say, with the limited resources that the banks would use in this vehicle, we thought that the money should go first of all to those who, without the money, would not be able to continue.

Mr. Gurbin: Basically, I do not disagree with the idea that there needed to be an extension of this to those who are unincorporated, and that if there are limited resources they should be made available to those most in need.

• (1210)

However, the Minister, probably because I was not clear enough, has not responded to the basic question as to why the expansion orientation of this whole mechanism, which was implicit in the original suggestion, was changed so that it is now only useful to those who are in financial distress. That is irrespective of the amount of available resources. What parameters were used or what was the basis for the Government stating "This is costing us too much", or "It will not work this way", or whatever the rationale was, so that now we need to change it only for those in financial distress, in contrast to allowing it to be used for expansion and letting enterprise develop with the use of it?

I would also make one final and quick point. From time to time we on this side argued very strongly and, in the end, achieved the effect of making it available to unincorporated as well as incorporated farms. However, at the time that it was useful for expansion, only those who were incorporated were able to use it. The program initially had the effect of forcing people, if they were to expand, to become incorporated. The argument used at that time by the tax Department in stating that it really could not handle this very well unless people were incorporated is really denied by the fact that it is now used for unincorporated businesses. What was the real basis for saying that it could not use this for expansion any more?

Mr. Cosgrove: Mr. Chairman, the officials advised me that it was the recognition of the fact that the scheme was limited in terms of the amount of money available to any business, whether it was business to be used for investment or to be used in the case of failure—those businesses which were not concerned about expanding, but were concerned about continuing on because of the state of their balance sheets.

We recognized the fact that there was only limited future funding available because of the remarkable take-up in the first year or so. The Government therefore recognized that we had to make some choices and that with those limited resources available we should attempt to direct assistance to the businesses which, without this help, would have failed.

That was our first concern. I admit, in so doing, that we therefore precluded the initial use by businessmen which had been for investment purposes. However, it was assistance to those most in need, bearing in mind our information from the banks that the amount of funds had been, by and large, remarkably taken down. The access of the banks to this vehicle had, by and large, been exhausted.

Mr. Gurbin: We are coming very close to the question now. What is the practical limitation on the ability of the banks to use this? Obviously, bank profits are healthy. My understanding of the basic mechanism is that for tax purposes they are able to transfer their profits into a dividend pay-out. Therefore, what is the limitation? In addition, what would be the judgment of the Government as to whether it is really costing the Government money in terms of tax revenue as compared to additional economic activity generated by those businesses which would expand?

Mr. Cosgrove: Mr. Chairman, I believe the Hon. Member asked the question in a form which really pinpoints the issue. This vehicle would be available to banks only if they were in a taxable position.

Hon. Members will recall that last year the Standing Committee on Finance, Trade and Economic Affairs began an analysis of bank profits. Six months after the study was under way, with the downturn in the economy, rather than concern over bank profits there was concern over the ability of banks to make profits in the very weakened economic climate. As a result the Committee, instead of returning with recommendations as to how the banks should divvy up their excess profits, stated its concerns over the ability of banks to continue to serve their purpose under the original legislation in the country. It recommended that the Canada Deposit Insurance Corporation, for example, be enhanced and that the original security of $20,000 for depositors under the legislation be increased to $60,000, which reflected some concern over the ability of the banks and financial community to serve Canadians in a depressed economy. Again, that was reflected in the banks' taxable position. Toward the end of 1982, it was very apparent that their taxable position was deteriorating because their profits were deteriorating.

The first quarter of 1983 has shown another bounce and the ball is going the other way, we hope. However, it is too soon, in this quarter, for us to judge whether that is a trend which will accelerate and, in fact, what the taxable position will be. If that trend continues through the rest of the year, it is conceivable that the Government may in the future decide that the restriction to serving only those businesses in financial difficulty should be rethought. However, on our best projections, considering the picture for 1982 and projections into the first quarter of this year, that is not what we perceived would be the case. For the time being, therefore, we think that we should maintain the section and this program which is directed, first, to those who would end up on the bankruptcy casualty list without it.

Mr. Gurbin: Would the Chair help me? How much time do I have left in which to speak?

Mr. Rose: Infinite.

The Assistant Deputy Chairman: The Hon. Member began speaking at 12.05 p.m. He is allowed 20 minutes.

Mr. Gurbin: I would direct a further question to the Minister. If there are figures, I think it would be useful to place them on the record in relation to the Government's position as to cost of lost revenue compared with additional economic activity created. Again, various figures from different sources have been stated for the record, and I think it would be helpful to get an idea of the Government's position.

The second question which I would like to pose for the Minister relates to the way in which the tax Department will treat these cases, whether it will involve the original situation or the current type of situation of distress. There is real concern that these matters be considered by the tax Department, not so much in the case of expansion, but, more particularly, in situations of distress.

As time goes on and, hopefully, businesses are in sounder shape and things are going better for them, the tax Department might say: "All right, you obtained the bond, but you really did not qualify for it because you were not that badly off". I think a number of applications have been tested or considered by the corporate sector in an attempt to find out whether some kind of pre-judgment could be given. What sense of confidence is there that there will not, in fact, be a number of those cases which will not be accepted by the tax Department on the basis that there was really no justification at the time?

• (1220)

Mr. Cosgrove: Mr. Chairman, the Hon. Member really asks two questions. He reverted to the question he asked previously. The Department does not have a precise answer to the amount of economic activity that was generated by the plan. They believe there is no way they could give that figure with precision. I can, though, confirm that the take-down of the plan was over $2 billion worth of support for small businesses.

On the second question, if implicit in the question is the consideration of whether this Section should be reopened so as to make it available to those companies which are looking for expansion as they did previously, or to avoid the funds being used now for financial difficulty situations where there will be a remarkable turn around in short order, I think all I can say is that the Department will continue to monitor the take-down of the funding. No doubt the general economic indicators of the Department will also signal to the Department whether the Section should be reconsidered.

Mr. Gurbin: Mr. Chairman, when the tax Department is looking at a particular case, or at the involvement of different shareholders in a particular company, for instance, there are a whole range of things that could happen that would bring into question the legitimacy of their original application. I can see a lot of opportunity for confusion, dispute and difficulty in a particular situation where there may be ten different people on a board of directors. In a small community, or even in a large community, I think this is likely to happen. Someone who is intimately involved with a particular application may also be involved either in the same way or in a peripheral way with some other application. I wonder if there are any general

guidelines that the Minister could indicate right now, or could he tell us how rigidly and how strictly is that kind of arm's length approach going to be applied when it comes time for tax consideration?

Mr. Cosgrove: Mr. Chairman, I guess that really gets down to the decision of officials in the Department of Revenue who would be administering the law and the rulings under this Section as to whether businesses comply or not. I am advised by the officials that there is some procedure for obtaining a preliminary opinion whether a company in a particular situation did meet all of the criteria. Presumably information on all of the peripheral things that the Hon. Member has talked about would be made available to the officials in the Department and, having that in mind, if they make an initial ruling based on all of the available information at that time, the Department would not change its mind later on. The question of whether the Section should be changed later on or not is something different.

The Assistant Deputy Chairman: Order, please. The Hon. Member's time has expired.

Mr. Darling: Mr. Chairman, if I could follow up the remarks and questions from my colleague from Bruce-Grey, I believe the Minister stated that a total amount of $2 billion had been approved in loans, and I would assume this would mean the Government had guaranteed that amount, which was loaned, of course, by the chartered banks. Is that right? There was no guarantee?

Mr. Cosgrove: That is not a provision of the Section, Mr. Chairman, and it is not a practice of the Government.

Mr. Darling: Mr. Chairman, I would ask the Minister if there are any figures as to how much of that $2 billion was loaned by the chartered banks before the new restriction came in that only to those in need would the money be available. I am curious about that amount.

Also, when the original small Business Development Bond was brought in by, I believe, the Crosbie budget—and I commend this present Government for carrying on with it—at that particular time it was restricted to small limited companies. I am just wondering if it would not be better to go back to the original plan where there would be more money available, because now, as I understand it, it is only for those in need. I have had several of my constituents come to me and say that they were in dire circumstances and needed money and they asked if they could avail themselves of this Small Business Development Bond. Of course, I would point out to them that they would have to go to the chartered banks and present their financial statements. In the great majority of cases, they were turned down. The banks said that they knew that they were in need of money but that they were in such serious need of money that the banks would not lend it to them. This to me is far from fair. I will admit that money cannot be loaned to a bankruptcy but there are a great many people who could have got this money but were turned down.

My question to the Minister, first of all, is how much was loaned before and how much after?

Mr. Cosgrove: Mr. Chairman, under the original provision I am told there was over $2 billion used by small businesses through the banking system. Since the provision was expanded on the one hand and also directed toward financial difficulty or dire straits situations, there has been somewhat over a $200 million taken down. In the example given by the Hon. Member, I do not follow the Hon. Member's logic. If indeed the person who has asked for help is a person described by the Hon. Member as being in dire straits, presumably he is the very person whom the amended Section helping people in difficulty is directed toward. He is the person who would now qualify. It is only a person who wants to expand, who is looking to grow, who does not have that present urgency and dire situation that the Hon. Member refers to, who would now not qualify.

Mr. Darling: Mr. Chairman, what I was pointing out was that there are certain businesses which are on the verge of bankruptcy. There are a great many firms that are hanging in and are able to keep their heads above water, even in this economic climate, and I will go back six months ago when the economic situation was even gloomier than it looks at the present time. There were certain strong businesses then which wanted to expand, wanted to consolidate, yet were not eligible.

It is an old military axiom that success and not weakness should be reinforced. I understand that the banks have put up $200 million. I would be interested in knowing how many of those loans went sour; in other words, where they were trying to prop up weakness.

• (1230)

Mr. Cosgrove: Mr. Chairman, the Hon. Member's question is really supplementary to that of the Hon. Member for Bruce-Grey. We looked at what the choices were, and since the provision was designed to be administered through the chartered banks, we knew it was dependent upon their profit and tax situation. We knew the provision had been widely used and very successfully, but the available funding was drying up.

Faced with that circumstance, the Government proposed that assistance should go to those the Hon. Member described as being in dire straits. He used a figure of speech in military operations—that you support your strengths. In the military sense, you must also assist the wounded. The military does not abandon the wounded.

Obviously we have to be concerned about those who, without this help, would have been clients for bankruptcy court. We felt that under the circumstances we had to assist those who, without this kind of help, would have been in real difficulty. We are hopeful that with the upturn in the economy those who are strong will be assisted by it and will not require assistance from the Government.

Mr. Darling: Mr. Chairman, I again come back to the percentages. The banks have only loaned one-tenth as much to

those in a serious financial position compared to the old basis. It was loaned to those with an okay credit rating, those who could very well repay the loan.

I agree with the Minister that we must assist those small businesses that are in a very serious situation. I emphasize again that many small businesses could have been saved if the Government had gone to the banks and tried to work something out for those businesses that were close to the wall. I do not have to remind the Minister of the great number of bankruptcies that have been announced; it is common knowledge. Many could have been prevented if the Small Business Development Bond was available to them. However, they reached the stage where they were just hanging on while the banks were giving them consideration. When the final line was drawn, they were turned down and went into bankruptcy.

With the upturn in the economy, is the Minister going to recommend to his colleagues that the Small Business Development Bond be available to individuals and companies so that they can enlarge and modernize? That would result in more people being taken off the unemployment rolls. It would be a good deal for the Government as well as the individual businessman or small limited company. There would not only be savings with regard to payment of unemployment benefits, but the Government would start collecting income tax and other taxes as well. I hope the Minister has some good news for us on this. Is there anything in the offing to the effect that this money will be available through the Small Business Development Bond to other than those in dire straits?

Mr. Cosgrove: Mr. Chairman, the best news would be that the economy was performing so well that the Government would not be required to provide assistance to any businessman. It would be perking without this drain against Government resources.

There is something Hon. Members should consider when comparing situations. First, with regard to the planned program for expansion assistance—assisting those in dire straits as described by the Hon. Member—the expansionary use of the bond was for a period exceeding two years. That is in comparison to the new provision which has only been in place for six months. He has to keep that in mind.

Second, I responded to the Hon. Member for Bruce-Grey that the Government will monitor the results of this program. I cannot say what the Government will do except to say that it was as a result of an analysis of the use of the program, the fact that the taxable income was not there for the banks and there was a limited use of this Section. Therefore, we had to make some changes. The Government will continue to monitor it. Whether changes in the Section are warranted will depend on the performance of the economy.

Mr. Darling: Mr. Chairman, would the Minister or his officials make a guesstimate that with the more favourable financial outlook for the banks, which had a better year this year, they will be more sympathetic to loans under the Small Business Development Bond, or will it not make any difference? I believe it was half prime plus 1 or 2 per cent at which the bonds were negotiated and the money loaned. The bank would not have to declare this in its profits because of the greatly reduced interest rate it provided to these special customers. Does the Minister have an optimistic view of more use of the Small Business Development Bond in the new climate?

Mr. Cosgrove: Mr. Chairman, I could give many qualifiers as to why my answer could not be optimistic, but I am by nature optimistic. I am optimistic that the banks will be able to offer the program, but I cannot speak for the banks. The Hon. Member referred to their having a better year. They have had a better first quarter this year over last. The banks will obviously watch their own performance in making their decision.

Mr. Darling: I appreciate that it is the first quarter, but at least it is looking better. Do either the Minister or his officials have a breakdown of the money loaned under the new plan, whether to partnerships or individuals as against limited companies, as was the case originally? I am curious to know whether a lot of individuals have been able to take advantage of it, or is it still by and large mostly small, private companies that have it?

Mr. Cosgrove: Mr. Chairman, that is a very good question. I do not have the answer available this morning. I will undertake to see if this information is available and make it known to the Hon. Member.

Mr. Darling: Mr. Chairman, the amount of $2 billion was mentioned. I am not clear on this. Was the legislation under the old set-up amended where individual entrepreneurs could qualify on the expansion basis, not on the need basis? If so, how much of the $2 billion went to incorporated companies and how much was available to sole proprietors or individual businessmen, such as farmers, etc.?

• (1240)

Mr. Cosgrove: Mr. Chairman, the provision which was in place for expansion, which is the $2 billion plus I referred to, was available only to incorporated entities and, therefore, the total amount was used under those circumstances.

Mr. Darling: Mr. Chairman, I have one further question. It is actually not a question but, shall we say, a plea. In other words, the ordinary individual businessman or small proprietors, such as partners who are not incorporated, have not been able to take advantage of the Small Business Development Bond as it was originally planned by this Government as well as the previous Conservative Government. The only individuals who have been able to take advantage of that have been those with their backs to the wall, who were in really serious financial trouble, and no reasonably successful proprietorships have been able to qualify or have been able to have an application granted.

Mr. Cosgrove: Mr. Chairman, I will consider the Hon. Member's plea as a representation. As I have indicated, the bond was originally only available to incorporated entities. The

law has now been changed to include sole proprietorships. In any further amendments or alterations to the program we will seriously consider the representations of the Hon. Member.

Mr. Orlikow: Mr. Chairman, I find it interesting and puzzling that the Minister uses as his explanation for the change in the Act, which means that money will not be available to borrow for expansion or development, the argument that the Government wanted to use the relatively limited amount of money which was available for those companies which were in danger of going bankrupt. I find it puzzling, Mr. Chairman, because of the billions of dollars in loans and grants which the Government has been able to give to some very large corporations, such as Dome Petroleum, Chrysler and Maislin Industries, the Government's argument that it has a limited amount of money for small business.

I find interesting the Minister's explanation that the banks were limited because they did not have such a good year last year. Well, we know that in the first quarter of this year bank profits were up by 41 per cent, and we know that because of the tax system which this Government has implemented over the years bank taxes are down, if the banks pay any taxes at all—and there are one or two which last year paid no taxes. The rate of tax is down to about the same rate as individual taxpayers in the lowest tax bracket.

The program before it was changed was very successful. It was lauded by the Canadian Federation of Independent Business, which has expressed some very serious objections to and criticisms of the change in the Small Business Development Bond to the new system. The Ministry has said that the new system provides for the Small Business Bonds and permits loans to be made to unincorporated businesses, but according to the Canadian Federation of Independent Business it has been used almost exclusively by farmers. Small, unincorporated businesses have not availed themselves of this to any extent. Indeed, the loans made are well down in number.

Given the fact, Mr. Chairman, according to some figures released yesterday and today, that last month we had the second highest number of business bankruptcies ever in this country, it seems to me pretty obvious that the program is not working. I would like to ask the Minister to explain, not just to me but to the people who belong to the Canadian Federation of Independent Business, why the ability to loan money for expansion was removed from the new program.

Mr. Cosgrove: Mr. Chairman, the Hon. Member used the example of Government assistance to firms such as Chrysler through the guarantee program to that firm, saying that if we can do it for Chrysler, why can we not offer some assistance to small-businessmen. In my experience, Mr. Chairman, although Chrysler Corporation has large plants and employs large numbers of people in the manufacturing plants, they are served right across this country by hundreds of smaller firms, including sole proprietorships, smaller partnerships and small-businessmen. The automobile industry is not just a large plant in operation. It was for that reason that the Government decided to offer the guarantees to Chrysler, because there were representations made at the time when Chrysler was in serious difficulty for support, as I say, not only for the larger plants but for people right across the country who saw their livelihood going down the tube if Chrysler folded. I personally received dozens of representations from people not only in my constituency but in many other constituencies when that was a hot issue two and a half years ago.

I believe it is simplistic to say that the assistance which has been provided to some of the larger firms has been designed to assist just the large corporations. It helps the small people, the small businesses and single proprietors. It is also simplistic to say that this provision is the only way in which, conversely, the Government provides direct assistance to small businesses or to the smaller players in the economy. For example, the preferred rate of 25 per cent to small businesses is a benefit to the small business sector which, taken cumulatively, is worth over a billion dollars to that sector of the economy. Therefore, we are providing assistance in many ways other than the particular Section before us.

I cannot comment on the accuracy of the figures which have been given by the Hon. Member for Winnipeg North because, as I have indicated, our Department does not have that breakdown. The Hon. Member indicated he has figures which show that the take-up was by farmers almost exclusively. I do not have the figures to weigh that comment, but certainly it was available to all other sectors. The provision was available to other people who wanted to use it.

Mr. Orlikow: Mr. Chairman, I was not suggesting for a moment that the Government should not have made loans to Chrysler, to Massey-Ferguson or to other companies which are involved in the production of goods, some of which are exported. What I am saying is that it seems obvious to me there is a vast difference in the way in which the Government approaches requests for assistance from large corporations and the way in which it approaches requests for assistance from small businesses.

It has been pointed out frequently that 65 per cent of the jobs in this country are provided by small businesses. When we see the record rate of bankruptcies which have occurred for the last two years, every month more bankruptcies than in the same month a year earlier, we have to be concerned.

• (1250)

I point out to the Minister that while there may have been some justification for loan guarantees to productive companies like Chrysler, according to *The Financial Times* Canadian banks made loans of $4.2 billion to a few large corporations for takeovers. Many of these takeovers added nothing to the productive capacity of this country and most of the loans have now been classed as non-productive loans, which means that the companies are not even paying the interest let alone the principal. So I say to the Minister that there is a vast difference between the way this Government and the banks look at the problems of large coporations and those of small corporations.

As far as the point I have made that the new bonds are being used mainly by farmers is concerned, that information came to me, as I am sure it did to the Minister's office, as a result of a survey by the Canadian Federation of Independent Business which showed conclusively that the new bond was not being used to the same extent as the Small Business Development Bond.

The Minister has not answered my question, and that of other Members, which was simply this. There are small businesses which are not going bankrupt, which have survived this recession. They are in a position to expand and modernize. They want to be able to use the bond as they previously did, to buy new equipment, to modernize and expand. Yet just at this time when, hopefully—and I am not as hopeful as some Members—we have turned the corner and the recession is over—because there are some signs of improvement—the Government cuts these small-businessmen off by saying it will no longer permit them to borrow money as they did under the Small Business Development Bond program.

Mr. Cosgrove: Mr. Chairman, I would have to repeat the gist of my last answer to the Hon. Member when he says that the Government has dealt with the two sectors in a different manner. The support of firms such as Chrysler was not just because the Government was directing assistance to so-called large firms. It was because we recognize that the large firm is just one part of a large industry and that many small-businessmen right across this country are involved in the manufacture of parts for those vehicles. That in itself is an industry. Many of these people are sales people, small firms, small operators, small garages and outlets, and they were all in jeopardy. It was not just the so-called big Chrysler operation, there were many small-businessmen who stood to lose if the Government had not moved to provide that guarantee. If the Hon. Member uses the example of Chrysler to support the contention that the Government has dealt with the two sectors in a different way, then I disagree with him most emphatically.

As to the other point, Mr. Chairman, it was raised by two Members earlier in the proceedings. We have indicated that the Government was faced with a choice. There were limited resources available under the program and we decided we should direct the assistance to those who need it the most. The Hon. Member tells me that surveys show that farmers took advantage of it to a greater extent than did other small-businessmen. All I can say is that I hope other sectors in the small business category do not need the program or will not have to call on it in the future. I hope that is the case.

Mr. Thacker: Mr. Chairman, we are discussing Clause 8 and Clause 9 which deal with the Small Business Bonds. I am wondering if the Hon. Minister can tell us in short order how many loans have been granted under each of these two categories and the amount of money involved. Earlier he referred to a figure of $2 billion which, since the most recent changes, has dropped down to $200 million.

Mr. Cosgrove: Mr. Chairman, my officials advise that the $200 million I referred to earlier was used under both Clause 8 and Clause 9. I do not have a breakdown of how much is attributable to each. My officials indicate that we can get that information and I will make it available to the Hon. Member.

Mr. Thacker: Mr. Chairman, I am sure everyone here would be interested in that. Will the Minister give us his view as to why there was $2 billion lent under the original Section and only $200 million since the changes? What does the Minister feel occurred in the economy to result in such a dramatic change?

Mr. Cosgrove: Mr. Chairman, if we look at the performance of the economy since the introduction of the initial Section in 1979 and the performance of the economy in the last 24 or 30 months, obviously the economy was performing very strongly immediately following the original program. More recently the economy has deteriorated, as have all the economies of the industrialized world. So while businessmen were looking at expansion at one time, in the last little while they were looking at survival.

Mr. Thacker: Mr. Chairman, from a political perspective, we note that the original Section was brought forward under the Conservative Government and the new one was brought forward under the Liberal Government, along with a dramatic downturn in the economy.

The Assistant Deputy Chairman: Order. Perhaps the Hon. Member would like to call it one o'clock.

[*Translation*]

It being one o'clock, it is my duty to rise, report progress and request leave to consider the Bill later this day.

Progress reported.

The Acting Speaker (Mr. Corbin): It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

AGRICULTURE

CANAGREX—NECESSITY FOR EARLY ADOPTION OF BILL C-85

Mr. Gaston Gourde (Lévis): Madam Speaker, it was reported in the press recently that a resolution of the National Council had risen from the ashes of the Parti Québécois to

warn the farmers of Quebec against the danger of Bill C-85 to establish a corporation called Canagrex. Nevertheless, the Canadian Federation of Agriculture, the Agricultural Producers' Union and the majority of groups interested in the growth of the agri-food sector are in favour of the Bill, and it should have been adopted long ago.

Just as an example, I would like to quote from a document titled "Canagrex meets a need" where it is stated that, in 1982, Agriculture Canada had tentatively identified potential sales of up to $5 million worth of maple syrup products on the very promising markets of Japan and the Federal Republic of Germany. Canagrex would be the ideal intermediary to secure those markets.

I therefore urge all farmers affected by this problem and other interested parties to put pressure on our Progressive Conservative colleagues so that they will let the Bill through immediately. As to the wooly theories of the separatist National Council, I would suggest that they are the best indication that the Bill should be adopted as soon as possible.

* * *

[*English*]

OLYMPIC GAMES

FINANCIAL SUPPORT FOR CALGARY WINTER OLYMPICS

Mr. Joe Reid (St. Catharines): Madam Speaker, the Minister responsible for Sport in Canada stated on October 22, 1982, that the federal Government had committed $200 million to the Calgary Olympic Games and that $500,000 had then been advanced to Calgary on its commitment.

Despite the fact that the Quebec provincial game "Hockey Select" was already under way, he vowed that Calgary would receive its $200 million one way or another.

At Committee stage on Bill C-95, the Provinces indicated a willingness to negotiate a sharing of that commitment. It has always been open to the Canadian Olympic Association or other appropriate sports organizations to make a proposal under which that body would operate a sports pool or lottery.

I want to assure the Canadian Olympic Association and Calgary that, if this Party were writing the cheques, an instalment form of payment out of general revenues would be already in place so as to ensure the success of the Calgary Games. Why does the Government not live up to its commitment and worry about the sports pool later?

* * *

SPORTS

REFUSAL OF AID TO HIGH SCHOOL BASKETBALL TEAM

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, I find it disturbing and depressing that the Department of Fitness and Amateur Sport finds itself regulated to the point that it cannot give some financial support to an amateur high school basketball team competing in an international tournament in the United States.

In my riding of Hamilton West the Cathedral High School boys' senior basketball team finished off a remarkable season with an invitation to the prestigious Catholic Invitational Tournament held annually in Cumberland, Maryland, in the vicinity of Washington, D.C. This is an annual event to which the eight most outstanding Catholic high school basketball teams in the United States are invited. This year, for the first time in the history of the tournament, a Canadian team has been accorded the honour of being invited to participate.

This school has won all tournaments in which it has participated during the year. On the basis of this performance, it has been selected as a worthy representative in the tournament in the United States on March 17.

Being a Catholic high school in the Province of Ontario, there are no provincial funds to support the school, either academically or in the field of athletics. Any trips involving teams from this school are largely funded privately, and a trip to Washington is a costly event.

The Department of Fitness and Amateur Sport should show some flexibility in handling money in its budget. It should not be restricted by rigid regulations administered by bureaucrats. A deserving team representing this country in international events could be encouraged, and amateur sport promoted, by a grant from the federal Government. I wish Cathedral High School every success in this prestigious tournament.

* * *

ENERGY

IMPACT OF TAXES ON PRICE OF GASOLINE

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, the Government has decided to participate in the marketplace in the petroleum industry. It does so in a twofold way by direct profit on sales of petroleum products to Petro-Canada, and by direct profits through taxation of petroleum products. I might add that it is a very heavy taxation. The public is probably not properly aware of how high that taxation is. Over 60 per cent of the price paid for a litre of gasoline at the pump goes to federal and provincial sales taxes. If we pay 46 cents per litre, 25 or 30 cents go in federal and provincial taxes. It seems to me that this is unconscionable.

If the Government wants to participate in the marketplace it should do so when prices are going down as well as when they are going up. In the United States the price of gasoline is going down.

I should like to let Hon. Members know the effect this has on gas stations situated along the 49th parallel, on the Canada-U.S. border, which are in danger of going bankrupt. Canadian consumers are smart enough to go to the United States to buy gas, thus saving $5 or $10 per tank.

There is a fisherman in my constituency and on his last trip he paid $6,500 for fuel. Had he gone two miles south to tank up he would have saved $1,500.

Madam Speaker: Order.

* * *

EDUCATION

LEVEL OF GOVERNMENT FINANCIAL ASSISTANCE

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, the federal Government is tightening the noose on post secondary education in Canada by limiting future spending to six and five.

It is another illustration of the Government's shortsightedness—cutting funds to the very institutions most vital to our economic recovery, to research and development, and to the training of a highly skilled Canadian work force.

Canadian colleges and universities have been subjected to severe financial cutbacks for the past ten years, while student enrolment, due to severe unemployment, has increased. Canadian youth, unemployed at a rate of 22.5 per cent, are not only denied jobs but are now denied access to a decent education.

The federal Government has abdicated its responsibility to foster educational goals, as outlined two years ago by the then Secretary of State, now the Minister of Communications (Mr. Fox). The federal Government cries for greater accountability in funding education, but offers no concrete proposals to achieve this. Indeed, in dropping its fiscal transfers to the six and five formula, it robs the universities and colleges of $102 million for the coming year, and has given no indication of how this money will be spent.

The New Democratic Party calls on the Government to engage in urgent negotiations with the Provinces, universities and colleges, to restructure the current system of funding of post-secondary education before irreparable damage is done to the universities and colleges of Canada.

* * *

CANADIAN BROADCASTING CORPORATION

CUT IN POLISH PROGRAMS

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Madam Speaker, reports from Poland of arrests and the continuing military suppression of Solidarity, a union which embodies the hopes and aspirations of the Polish people, seem to be never ending.

Recently the detention of journalists Alexander Malachowski and Anna Walentynowicz was carried out as reports reached Warsaw of action against other union figures in different parts of the country. It seems clear, by these and numerous other incidents, that the situation in Poland has not improved significantly from December, 1981. That is why, Madam Speaker, I am very surprised at the move by the Canadian Broadcasting Corporation to cut Polish language broadcasts from Canada to Poland from 45 to 30 minutes.

I wrote the CBC on behalf of my constituents, asking for an explanation of this action. They informed me as follows:

> The scarcity of both time and money, along with the fact that the immediate crisis in Poland had eased somewhat and there was, consequently less Canadian reaction to report, all combined to make the decision necessary.

• (1410)

I am not satisfied with this response. The scarcity of both time and money is not a viable reason for the CBC's cut. It is just as important now as it was in December, 1981, for the Polish people to hear these reports and be reassured that Canadians fully support their aspirations. The broadcasts are a symbol for the Polish people. They are a symbol that Canadians support their struggle for national reconciliation without outside intervention.

Madam Speaker: Order, please. The Hon. Member for Erie (Mr. Fretz).

* * *

CANADA POST CORPORATION

GRASSIE POST OFFICE CENTENNIAL

Mr. Girve Fretz (Erie): Madam Speaker, many times I have stood in this House to point out the inefficiencies of the Canadian postal system. Delays in delivery and unjustified increases in postage rates have many times been dealt with from this seat. Today I intend to deal with yet another aspect of the Canada Post story.

In my riding there is a small community called Grassie, in the Township of West Lincoln. The Postmaster in this community, Mr. Carl Thomas, operates a general store in addition to his postal duties. Herein lies the problem.

Mr. Thomas and his family have operated this store and post office for the past half century. Here we have a faithful public servant whose ancestors were the people who built this country. He has gone quietly about his daily work without thanks or recognition, for many, many years. Yet, as Mr. Thomas's elected representative, I have no opportunity to offer my congratulations in the House of Commons when he is about to celebrate the one hundredth anniversary of the founding of his post office on March 31, 1983. Instead, I shall be compelled to send him a letter outlining my sincere best wishes and hopes for a happy and prosperous future. Is this fair? I think not. But I shall do the right thing and refrain from making any such remarks in the House of Commons, and send the aforementioned letter. Let us hope it gets there.

Some Hon. Members: Hear, hear!

S.O. 21

THE ADMINISTRATION

CONFLICT OF INTEREST GUIDELINES—APPLICATION TO FORMER MINISTER, NORMAN CAFIK

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I want to return to the issue of the conflict of guidelines for Ministers and former Ministers, specifically guidelines A and B. This matter is not settled because the guidelines are not clear and there are further examples that raise serious questions.

Take the case of Norman Cafik. He was defeated in the May, 1979, election. He resigned from the cabinet on June 3, 1979. By September, 1979, press stories had him joining Ebco Industries Ltd. in Vancouver. By December, 1979, according to the British Columbia Companies Office, he was a director of Ebco Industries Ltd. He, as Vice-President, and the President, Mr. Eppich, approached the Department of Industry, Trade and Commerce for a grant. Meetings were held with officials and submissions were made. Perhaps it appeared there was lobbying.

The then Minister of Industry, Trade and Commerce, the Hon. Herb Gray, was briefed. On April 27, 1981, in Richmond, British Columbia, the Minister announced a $6.7 million grant. The pattern is very similar to the Gillespie affair.

Surely the guidelines and the conduct of former Ministers must now be examined by a parliamentary committee.

* * *

[*Translation*]

TRANSPORT

NEW CEREAL GRAINS TRANSPORTATION POLICY

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, I had the opportunity to rise under Standing Order 21 on March 3 concerning the new grain transport policy of the government. I informed the House at that time that the Minister of Transport (Mr. Pepin) had accepted a request by the Quebec coalition to meet with the federal authorities to discuss the grain transport situation. In his reply, the Minister of Transport asked the group which is most concerned by the situation and which has met regularly with federal members of Parliament to meet him to discuss the problem. Since then, Mr. Speaker, I have seen in the newspapers that all the other members of the coalition—and there are 12, 13, 14 or 15 of them, nobody knows exactly—who have regularly been absent from the various meetings also want to be represented.

I am concerned with this attitude, Madam Speaker, because I cannot believe that those five organizations could not manage to meet the ministers involved. If they had, they would be able to represent Quebec farmers, and report to other groups which are associated with them or have spoken to them on the new transport policy. I find it quite unfortunate that Quebec farmers should be victimized and that these people are not willing for whatever reason to come and meet the Minister of Transport under the conditions he has set.

Madam Speaker: Order, please!

ORAL QUESTION PERIOD

[*English*]

AGRICULTURE

INCREASE IN FARM BANKRUPTCIES

Hon. John Wise (Elgin): Madam Speaker, I would like to direct my question to the Government House Leader. It is supplementary to a subject that occupied a fair amount of time during yesterday's Question Period. The subject matter, of course, refers to the economic crisis facing the agricultural industry today.

When we look at the bankruptcy increases in 1982 over 1981, we find that bankruptcies have increased in the agricultural community by some 60 per cent. If we look at the latest figures released by Consumer and Corporate Affairs today, we find, when we compare January and February this year with January and February last year, those bankruptcy figures have increased by another 14 per cent. What commitment is the Government House Leader prepared to give today to take immediate steps to deal with this specific problem, this crisis within the industry, of which each and every Member in this House is aware?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the question raised by the Hon. Member was in fact debated at length yesterday during the oral question period. He has probably read *Hansard* and realized that there are various options available to the parties to deal with this issue. I wish to assure the Hon. Member that I discussed this matter a few minutes ago with the House leaders of his own party and the New Democratic party, that I made a suggestion and that I am expecting a reply from his House leader after he has had an opportunity to discuss the matter with his caucus. He might be able to give me a reply later this afternoon, but from what he has told me, it is also possible that he might do so only tomorrow after the weekly caucus of his party. In any case, I wish to assure the Hon. Member that I often referred to one of his own suggestions yesterday in my replies and that my proposal to his House leader takes the options he has mentioned into account.

[*English*]

REQUEST FOR MORATORIUM ON FARM FORECLOSURES—QUERY RESPECTING BILL C-653

Hon. John Wise (Elgin): Madam Speaker, my supplementary question is for the Government House Leader. The position taken by my colleagues on this side of the House is that it is a very acute problem. I know certain positions have been made public in the House and elsewhere. I just challenge the Government House Leader to accept the long standing position taken by my colleagues and I that, to resolve this difficulty first the Government House Leader should move immediately to impose a short-term moratorium; second, to refer Private Members' Bill C-653 immediately without debate to a Committee. This could be the Standing Committee on Agriculture or the Standing Committee on Finance, Trade and Economic Affairs. Actually, the Standing Committee on Agriculture would be more appropriate because it can accommodate a larger number of Members. To my understanding this will not interfere with the discussions that have taken place between House Leaders.

Is the Government House Leader in a position today to give us a firm commitment that he will meet these two requirements? If he is, I can assure him that this will go a long way to resolving the difficulties faced by the people in the agricultural industry. Also the fasting exercises, in which the President of the Canadian Farm Survival Association is now involved in the Stratford jail may be resolved.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, it is difficult to be very specific in my answer to the Hon. Member's question without rendering public the substance of the discussions I had with his House leader. If I had permission I could make public the offer I made to him. I have nothing to hide. I see the Hon. Member is shaking his head negatively. If he had said yes, I think the Hon. Member for Elgin would be very happy.

GOVERNMENT POSITION

Hon. John Wise (Elgin): Madam Speaker, I think it is very obvious why my colleague, the Opposition House Leader, is shaking his head.

Mr. Nielsen: We can't believe you.

Mr. Wise: Those discussions need not take place to deal with the specific offer? I have put to the Government House Leader a very reasonable proposal. Is he in a position today to accept that proposal? Yes, or no, Madam Speaker? The proposal could resolve the situation.

I think everyone in this House knows that study of Private Members' Bill C-653, or the subject matter of it, cannot be dealt with overnight. I think everyone in the House and everyone in the industry realizes that for anything meaningful to come out of those committee discussions we must have the full support of our traditional lending agencies. They must continue to co-operate with the whole of the agricultural industry because Canadian farmers will then have access to required capital to produce the food for Canadians and, indeed, for many hundreds of thousands of people around the world. Can the House Leader give that commitment?

• (1420)

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, it is obvious to those who attended Question Period yesterday that we had a very specific request to have a House Leaders' meeting to deal with this matter. The question was asked specifically by the Right Hon. Member for Yellowhead. Very clearly, we were ready yesterday to send the Bankruptcy Act to the Committee, and move the proper amendments. That was one of the options that was suggested last Thursday by the Hon. Member himself. At least it was part of his question when he raised it in the House last Thursday.

We are ready today to go even further and refer something else to the proper committee, but we are not in a position to do so because we have to wait for the answer from the Hon. Member's House Leader. Therefore, if there is a delay it is not the fault of the Government. We were ready to move yesterday, and we are ready to move now. We have to wait until we have an answer from the Hon. Member's Party.

* * *

FINANCE

REQUEST FOR REDUCTION OF TAX ON FARM FUELS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the Minister of Finance. Given that one of the most crippling factors that faces farmers who are trying to survive is the high cost of energy, and now that OPEC has slashed the price of oil on the world market, will the Minister of Finance immediately bring in measures to reduce the federal tax on farm fuels in order to help alleviate the farmers' high operating costs?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, may I remind the Hon. Member that if the price of oil comes down in Canada it will come down generally. As well, most taxes on oil are generally provincial taxes.

Some Hon. Members: Oh, oh!

Mr. Lalonde: Indeed, look at the figures Province by Province, and Hon. Members will find that the Provinces have the largest share of taxes.

As far as the federal Government is concerned, all issues of taxation are related to the budget, and my hon. friend will have to wait for the budget to see whether there are any such measures in it.

[*Translation*]

REQUEST FOR REDUCTION OF FEDERAL TAXES ON GASOLINE AND HEATING OIL

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my supplementary is for the Minister of Consumer and Corporate Affairs. Can he assure the House and the Canadian consumers that the Government will bring down the federal taxes on gasoline and heating oil to reduce the burden on consumers following the agreement between OPEC members?

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I congratulate the Hon. Member for having asked his question in French. However, he should have directed it to my colleague, the Minister of Finance.

* * *

[*English*]

ENERGY

ENFORCEMENT OF FEDERAL-PROVINCIAL OIL PRICING AGREEMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. I have a copy of the agreement dated September 1, 1981, which was signed by the Government of Canada and the Government of Alberta. That agreement says, with reference to prices, that, "The overall average field price of conventional old oil . . . will not exceed 75 per cent of the actual international price of oil."

The Prime Minister agrees that this means that Canadian prices should track the international price. When the international price goes up, the Canadian price should go up, but it also means that if the international price goes down, the Canadian price should go down.

As of yesterday, the drop in world prices has meant that the Canadian price is now at 84 per cent of the world price level. Will the Minister take steps to enforce this agreement and ensure that it is lived up to, by bringing about a $3 a barrel drop in the price of conventional Canadian oil?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, if the Hon. Member reads the whole agreement I think he will know that we have an agreement which changes the price every six months. The next change in price will only be in July.

Of course, as he knows, the Premier of Alberta is of the view that the agreement only meant when the price increased. This means a ceiling when the price decreased.

We take a different point of view and we are discussing that with the Government of Alberta at this time. In fact I will be meeting with the Minister of Energy of Alberta, Mr. Zaozirny, on Friday, in Edmonton.

OBSERVANCE OF AGREEMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Minister knows very well that there is a time lag between the wellhead price and the price that the consumer pays. He also knows that, as of today, Canadians are paying prices beyond what this agreement stipulates.

Considering the fact that a $3 a barrel drop in the price of conventional oil would mean a $1.6 billion stimulus to the Canadian economy and 33,000 additional Canadian jobs, according to the federal Government's own calculations, will the Minister take steps today to ensure that that agreement is lived up to and that the needed stimulus for the Canadian economy is provided so that Canadians who are out of work will be able to find jobs?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I am sure that the Hon. Member does not want me to change the agreement unilaterally at this time. The agreement calls for a change in the price every six months. The last change occurred on January 1. The next one will be in July. In the meantime we will enter into negotiations with the Government of Alberta. Of course, we have an honest disagreement over that.

I now know the position of the New Democratic Party. The fact of the matter is that we must respect the view of Premier Lougheed who said that he made this agreement in good faith at that time because everyone predicted that the price would go up. There were not very many people who expected the price to go down. We have a disagreement with Alberta, and it is only fair at this time, before making a final decision, to discuss the matter with Alberta.

Mr. Broadbent: I did not ask the Minister to change the agreement. I asked the Government of Canada to live up to an existing agreement that it has signed. That is what we on this side of the House are asking.

POSSIBLE IMPACT OF REDUCED ENERGY COSTS

Hon. Edward Broadbent (Oshawa): Is the Minister aware that, if Canadians were now paying prices in accordance with that agreement, they would be saving some 10 cents a gallon at the pump, and our manufacturers, who have to meet international competition, would have a net savings in terms of their energy costs? At this time particularly, when all of competitor industrialized nations are undergoing price reductions in energy costs, it is profoundly important for the Canadian economy to be experiencing the same drop in energy costs which this agreement calls for.

If the Minister of Energy, Mines and Resources is aware of those facts, why does he not take action to make sure that the agreement is lived up to?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I cannot take action now because I have to respect the agreement. The agreement calls for changing the price every six months. I cannot change the

agreement. The Hon. Member asks me to respect the agreement. Part of that agreement says that there is a change in the price every six months.

Of course there is another factor which the Hon. Member did not include in his question, which is that we have a very important oil and gas industry in Canada. That industry creates jobs as well. We have to balance that fact with the other possible benefit because, if we affect the energy industry too negatively, we might lose jobs.

It is a very complex problem. We will take the time necessary to discuss it with the producers, the Provinces which produce the oil and, of course, we will take the interests of the consumers to heart. That is why we said that, in our view, the agreement is quite clear that 75 per cent is a ceiling that applies upwards as well as downwards.

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TRADE

IMPOSITION OF DUTY ON ITALIAN TOMATOES

Mr. Robert Daudlin (Essex-Kent): Madam Speaker, my question is directed to the Minister of National Revenue. The Minister will be aware that the tomato industry, particularly the tomato processing industry, has been desperately concerned since last June about imports coming into this country from Italy and other countries. He will also be aware that the producers themselves are concerned about the planting season and their transplants for this year. In fact his Department has been responsible for countervail investigations up to this point.

Could he advise the House whether or not that countervail investigation has concluded, and whether or not the producers and processors can look for some relief from this particular problem?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, as the Hon. Member has indicated in his question, Canadian processors have effectively asked us to investigate the possibility of imposing countervailing duties on certain types of tomatoes, namely canned round peeled tomatoes imported from certain countries. Our investigation has now been completed and we have concluded that those tomatoes are in fact subsidized by certain countries. In addition, since this has harmful effects on the Canadian industry, following this investigation, the Government has recommended and approved compensation charges of 10 cents a pound for canned round peeled tomatoes imported from Italy.

• (1430)

[*English*]

PENITENTIARIES

STONEY MOUNTAIN, MAN.—GARBAGE REMOVAL PRACTICES

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is directed to the Solicitor General. It is with regard to a garbage scandal at the Stoney Mountain Penitentiary in Manitoba as reported yesterday on Radio Station CJOB in Winnipeg. As the garbage truck hauls out the garbage daily, it hauls out dishes, flatware, edible food, blankets, boots and quantities of meat along with the garbage, and local citizens wait daily at the Stonewall dump to retrieve these goods. I would like to ask the Minister will he launch an immediate inquiry and bring this to a halt. Will he also see if the same practice is in place in all federal penitentiaries across Canada?

An Hon. Member: It's called "make work".

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I will certainly inquire whether there is any truth at all to the allegations, and report to the Hon. Member.

Mr. Nielsen: The Great Garbage Caper.

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HARBOURS

NECESSITY FOR DREDGING AT LIVERPOOL, N.S.

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Minister of Transport. On March 24, 1982; on May 12, 1982, and on June 4, 1982, I wrote to the Minister of Public Works and the Minister of Transport concerning the inadequate depth of water in Liverpool harbour in Queen's County, Nova Scotia, and the obvious need for immediate dredging in that area. All I have received to date has been acknowledgments of my letters from the Minister's special assistant.

Since ship refits for Government and private industry have been lost by Steel and Engine Products Limited due to inadequate water depths, while the operations of Bowater's Mersey Paper Company, Mersey Seafoods, and the Liverpool Queens Industrial Commission have been severely curtailed, with a resultant loss of employment opportunities for the town, when can we expect an announcement from the Government that dredging will be carried out in Liverpool harbour?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have found there is usually a good reason why my Department is experiencing a delay. I will find out why we are delaying in this particular instance and answer as soon as I can, most certainly today.

CHANGE OF DEPARTMENTAL RESPONSIBILITY

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, my supplementary question is directed to the same Minister. At a meeting which was held in the Board Room of Bowater's Mersey Paper Company Limited on April 16, 1982, almost a year ago, attended by officials from Bowater's Mersey Paper Company, Steel and Engine Products Limited, Mersey Seafoods Limited, Federal Public Works, the Canadian Coast Guard, and Ports and Harbours, Mr. Fioratos of Ports and Harbours stated that responsibility for harbour dredging in Liverpool harbour had been transferred from Public Works Canada to Transport Canada.

I therefore ask the Minister if he is aware of this change of responsibility and, if so, why no action has been taken by his Department in response to urgent requests for dredging in this harbour, as made over a year ago by the responsible management of a number of important Nova Scotian companies.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am very much aware of the transfer of jurisdiction from Public Works to my Department. However, I am not aware of this particular incident. I will very soon become aware of the reasons we or somebody has delayed.

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—DISTRIBUTION OF CIRCULAR

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, through you, I would like to address my question to the Minister who is responsible for the UFFI program. A circular was developed, containing directions for those who have used UFFI to receive the help available from the Government. Would the Minister explain why this circular, a copy of which I have in my hand, was not distributed to Members of the House of Commons? I have checked among several Hon. Members and they have not in fact received the circular.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): I will certainly find out, Madam Speaker. I know that several weeks ago, the UFFI Information and Coordination Center sent an information circular to all the Hon. Members of the House of Commons and the Senate. If that new circular was not sent to the Hon. Member, it will be my pleasure to make one available to him this very afternoon.

[*English*]

DISSEMINATION OF INFORMATION

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, the only way those who need assistance from the UFFI program can possibly know the regulations is if they receive copies of this circular. Not only did I not receive it, but I was not able to receive additional copies from the Minister's office to mail out to those of my constituents who did not receive it and therefore do not know the most recent regulations pertaining to the Program.

Would the Minister commit his Department to determining who is eligible for UFFI benefits but who may not have applied and may seriously need help under this Program? Would he undertake to inform all those people in Canada who have taken advantage of the UFFI Program of what regulations prevail and how they can receive help?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, Canadians are well aware of the Canadian Government's UFFI Program, thanks to the paid announcements in the news media and also to the information campaign carried out by various provincial organizations on behalf of UFFI home-owners. I know that several members have also sent information on that subject to some of their constituents. Should there be UFFI home-owners among the Hon. Member's constituents who have not yet been advised of the federal program, I will gladly provide the Hon. Member with enough copies of this information circular for him to advise his constituents.

* * *

[*English*]

TRANSPORT

GOVERNMENT ASSISTANCE TO MAISLIN INDUSTRIES—OBSERVANCE OF LOAN AGREEMENT

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is directed to the Deputy Prime Minister. Last summer the Government bailed out Maislin Transport with an unprecedented $34 million loan guarantee. Can the Deputy Prime Minister tell us whether all the terms of the loan agreement have been met to the satisfaction of the Government's supervisory committee? Specifically, have the shareholders of Maislin provided the additional $2.5 million worth of capital which they promised, or have they simply sold off the Gateway pension fund and transferred the proceeds?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Minister responsible is not in the House today. I do not have in my hand the details necessary to answer this question, but I will attempt to obtain them and draw the matter to the attention of the Minister.

COMPANY LOSSES—GOVERNMENT INTENTIONS

Mr. Doug Lewis (Simcoe North): Madam Speaker, the Deputy Prime Minister will know that in the three-month period ending September 30, 1982, Maislin reported losses of $1 million per month. Media reports indicate that those losses are continuing. What steps are being taken by the Government to protect the taxpayer's $34 million guarantee? Specifically,

is the Government planning that CN will buy out Maislin and thus complete the bail-out of the Liberal Government's friends?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, there is no intention on the part of the CN to buy out Maislin. We are attempting to protect our interests on the Board by having officials of the Government of Canada on that Board in an effort to ensure that the public interest is protected. The Hon. Member will realize that when we did make this decision we knew that the firm was in financial difficulty. We made the decision because of the large number of Canadian jobs which were involved. Certainly it would be our hope that this particular firm would succeed and maintain those jobs which were placed in jeopardy by the economic circumstances which prevailed.

May I add, to clarify an answer which I gave yesterday, that up to the present time no request for additional assistance has been made by Maislin to the Government.

* * *

ENERGY

GOVERNMENT COAL PRICING POLICY

Mr. Sid Parker (Kootenay East-Revelstoke): My question is directed to the Minister of Energy, Mines and Resources, if he will resume his seat, Madam Speaker. I tried to raise this question in the Transport Committee meeting this morning, but was advised that the Minister of Energy, Mines and Resources was the one who should answer the question. We now have an indication that legislation dealing with the Crow rate will give the Government the right to change the price of coal within the Dominion coal blocks in my riding and even to dispose of the coal blocks by Order in Council without coming to Parliament. Could the Minister tell the House just what his Government wants to do with these 50,000 acres in coal blocks which are estimated to contain approximately $450 billion worth of coal?

• (1440)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I gave the information this morning in the Committee looking at my Estimates. The reason why this item will be in the legislation on the Western Rail Initiative is simply to eliminate an abnormality which exists now which would limit the selling price of that coal to $2 a ton. We thought that this was not acceptable any more, and we have made provisions in the Bill to eliminate that abnormality.

What will happen to the coal mine and to the coal in the area is something to be decided in the future. At the moment, as my hon. friend knows, there is a major development taking place in the northern area of his Province and consequently now may not be the best time to develop the Dominion coal area. In due course the impediments which existed in the legislation will have been removed.

REQUEST THAT COAL ACREAGE BE RETURNED TO BRITISH COLUMBIA

Mr. Sid Parker (Kootenay East-Revelstoke): Madam Speaker, it seems funny that the Minister of Transport wants to interject now, when I could not get this information out of him at the Committee. I would like to ask the Minister of Energy again, since the fact of the matter is that the Province of British Columbia turned that 50,000 acres over to the federal Government at the time the agreements were reached on the Crowsnest, and the fact of the matter is that the railway systems want to get out of the Crowsnest agreement, will he give both the House and the people of British Columbia his guarantee that these 50,000 acres of land will be returned to the Province and to the people of British Columbia, if the Crowsnest agreement is broken.

[*Translation*]

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I must advise the Hon. Member that I cannot give that guarantee. The minister of Transport has just replied to this question; we are indeed the rightful owner of this property; we will look into this situation if and when a problem arises.

* * *

[*English*]

RAILWAYS

CROWSNEST PASS AGREEMENT—IMPACT OF PROPOSED CHANGES

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Minister of Transport. With respect to the proposal to abolish the Crowsnest Pass rate, in view of the fact that ten years ago the average price of grain stood at $4.50 per bushel and the current forecast for 1982-1983 is $5.17 per bushel, which is an increase of a mere 13 per cent, and in view of the fact that over the past nine years the inflationary increase has been 135 per cent, how can the Minister justify imposing an increase of some 550 per cent on freight rates on the western farmer, under his proposal?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there is a relationship which should be made here between the cost of transporting grain and the selling price of that grain. During the war years the cost of transportation represented 17 per cent of the price of the grain. It went down to 10 per cent, then it went down to 8 per cent. It is now down to 2½ per cent. So 2½ per cent is the percentage of the transportation represented in the total price of grain. Consequently, transportation cannot be held guilty for the difficulties in the price of selling grain at this time. My hon. friend should realize that the contribution of transportation to the cost of grain is really minimal, and that is why the question that he raised is not a relevant one.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DEAN OF IRISH PARLIAMENT

Madam Speaker: I would like to draw the attention to the presence in our gallery of Mr. Oliver Flanagan, T. D., who is the longest serving Member of the Parliament of Ireland, a former Minister of Defence, and also a former Minister of Environment of his country.

Some Hon. Members: Hear, hear!

* * *

TRANSPORT

INQUIRY RESPECTING POSSIBLE REQUEST FOR AID BY MAISLIN INDUSTRIES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question is directed to the Deputy Prime Minister and is supplementary to that put by the Opposition House Leader with respect to Maislin Industries, to clarify an answer given to me yesterday that the Government has received no application from Maislin for additional financial assistance. May I ask him to inform the House whether there have been any requests from Maislin, either formally or informally, for additional financial assistance to Maislin?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I made it a point before coming into the House to inquire about that matter and I was advised that no requests for additional assistance had been made. That is my information. I have every confidence that the information is correct but, if the Hon. Member has further information, I would like to have him help me.

Mr. Nielsen: Madam Speaker, it is not only the Deputy Prime Minister who needs help; it is the entire Government over there that needs help at this time.

OFFICIALS' DISCUSSIONS

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, will the Deputy Prime Minister inform the House whether any officials of the Government have met recently, let us say within the last two to four weeks, with officials of Maislin for the purpose of discussing the company's financial circumstances and, if any such meetings did take place, was there any conclusion drawn that the economic liability of Maislin would likely cease around June of this year?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I would assume that the officials are on their toes. They would have had discussions with Maislin in the normal course of their duties, but beyond that I have no information that there have been meetings that would lead to the conclusion that the viability of the operation is now to end at the end of June. That is not information which I have received.

* * *

[*Translation*]

NATIONAL DEFENCE

F-18 FIGHTER AIRCRAFT—SEARCH FOR TEST SITE AT ASCENSION, P.Q.

Mr. Pierre Gimaïel (Lac-Saint-Jean): Madam Speaker, I was informed yesterday by Mr. Adrien Tremblay, the mayor of the municipality of l'Ascension in my constituency, that the Canadian Armed Forces were looking for a firing range to be used for their F-18 training program in my constituency.

My question is for the Minister of National Defence. First, did the Canadian Forces actually ask the Quebec government for a specific area in the vicinity of l'Ascension to develop a firing range? Second, what is the status of those negotiations, if any? And, third, would the Minister object to the authorities at the Bagotville base making available to the municipal council and regional leaders information on this matter especially on the way these ranges are normally operated?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, as the Hon. Member for Lac-Saint-Jean and his colleagues from the area are very much aware, the deployment of the F-18 fighter at Bagotville will of course require tens of millions of investments at the Bagotville Armed Forces base and in the area.

Concerning the negotiations on the exchange of property for the proposed firing range, they are now being conducted with the Province of Quebec which, hopefully, will understand the value of this project for the entire Lac-Saint-Jean and Saguenay community, considering this is indeed part of Canada's strategic defence because of the Bagotville base.

I myself will be going to Lac-Saint-Jean and Bagotville, at the end of April, and in the meantime I can say that the base commander has been instructed to consult with civilian authorities in the area in order to fully explain the situation.

* * *

[*English*]

CONSUMER AFFAIRS

USURIOUS PRACTICES OF INCOME TAX REFUND DISCOUNTERS

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. As a result of the Government's callous delay in the processing of tax refunds, thousands of Canadians have been driven into the hands of loan sharks who buy the tax rebates and child tax credits of, among other people, single parents, the poor, the unemployed, and students.

In view of the fact that the effective annual interest rate charged by these social vultures is well over 150 per cent, what action is the Minister prepared to take to amend federal legislation immediately to put an end to this usury that affects over 200,000 low income Canadians this year?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the Hon. Member should have a talk with his House Leader and get him to co-operate with the Government in order that the Bill be disposed of as soon as possible and taxpayers get their refunds. In the circumstances, this would probably be the most effective and the fastest course of action.

• (1450)

[*English*]

REQUEST FOR REFERRAL TO COMMITTEE

Mr. Svend J. Robinson (Burnaby): Madam Speaker, that kind of attitude will continue to drive Canadians to the so-called tax discounters. The Quebec Government put an end outright to the practices of these tax discounters. The federal Government should do the same. Will the minister at the very least agree to refer these predatory practices, 150 to 200 per cent interest rates, to a House Committee to determine how the federal Government can directly assist the individuals involved, possibly with the co-operation of the credit union movement? Will he urge his colleagues to stop their stalling and finally start sending out long overdue tax refunds? This will stop driving desperate Canadians into the hands of these loan sharks.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I think that Canadians should be made aware of that kind of tactic and should find other methods to solve their yearly income tax problems. That kind of attitude is not new. A bill has already been passed in this House to provide for specific settlements. Of course, this is not any ordinary loan and, consequently, the Act does not apply in the same way as on ordinary loans, but I suggest the question put by the Hon. Member illustrates an attitude and a behaviour on the part of some businesses that is wrong, and it is my hope that Canadian taxpayers will no longer patronize those agencies whose fees I consider altogether indecent.

* * *

[*English*]

FINANCE

REBATE OF EXCISE TAX ON FARM FUELS

Mr. Hal Herbert (Vaudreuil): Madam Speaker, my question is directed to the Minister of Finance. It is really supplementary to the question asked by the Hon. Member for Mississauga South. I was under the impression that we had an excise tax program that rebated to the farmers the amount of the federal excise tax. Has that program been discontinued, or do the farmers still receive the federal tax rebate and, for that matter, all commercial users of gasoline as well?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member for Vaudreuil is quite right. Indeed there is a program of federal excise tax rebates available to farmers and commercial operators. That program has been in existence for several years, at least since 1975, and has been used extensively. To give an example, in 1981 refunds were made to Ontario farmers in the amount of $3 million, $2 million in Manitoba, $4 million in Saskatchewan, and $4 million in Alberta. This is available to all farmers in Canada. What they have to do is keep their receipts and ask for a refund of the federal excise tax. That is used extensively by commercial enterprises which use it to the tune of several tens of millions of dollars. I want to make it quite clear that the federal Government has a program for the purpose of rebating excise tax to farmers.

* * *

AGRICULTURE

REQUEST FOR MORATORIUM ON FARM FORECLOSURES

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is directed to the Government House Leader. It is supplementary to questions posed earlier by the Hon. Member for Elgin. After nearly a year of discussion and delay, as a measure of the sincerity and interest that the Government has in this legislation to help those farmers who are in financial distress, will he accept the suggestion of the Hon. Member for Elgin, a position put forward by the Conservative Party, that there be a short-term moratorium on further farm foreclosures and bankruptcies? Will he do this until this House, the banks, and the farm community have had an opportunity to deal with whatever legislation is appropriate?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I said earlier to the Hon. Member for Elgin that following a specific request by his party yesterday, I had a meeting with the Opposition House Leaders to discuss the quickest way of finding a remedy for the present situation. Yesterday, on the floor of the House, I made a proposal that was rejected by the Official Opposition. Today, at a meeting, I went even further, but since I may not reveal the contents of the discussion without the consent of my colleague who refused to give it, I cannot give further details on the suggestion I made. All I can say is that the proposal made by the Government would be far more effective than the one the Hon. Member has just made.

[*English*]

CASE OF HUNGER STRIKER

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my supplementary is also for the House Leader. I am not sure what discussions took place, but the conditional response that the Government has had to date gives us little confidence that we can expect to see measures like this, or any other measures, that will deal with the problem's resolution. If the Government House Leader is serious about what he is saying, and if he really intends to do something, will he accept an invitation from the Member for Elgin and myself to visit the young farmer in jail in Stratford and make the kind of commitment to him that is necessary so that he will stop his fast, and so deal with the problem? Will he make a commitment that the Government will act and take the necessary steps that will bring forward legislation so that this farmer will end his fast and the situation will be resolved?

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, the Hon. Member is referring to his friend who has been charged before the courts in Ontario, and I have already indicated quite clearly that I did not intend to comment on this case because of the *sub judice* rule. Therefore, I have nothing to say regarding the Hon. Member's friend, except that as far as the property of Canadian farmers is concerned, several days ago I made proposals in agreement with the Minister of Consumer and Corporate Affairs with a view to finding a remedy. If we have not yet been able to amend either the Bankruptcy Act or the Bill presented by the Member for Lambton-Middlesex, it is not because we have been careless but because the Hon. Member's party has been too slow in giving its agreement.

Yesterday, we made a concrete proposal, and the problem could have been resolved today if the Progressive Conservative Party had agreed to adopt an amendment to the Bankruptcy Act. Today, I repeated my proposal, adding another even more attractive component, and I have yet to get a reply. Therefore, my hands are tied. However, if the Hon. Member has any influence and if he is really sincere and serious about the issue, he should speak to his Parliamentary House Leader and urge him to act. To us, the main thing is the well-being of our farmers, and we want to safeguard that well-being through the proposals I have made. We are also concerned about the well-being of fishermen and small businessmen and all this could be covered by an amendment to the Bankruptcy Act. Proposals are on the Table, and if there is any delay, it is not the Government, but the Hon. Member's own party that is at fault.

[*English*]

NATIONAL DEFENCE

EVALUATION OF FRIGATE PATROL PROPOSALS

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Minister of National Defence. He will recall that last August he said that the evaluation of the Canadian patrol frigate proposals would be presented to the Government for a decision in the Spring of 1983. Will he tell the House whether he has as yet presented those proposals to Cabinet?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, the frigate program, which is one of the last major capital investments in the Defence Department and a major re-equipment program, is going according to schedule. The evaluation by my Department is in the final phase. I expect to be able to present these evaluations to the Committee on National Defence and External Affairs of Cabinet. After that it will be up to full Cabinet to decide exactly what to do in this regard. I hope everything will go well and that we can go forward with the program as soon as possible.

DATE OF DECISION

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I would prefer to have something a little more definite than "as soon as possible". When does the Minister expect the Cabinet to make a decision, when will he announce the winning consortium, and when will the shipyards start working?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I could give a very short answer to that: as soon as possible, as soon as the evaluation is finished, and as soon as Cabinet takes a decision. I hope to have a decision from Cabinet before we recess in June.

* * *

MEDICAL CARE

PROVISION OF FUNDING

Mr. Jim Hawkes (Calgary West): Madam Speaker, my question was for the Minister of National Health and Welfare. Perhaps I can direct it to the Deputy Prime Minister. The Minister of National Health and Welfare has informed the CMA that funding for health care will depend upon the moving average of the Gross National Product. If the Gross National Product goes down, will health care funding go down?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, the legislation now in place, the EPF, which is being continued by this Government, provides for an arithmetic formula taking into account three factors—redistribution, population growth, and GNP growth.

[*Translation*]

PETITIONS

MR. OGLE—CROWSNEST PASS FREIGHT RATES

Madam Speaker: I have the honour to inform the House that the petition presented by the Hon. Member for Saskatoon-East (Mr. Ogle) on Monday, March 14, 1983, meets the requirements of the Standing Orders as to form.

* * *

[*English*]

PRIVILEGE

MR. ALLMAND—PARLIAMENTARIANS FOR WORLD ORDER

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Madam Speaker, I rise on a question of privilege of which I gave you notice at the earliest possible opportunity.

• (1500)

Yesterday in examining my mail I was shocked to read that the parliamentarians for World Order, a group of Parliamentarians of all Parties dedicated to peace, disarmament and development, had been delisted and excommunicated as a parliamentary association by a small Committee of Members of Parliament of this House which to my knowledge never had any mandate from this Parliament or this House to decide which groups of Parliamentarians should be accepted or not—

Madam Speaker: Order, please.

Some Hon. Members: Hear, hear!

Madam Speaker: Order. I believe the Hon. Member has himself indicated that this matter is not dealt with in Parliament but has to do with problems of administration of the House of Commons. These questions are not decided by Parliament, as the Hon. Member himself stated at the beginning of his presentation. Grants to the Interparliamentary Association are a matter which are dealt with by the Members themselves in committees decided by Members themselves. It is not a question of privilege, of course, and does not answer any of the criteria for a question of privilege.

Therefore, I would ask the Hon. Member to use the channels which are open to him, namely, the Advisory Committee on the Interparliamentary Association, or to discuss it directly with me so I would be informed on these problems and, perhaps, I myself could discuss it with the members of the Advisory Committee. But certainly it is not a question of privilege

Mr. Allmand: I rise on a point of order, Madam Speaker. If a question of privilege is not the correct procedure, there must be some procedure by which an Hon. Member can address his question on the floor of the House. I would like you to direct me—

Point of Order—Mr. Munro (Esquimalt-Saanich)

Madam Speaker: Order. Order, please. The Hon. Member might find some occasion to deal with this question in the House on the occasion of a speech, or whatever procedure he might find helpful to him. Certainly he has avenues open to him to discuss this question. I repeat again, the Hon. Member could take it up with myself or he could discuss it with the members of the Advisory Committee on the Interparliamentary Association. The Hon. Member tried to raise this on a question of privilege. I told him he did not have a question of privilege. He then rose on a point of order which has nothing to do with order in the House and again deals with the same question. I must urge the Hon. Member to use the channels which are open to him in order to discuss this question.

Mr. McGrath: Madam Speaker, I rise on a point of order. I say to you, with the greatest of respect, that you did not hear the Hon. Member before you ruled. I believe you should at least hear him before you rule whether or not he has a question of privilege. I submit, in my respectful submission, that my privileges are affected by the subject matter of the Hon. Member's question of privilege. He feels he has a question of privilege. I believe that before the Chair rules the Chair at least has an obligation to hear the argument.

Some Hon. Members: Hear, hear!

Madam Speaker: The Hon. Member has given me notice of his question of privilege, and in his statement has given me an idea of the subject matter with which he wanted to deal in his question of privilege and where he felt that his privilege was affected. It is very obvious to me that this question has nothing to do with the privileges of the House, and that was made quite clear to me in the first few sentences of the Hon. Member's presentation. He does not have a question of privilege and I must stand firm on that. He has other avenues open to him to discuss these questions, as does the Hon. Member for St. John's East (Mr. McGrath). I understand the Hon. Member's preoccupation and frustration with this question, but this is not the forum in which to address it.

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POINT OF ORDER

MR. MUNRO (ESQUIMALT-SAANICH)—S.O. 21 STATEMENT OF MR. HUDECKI

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I rise on a point of order. During Statements under Standing Order 21 this afternoon, I thought I heard the Hon. Member for Hamilton West (Mr. Hudecki) introduce a congratulatory message which caused you, on March 1, to shoot me down and ask me if I would take my place.

I would like to reserve my views on this until I have had a chance to examine the "blues" and *Hansard*, and I could raise it tomorrow if my impression of that particular message is correct.

Madam Speaker: In that case, the Hon. Member should wait until he sees the "blues" and let me know. It seems to me that the Hon. Member might have said something to the effect that he did want to congratulate someone, but then he did have some substance to his statement, that it was not made entirely to congratulate someone on a special occasion. I might be mistaken, but I thought that the statement made by the Hon. Member for Hamilton West (Mr. Hudecki) was quite in order. I also will look at *Hansard* and if I find I did let the Hon. Member go along with a congratulatory message, I should not have done so; but it did not seem to me that he had.

Mr. Munro (Esquimalt-Saanich): Madam Speaker, I had a Saint and a Canadian in mind on March 1 when I was making my statement, and I got as far as the "Saint" but I did not get to the "Canadian". I should, therefore, like to reserve my position and raise the point of order tomorrow once I have examined *Hansard*.

Madam Speaker: The Hon. Member has already said that.

ROUTINE PROCEEDINGS

[*Translation*]

MISCELLANEOUS ESTIMATES

PRESENTATION OF SEVENTH REPORT OF STANDING COMMITTEE

Miss Aideen Nicholson (Trinity): Madam Speaker, I have the honour of tabling the Seventh Report of the Standing Committee on Miscellaneous Estimates.

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

* * *

[*English*]

PETITIONS

MR. KILGOUR—CALL FOR GENERAL ELECTION

Mr. David Kilgour (Edmonton-Strathcona): Madam Speaker, I have a petition and would ask your leave to file it. The petition quite simply states that there is a crisis of confidence in Canada which can only be solved by a general election. It is signed by 2,045 residents of Edmonton, mostly from Edmonton-Strathcona. This petition should have been filed some time ago.

MR. DOMM—BROADCASTING OF PORNOGRAPHIC FILMS ON PAY TV

Mr. Bill Domm (Peterborough): Madam Speaker, I have a petition to present to the House addressed to the attention of the Hon. Minister of Communications (Mr. Fox). It is from a large group of petitioners in the City of Peterborough who oppose the proposed First Choice Pay TV broadcast of pornographic films for the following reasons. They believe much of the material to be shown will be morally objectionable and degrading and will portray women in accordance with degrading and demeaning sexual stereotypes. They also believe that in practice children and young people in large numbers will view these pornographic films regardless of the time they are shown.

I bring this petition to the attention of the House in the sincere hope that action will be taken by the Minister with respect to the intention of Pay TV to broadcast this type of material.

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BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER COMMITTEE STAGE OF BILL C-139

Hon. Paul. J. Cosgrove (Minister of State (Finance)) moved:

That, in relation to Bill C-139, an Act to amend the statute law relating to income tax (No. 2), one additional sitting day shall be allotted to the further consideration in Committee of the Whole stage of the said Bill;

That, at fifteen minutes before the expiry of the time provided for Government business in that sitting, any proceeding before the Committee shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the Committee of the Whole stage of the said Bill shall be put forthwith and successively, without further debate or amendment.

He said: Mr. Speaker, this is a motion for time allocation on Bill C-139, an Act to amend the Income Tax Act, which has a background of 18 months and goes back to the period of time of the November, 1981 budget when most of the measures contained in the legislation were first announced. During this long period there have been frequent debates in this House, extensive consultations right across the country with affected segments of the private sector and detailed studies by members not only of the Standing Committee of this House but as well a parallel Committee in the Senate.

The various stages of House debate have consumed 25 sitting days, the equivalent of six full weeks of debate under the new rules, Mr. Speaker, and involving no less than 200 speakers. It became more and more obvious as time went on that the Opposition Parties were deliberately delaying passage of this very important legislation. They have ignored the obvious urgency of having these important measures passed in order to achieve three things: an end to the uncertainty in the business community; provide a legal basis for the payment of millions of dollars in tax refunds; and to clear the way for the introduction of the 1983 budget. For months the Opposition has been following a strategy of forcing the Government to resort to time allocation on very important Bills. We saw this tactic in the operation of the six and five capping legislation, and more recently on the borrowing authority legislation. The Government's request for co-operation and pleas for a reasonable solution have met with continued obstruction.

• (1510)

Let me review the record of the past 16 months, Mr. Speaker. Following the introduction of the 1981 budget, we had a full six-day budget debate with 47 speakers. Over the ensuing six months the Government entered into a series of consultations with private sector groups which led to several important modifications in the budget proposal. Various announcements were issued setting out the scope of these modifications.

In April of 1982 an explanatory paper concerning the proposed shift of the sales tax to the wholesale level was issued. A paper on the budget process was tabled. Revised rules on the taxation of charities were made public after consultation with charitable organizations.

In May a document was issued on draft regulations relating to capital cost allowances.

The budget of June, 1982 contained a detailed package of draft income tax legislation which was distributed nationwide for comment by tax law practitioners and interested taxpayers. That budget also announced revised rules on the taxation of life insurance income, including the exempt policy concept which reflected many weeks of consultation with representative groups of the life insurance industry as well as individual companies and many individual agents right across the whole of Canada. Other modifications were announced at the same time affecting such things as the interest expense deduction, the automobile standby charge and the provision for forward averaging of the incomes of athletes and artists. This budget was debated for six days with 51 speakers taking part.

Many comments were received on the draft legislation and in early August the draft was referred to a Special Committee of the Standing Committee on Finance, Trade and Economic Affairs. That Committee met through August and September while Parliament was in recess and prepared a detailed study of the legislation after hearing numerous witnesses. A lengthy report was prepared by that Subcommittee and many of the suggestions were subsequently adopted. The proposed legislation was reviewed once more.

An economic statement was delivered by the Minister of Finance (Mr. Lalonde) on October 27. Among other things, the proposal to tax certain employee benefits, including health and dental plans, was dropped. Exemptions were introduced in the taxation of work in progress. The date for implementing the shift in the sales tax was deferred, and the application of new rules for the taxation of charitable organizations was delayed for further study.

At this point, Mr. Speaker, the tax proposals had been under active study, as I indicated, in all those forums for a full 12 months, not to mention the opportunities which the Official Opposition and the NDP took to conduct their own hearings right across the country on the budget legislation.

Finally, on December 7, 1982 Bill C-139 was introduced to encompass all the modifications which had been made. It was accompanied by explanatory notes setting out the intent of the legal language. That was the first time, Mr. Speaker, in the history of our tax legislation that such a step had been taken to assist Canadians generally in their understanding of this complicated legislation.

Since the introduction of Bill C-139 we have heard a parade of Opposition speeches, most of them repetitious. On second reading alone we had 99—I repeat, 99—speakers, 74 of them Conservative and 17 from the New Democratic Party. It had been the hope of the Government after all these studies had taken place that the matter could have been dealt with expeditiously by this Parliament. Now, more than three months after its introduction, after all that consultation and opportunity for discussion by Canadians generally, we are still a very long way from obtaining passage in the normal course which we had hoped this Parliament would follow.

At this point I might recall a remark made in the House by the Hon. Member for Etobicoke Centre (Mr. Wilson) on November 10 when he exercised his responsibility as financial critic and demanded to know when the Government was going to bring in tax legislation for the 1981 budget in order to ease the uncertainty of the business community. In retrospect, Mr. Speaker, those were hollow words judging from the performance of the Official Opposition since that time.

Well, Mr. Speaker, the Government indeed is as anxious as was the Conservative Party at one time to end the tax uncertainty. It is anxious indeed to permit the processing and distribution of millions of tax refunds worth over $6 billion which will go to Canadians, some of whom are unemployed. That is the intent of the motion before the House today, Mr. Speaker. That is what we seek to accomplish by this motion.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, this is the most disgraceful closure of a Bill we have had before this Parliament. This Party has done its level best to move this Bill forward in Committee of the Whole House. It is a horrendously complicated Bill. It involves nearly 300 pages of the worst kind of draftsmanship one could ever imagine.

So far we have completed nearly one third of the Bill. We have dealt with automobiles, standby charges and the cost of maintenance. We have dealt with professional work in progress. The Government has not dealt with it, we have. We asked the Government to do something for the notaries and the Government refused. The Government has amendments in that respect but it does not want to allow the Bill to stay in the House so those amendments can be presented in the normal course. We have dealt in detail with insurance companies and policy taxation, with annuities and guaranteed investment certificates. We have dealt with capital costs on the demolition of buildings. We are presently dealing with Small Business Development Bonds. However, there is a host of other things which should be dealt with where people in Canada have presented logical arguments as to why there should be change—minor change in many cases—in the Bill. Yet the Government does not want to listen, does not want to proceed, does not want to be honest, but it does want to ram this Bill through without discussion.

It is a disgrace, Mr. Speaker, to the democratic process that the Minister should stand in this House this afternoon and attempt to ram a Bill through by saying it has had ample discussion. He knows it has not. Let us talk about the ample discussion that income tax legislation should have. The Government knows that, in an incarnation with another Minister of Finance, it passed a budget in both 1977 and 1978. When this Party had the opportunity to form the Government for a limited period of time during 1979, we presented to this House an income tax Bill of not quite 100 pages. That Bill was brought to a Committee of the Whole House. There was really only one difficulty with it and that was the provision for a special rate of tax of 33 per cent for service corporations. The budgets of 1977 and 1978 were approved by a Liberal Government but the tax Bills that resulted from those budgets were presented by a Conservative Government. Closure was not imposed by that Conservative Government. The Bill was debated in Committee of the Whole House for five days. Both sides considered that to be reasonable.

• (1520)

In the case of the Bill before the House, there have been four days and two hours of debate on a horrendously complicated piece of legislation which deals with the most changes to the Income Tax Act since 1971. The Government claims that the House has spent too much time on the Bill and is not moving ahead. We have made arrangements to group Clauses, Mr. Speaker; we have presented reasoned amendments; we have presented matters that have been brought to our attention by constituents who want answers from the Government; Member after Member has read into the record letters received from constituents, but the Government cannot tell them how to reply. In many cases the Minister cannot offer any help because even he cannot read the Bill.

The Minister and the Government want to eliminate democracy, to eliminate discussion and debate. They have some idea that they are the fount of all wisdom. From the Place Bell Canada tower in the City of Ottawa it seems they are going to try to control Canada, to control the business of Canada and, indeed, destroy the business of Canada.

The Minister mentioned that this Party toured Canada and held public hearings. In January, 1982, Mr. Speaker, 65 Members of this Party gave up part of their recess to hear public evidence on this issue and, as a result of that evidence, some changes were made. With other Members I came back to Ottawa in August and September to listen to witnesses give evidence on a Ways and Means motion. As a result of that evidence some other changes were made. There have also been other changes that deliberately went against the decision of the Finance Committee but the Government does not want to explain why it took this action.

There are matters in the Bill that still have to be dealt with, such as soft cost, RRSP interest deductibility, work in progress, capital gains reserves, IAACs and so on. Representatives of the airlines have written to point out that the iniquitous tax imposed on Canadian airlines is responsible for some massive deficits.

The Government does not want to deal with the fact that the world price of petroleum has dropped dramatically but wants to ram through the provision of the Bill that deals with that matter. The Government does not believe that the people have the right to be heard. It believes that because it elected more Members to the House of Commons on February 18, 1980 than any other Party, it has the right to do what it damn well pleases. It believes that Members of Parliament are here for one purpose only, and that is to stand and bow to you, sir, when it decides to call a vote.

We have an obligation to represent our constituents and to represent all parts of the country, and some of them, Mr. Speaker, have no use for this Government. But they want to be represented and they demand to be represented.

The Government has brought in a motion for closure on this Bill. There is no justification for that, Mr. Speaker. It smacks of dictatorship and the House should not put up with it. There is a time when Governments have the right to move things along, when they can claim that there has been ample discussion, but that is not the case here. The Minister of State for Finance (Mr. Cosgrove) has a series of amendments to the Bill which he wants to present, but apparently he has now decided he does not care whether they are presented or not. All he wants to do is ram the Bill through, even though it contains errors in drafting and even though there are people like notaries who have not been covered in the exemption provisions. He does not care because his people in the Place Bell Canada tower know everything. They know how small business operates and how to crush it. They know how people want to protect their families with insurance and they know how to wreck that. They want to make sure that people do not save for their old age. They have an interest in grabbing as much money as they can.

The Government talks about fairness in the House, but when we point out that the provisions are not fair, it claims that it needs the money. In the last analysis it says: "If you do not pass the Bill we cannot pay the income tax rebates". Mr. Speaker, Section 152 of the Income Tax Act demands that the Government pay those rebates, so it is breaking the law if it does not. Anyone who has to borrow money because Government will not pay the rebate is borrowing because it has breached the Statutes of Canada.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I want to make a comment about the Government of Canada which, perhaps, is the lowest blow of all. The behaviour of the Liberal Government reminds me of the Social Credit Government of British Columbia.

Mr. Lang: That is the lowest blow!

Mr. Riis: The Government does not care about Parliament. It does not care that we are living in a participatory democracy; it just goes ahead with the actions it feels are in the best

interests of its Members and its friends as politicians, not of the people of Canada.

The Government of the Province of British Columbia thought it was going to be so short of money that it had to grab from the renters of British Columbia, so it arbitrarily changed the law. Without introducing a bill in the legislature it said that there was no longer an opportunity for people to claim the rental tax credit on this year's tax return. It informed the federal Government and, in the usual Liberal-Socred alliance, the Government agreed to co-operate.

That is the kind of mindless arrogance that has resulted in countless letters, telegrams, phone calls, night letters and briefs to Members of the Opposition Parties. People are saying that the tax Bill must be changed and that we must do what we can to stop this madness.

The Parliamentary Secretary to the Minister of Finance (Mr. Fisher) has said on a number of occasions, as has the Minister of State for Finance (Mr. Cosgrove), that because a certain number of days have been spent debating this Bill, it must pass. It is as if there is a secret formula whereby after so many days of debate a Bill must pass. It is as if it is not necessary to listen to the Opposition bringing forward their concerns and those of their constituents. It is as if the Government may just ignore reality, spend x number of days on the Bill and then it must pass.

I would remind the Minister of State for Finance that we have spent 12 days only at second reading and Committee stage considering 139 Clauses contained in 295 pages, designed to impose additional taxes at a time when the Canadian economy is on its knees. If those taxes could be considered fair and just and treated Canadians equally, I would co-operate fully with the Goverment. What we are dealing with is a tax Bill that is unfair, which treats one set of Canadians one way and another set of Canadians quite the contrary. It is a money grab of the most wicked kind. I will outline three of these four obvious concerns.

• (1530)

Let us consider first that last year thousands of Canadians who earned in excess of $50,000 did not pay one penny in income tax. Nothing has changed in this Bill to change that situation. As a matter of fact, the situation will be worse this year. The Bill before Parliament will have middle and low-income earners in Canada paying more taxes. Their taxes will be increased.

Mr. Young: That is nothing new.

Mr. Riis: Upper income earners will have their taxes decreased. If you are making the taxable income in excess of $24,645, even the tax rate will be reduced three percentage points. In other words, the effective tax rate will be reduced from 28 per cent to 25 per cent if you have a tax rate in excess of $24,465.

However, if you are a real high income earner, earning in the area of $133,000, then your tax rate will be decreased from 43 per cent to 34 per cent. However, if you are a regular normal Canadian citizen, probably having your taxes deducted at source, you will maintain the same tax rate, but because of the deindexing proposition you will have increased taxes to pay. Liberals say that is fair, that it is in the best interests of all Canadians, Mr. Speaker.

We can look at another section. I hesitate to go into it because it becomes so incredibly obscene. It shows the difference between the taxes paid by individuals and the taxes paid by the corporate sector. I looked back to the year 1952. I found then that of all the federal tax revenues, 46 per cent were paid by individuals and 54 per cent were paid by corporations. In 1962 that situation changed. Of all federal tax revenues, 60 per cent came from individuals and 40 per cent came from the corporate sector. In 1980, of all federal tax revenues, 30 per cent came from corporations and 70 per cent came from individual taxpayers in Canada. Over the years, the situation has completely reversed. As the years go by more and more of the federal burden is being placed on the individual taxpayer while the corporate citizens pay less and less. As Members of the Government are bound to do, they rise in their seats and say, "But the corporate sector does pay income tax. It pays its fair share."

I want to identify two of our favourite corporate citizens, namely, the Royal Bank of Canada and the Bank of Montreal. Are people aware of how much these two corporate citizens, who did not do badly last year—the Royal Bank of Canada made $330 million before tax and the Bank of Montreal made $239 million before tax—paid in tax last year? How much income tax actually occurred in terms of their payment? These two corporate citizens paid no income tax, not a single penny. No income tax was paid, despite the hundreds of millions of dollars earned in profits. That is no fault of the Royal Bank of Canada or the Bank of Montreal. It is the fault of the Government of Canada which has allowed the banks to get away with this kind of financial skullduggery.

If you look at the big five banks in Canada—and last year was a difficult year for the banks—you will find they earned $1.6 billion. The five major banks paid in taxes a total of $132 million, or an effective tax rate of 8.1 per cent. That rate of 8.1 per cent is the tax rate of an individual who has a taxable income between $7,500 and $8,000 per year. I suspect that when you put the Royal Bank of Canada, the Bank of Montreal, and the other big banks alongside an individual whose taxable income is $7,500, there is something drastically wrong if they are sharing the same effective tax rate.

We see today a Bill which will influence the lives of every Canadian. We have seen the Government introduce a $6 billion blackmail charge against the Opposition by saying that we, in the Opposition, are holding $6 billion from going out to those people who ought to be receiving their tax refunds. That is absolutely not the case. If we had had a little co-operation from the Government benches and if the Government had shown us an indication that it was prepared to analyze seriously the tax Bill and to listen seriously to the concerns raised by

individuals and groups across the country, we would have been very co-operative. But there has not been a single example on the part of the Government to indicate its interest in approaching this situation in a co-operative way.

Mr. Lang: How about health insurance?

Mr. Riis: I believe this is a very, very dark day for most Canadians when the Government, in which Canadians have put their faith over the last number of years and during one of the deepest depressions our country has experienced since 1930, is now going to impose 125 pages of new taxes on Canadians. This Government is going to tax everything that moves in this country. If that is the Liberal's idea of assisting us during difficult times and if the Liberals are going to permit tax legislation to go through that still has such incredible injustices built into the system, we will continue to do everything we can to oppose this hideous piece of legislation.

Mr. Roger Simmons (Burin-St. George's): Mr. Speaker, the Hon. Member for Mississauga South (Mr. Blenkarn) should really stop misleading the Canadian people. I listened to him a few moments ago. There is just no truth in what he said. The Hon. Member for Mississauga South should at least get his facts straight. I can respect a difference of opinion, but I have no respect for a tactic which allows a man to stand in the House and give out information about tax returns which is blatantly false. It is shameful that he should have done that here this afternoon.

My good friend, the Hon. Member for Kamloops-Shuswap (Mr. Riis) needs a little friendly advice. He is the latest armchair socialist to take over the finance portfolio for the New Democratic Party. He has got it up here, Mr. Speaker, but he does not have it down here in the gut. He has no fire in the belly. He thinks socialism well but he does not act it well. He does not live it very well. But as a mental exercise, it is fascinating to listen to my good friend from Kamloops-Shuswap. Nevertheless, I will give him just a sentence of friendly advice. Before he gets to use particular examples about tax implications, he should really know what he is talking about. I say to him that before going public he should check his points because he will find he is wanting in some respects.

I listened with interest earlier to the Hon. Member for Etobicoke Centre (Mr. Wilson), who is out on the election circuit this afternoon, I would think, trying to get himself elected. It seems everyone on the other side these days is a leader looking for a Party. They are all looking for a Party. Among them is the Hon. Member for Etobicoke Centre who stood in his place and called for even more tax changes. He is not satisfied with the 125 pages, or whatever there are; he wants still more. I wish Hon.Members would get their heads together over there. Maybe they want 126 pages, maybe they want 124.5 pages. Could they make up their minds, Mr. Speaker? Could they all get together? I know they fight among themselves, but certainly on this important tax Bill they should be able to bury their hatchets and their knives and get their act together. They should decide whether they want more changes, fewer changes, the same number of changes on more pages or more changes on fewer pages. We are hearing it all, Mr. Speaker. How does the Hon. Member for Etobicoke Centre square his call for more changes with his oft-repeated plea to end the uncertainty? Let us end the uncertainty, he says. Let us tell the taxpayers of Canada where we stand, he says in one mouthful, and in the next mouthful he says, "I have a few more changes I would like to have accommodated before we end the uncertainty."

• (1540)

Of course, he goes on to talk about how the Tories would reduce the deficit. Yet, while he makes those pledges, every additional tax change that he advocates would mean less Government revenue. How does he balance that with his call for decreasing the deficit? How can he decrease the deficit on one hand and advocate tax changes that would even further reduce the amounts accruing to the public Treasury on the other hand? How does he propose to reduce the deficit? He should be more specific on that particular point. Perhaps he will choose to be more specific about how he would reduce the deficit when he speaks during the leadership campaign.

Mr. Crosby: What about the CNR?

Mr. Simmons: I see that my friend, the Hon. Member for Halifax West (Mr. Crosby) has briefly come awake. I welcome him. We meet here every afternoon. You should come by more often.

How would his friend from Etobicoke Centre reduce the deficit? Would it be by reducing social programs such as the Family Allowance and the old age pension? Would he cut out the Child Tax Credit? Would he reduce Unemployment Insurance benefits?

I have just listed four beneficial programs which cost the Treasury of this country a lot of money. If the Hon. Member for Etibocike Centre wishes to talk seriously either in the leadership campaign or in the House about reducing the deficit, he should give specific examples of how this will be done. I say to him, with respect, that the public is sick and tired of the generalities uttered by him and his colleagues in the Opposition. The public wants to hear in specific terms how these often talked about reductions will in fact take place.

Does he advocate high unemployment? Is he in bed with the Member for York-Peel (Mr. Stevens) who, at one time, advocated the Tory Government reducing the Public Service by 60,000 people? Would they do that?

Mr. Kempling: Which election are we fighting now?

Mr. Simmons: There are only so many ways to reduce the deficit. I take it from that outburst that my good friend, the Hon. Member for Burlington (Mr. Kempling) is backing the Member for Etobicoke Centre. That makes three people already this week for whom he has pledged his support.

I have mentioned higher unemployment, higher taxes and the reduction in social programs. If those Members on that side of the House advocate reducing the deficit, they will have to indicate how they will do it. To relate further the advice

that the Member for Etobicoke Centre gave to the House, he said that Revenue Canada ought to go ahead and process the tax returns. On what assumptions? Is it on the assumption that everything in the Bill will become law? He would then be the first one to scream that it is an affront to Parliament and that we are taking Parliament for granted again. He will say that we are assuming that this Bill will be passed without changing a letter of it. Does he stand on both sides of the issue?

Mr. Thacker: Try the old law until it is changed.

Mr. Simmons: My friend, the Hon. Member for Lethbridge-Foothills (Mr. Thacker) says to use the old law. I remind him that that is not what the Tories did when they were briefly in office. I will remind him that the Tories—

Mr. Thacker: That was your Bill.

Mr. Simmons: The mortgage tax credit Bill was your Government's bill. The Government House Leader of the day, the Hon. Member for Nepean-Carleton (Mr. Baker), proceeded to have the income tax form printed to accommodate the changes that were in that Bill. His explanation for doing that was that he advocated punctuality. Are we not all for punctuality? I say to him and to my friend from Lethbridge-Foothills, who finds himself wrong again on particular information because you did not do it on the basis of the old information which you are now asking us to do, you based it on that.

The Acting Speaker (Mr. Corbin): Order. I apologize to the Hon. Member for interrupting him, but he should address his remarks to the Chair.

Mr. Simmons: Mr. Speaker, when my hon. friend from Lethbridge-Foothills gets me so involved in a matter of precise information, the temptation is so great to educate him on those matters that I forget the formalities involved. I apologize.

Before I leave the speech made by the Hon. Member for Etobicoke Centre, let me say that the more I listen to him in the House, particularly in recent days, the more I realize that I have heard those ideas before. After some thinking, I realized where I had heard it all before. I occasionally read bedtime stories to my three-year-old and six-year-old boys. The story they enjoy the most is Chicken Little. Chicken Little kept saying, "The sky is falling". The Hon. Member for Etobicoke Centre continually says that the sky is falling. Chicken Little Wilson.

We have also heard from the Member for York Peel during this debate. I always listen to his remarks with care because he says too many different and contradictory things. What he says one day may bear no relation at all to what he said the day before or what he may say the day after. He complained that there is too much paper and too many changes. Once again I say to him that he is out of sync with his colleagues. The Member for Etobicoke Centre wants more changes and more paper. Poor old Sinc is out of sync once again.

Let us get on with this legislation. Let us pass this Bill and remove the uncertainty for millions of Canadians.

The Acting Speaker (Mr. Corbin): Before recognizing the Hon. Member for Peterborough (Mr. Domm), I should again remind the Hon. Member who just spoke that Hon. Members should refer to colleagues in the House by constituencies or portfolios.

Mr. Bill Domm (Peterborough): Mr. Speaker, I am reluctant to look at you while referring to the Member for Burin-St. George's (Mr. Simmons) for fear that you might get the impression that I am talking about you when I am not. I am talking about the kinds of statements made by the Member for Burin-St. George's when he refers to the tax Bill. I find it somewhat unbelievable that a Member of the Government would resort to the kind of tactics that he is using.

Mr. Simmons: Mr. Speaker, I rise on a point of order. I have the honour of representing 75,000 people who live in a riding called Burin-St. George's. I would appeal to the Hon. Member for Peterborough (Mr. Domm), since I always try to pronounce the name of his riding correctly, to do justice to my people by pronouncing the name of their riding correctly. It is Burin-St. George's.

The Acting Speaker (Mr. Corbin): Order. The point is well taken. The Hon. Member for Peterborough.

Mr. Domm: Mr. Speaker, I apologize to the Member for Burin-St. George's for using the name of his riding in vain. I would point out, however, that he so seldom speaks in the House of Commons and I have not heard the name of his constituency pronounced often enough to be familiar with it.

With all due respect, I would also request that the time taken away from me, a Member of the Opposition, be taken into consideration when I reach my time limit.

The Hon. Member for Burin-St. George's stated that he would like the House to consider how many changes the Opposition really wants. It would appear obvious, even to those not quite as astute and reportedly as smart as the Hon. Member who just spoke, that we will probably need as many changes as the Government has made to the budget. That is why it has taken so long to get through this matter which is before the House today. There are so many amendments needed to the changes proposed by the Government that it is indeed regrettable that the Government has again resorted, as it so often does, to limiting debate on such an important subject during these very difficult economic times. It is difficult not only for the business community but for the agricultural community and the other citizens who have to pay taxes as well.

The Hon. Member for Burin-St. George's asks how the Opposition would reduce the deficit. We have been addressing that very question. I wish the Government would take into consideration some of the expenses that it incurs as a result of lack of judgment and poor judgment on priorities as perceived by Canadians. I do not think there are too many people in western or eastern Canada who would not like to see the end to the waste at Mirabel. I find it to be inexcusable that a Government would tolerate a loss of some millions of dollars a week in

operating costs at an airport. It is totally unjustifiable. For days on end, the Liberals debate the cutting of 50 cents from the benefits of senior citizens and from Family Allowance or baby bonus cheques while they waste inexcusable amounts of money.

• (1550)

Mr. Lang: We're bringing in closure because you are filibustering.

Mr. Domm: In one year, the Government wasted $1 billion propping up Petro-Canada and providing money to a Crown corporation, some $400 million being the cost of interest to the taxpayers of Canada, in order to keep it afloat. Over the past couple of days we have heard the nightmare story taking place in Montreal concerning Maislin Trucking. We have reason to be suspicious that the Government might continue with its policy of propping up a friend through the corporation known as Maislin Trucking.

We are also concerned about the expenses borne by commissions to determine, because the Government is incapable of determining it, why we are in such a heck of a mess in Canada. We are in such financial difficulty because the Government is incapable of dealing with the problem. Therefore, it also appoints failures from former Governments to sit on commissions at $800 a day to try to determine not only how we came to be in this mess, but also how we will get out of it. The reason they are out of it is because when they, as Ministers, were in it, they could not solve the problem themselves. That is the kind of waste of taxpayers' dollars about which we are concerned.

Further, we must sit here for an afternoon, realizing that at the end of the day's session the curtain has been brought down on discussions affecting industry, agriculture, and consumers in Canada. What about the payoffs in salaries and bonuses and the rip-offs involving former Cabinet Ministers, matters which we have been debating for some two months? Do the people of Canada realize that a former Minister of Energy, Mines and Resources, while he was in office, put himself in a position whereby he could influence existing Cabinet Ministers in order to turn a $25,000 investment into hundreds of thousands of dollars, if not close to three-quarters of a million dollars in taxpayers money, that giant rip-off being known as the "Coalgate Affair"?

How much will the people take? How much does the Government expect them to take? How can the Hon. Member for Burin-St. George's (Mr. Simmons) tell Members of the Official Opposition how the Liberals would reduce the deficit when they have been sitting there—

Mr. Simmons: Take you off the payroll.

Mr. Domm: —for the past two months, trying to justify those kind of horrendous nightmare stories? There is no excuse for it. We are dealing with an incapable Government. Hon. Members opposite take the opportunity to come into the House of Commons and spout off about what our Hon. Member for Mississauga South (Mr. Blenkarn) says or what our Hon. Members from Toronto say, yet do not say anything specific.

I say, with all due respect, that the Hon. Member for Burin-St. George's who just spoke in the House of Commons, made accusations against Members of the Official Opposition and spoke in innuendoes. Never once, in the preamble to his remarks on the Bill, did he give an example. He made the kind of statements which have caused the people of Canada to be concerned about the morality, integrity and honesty of Members of the Government, not only those on the front bench but also those on the backbenches.

I will close my remarks by saying that there is one area which simply cannot go without some comment. According to the current proposed legislation in the Bill, which is being subjected to closure, any change of ownership in life insurance policies would result in a disposition which would cause pre-budget contracts to be deemed to be post-budget contracts. When have we heard that before from the Government? When, after a budget, has the Government stripped away contracts with civil servants which were signed prior to a budget? Through the six and five program, under the guise of bringing down inflation, it will take away 50 cents from a child allowance payment while we are spending $800 a day to feed a former Cabinet Minister's well-being.

Perhaps two situations merit exemptions from these rules, and we hope that in the third reading stage and in committee this will be accepted. First, under life insurance, I am referring to juvenile policies owned by a parent and, second, to policies owned by one spouse on the life of the other spouse. How can the Government justify its proposed changes which would remove those benefits and make them taxable?

In the second case, if, for example, a wife owned an insurance policy on the life of her husband but pre-deceased him, he could be expected to become the owner of the policy on his own life through the successor ownership clause. In this particular case again, an old pre-budget policy could become a post-budget policy and subject to new tax rules.

The Hon. Member for Burin-St. George's sits over there and asks why I read it. I read it because it is fact, and I want it recorded in *Hansard*. It is not fair. It is against all principles in the contracts signed in life insurance policies, which the Government is stripping away from the beneficiaries. Once again, the individual's efforts to become financially independent at the time of the death of a loved one or, in many cases, the passing on of a policy to a beneficiary, are thwarted by a Government. Some of these people have entered into contracts decades ago.

Also, the scheme for raising revenue becomes a source of immediate and ongoing liability. If a retiring policy holder does not have enough income, the Government will have to supplement it. Is it not better to let him use all policy funds in a life insurance policy before tax to buy the annuity and pay the tax on it?

Each crisis, be it the death of a parent or a spouse, the loss of a job, or old age, will result in further financial hardships as a result of the proposed changes to taxation of life insurance contracts. Does the Government really wish to make those already suffering suffer more?

Mr. Thacker: The answer is, yes.

Mr. Peter Lang (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, before I begin addressing some of the relevant points concerning the Bill, I would like to comment on some of the remarks of the Hon. Member for Peterborough (Mr. Domm), because they exemplify remarks to which we on this side of the House have become very accustomed, one Conservative Member saying one thing and then another standing to say exactly the opposite.

Earlier this afternoon we listened to the Hon. Member for Mississauga South (Mr. Blenkarn) indicate that the Government was not being responsive and co-operative in listening to the concerns of people and various groups affected by the Bill and making the appropriate changes where it could. Then, 20 minutes later, we heard the Hon. Member for Peterborough indicating that the Government is making too many changes. It is the same old story. This is one particular instance. But, more generally, we consistently hear the Conservative Party opposing the Government and its program of restraining Government expenditures. They have opposed reducing transfer payments to the Provinces to six and five. They have opposed reducing transfer payments to individuals to six and five. They have opposed cuts to VIA Rail. They have opposed limiting Government operating expenditures. Those are the four major areas of Government expenditure, and the Opposition has opposed reducing and controlling expenditure in all those areas.

Then Members like the Hon. Member for Peterborough stand to list off a few old chestnuts which amount to less than one-tenth of 1 per cent of Government expenditures in an attempt to tell the people of Canada that they are willing to deal, in a major way, with cutting Government expenditures to reduce the deficit. It is just hogwash.

Mr. Domm: Current chestnuts.

Mr. Lang: I have given the Hon. Member a number, a statistic. I challenge him to debate that statistic and to come up with some facts.

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

Mr. Lang: At the same time, they say that they are—

The Acting Speaker (Mr. Corbin): Order. The Hon. Member for Lethbridge-Foothills (Mr. Thacker) rises on a point of order.

Mr. Thacker: Mr. Speaker, I am sure the Parliamentary Secretary would not want to mislead the House. He indicated that this Party had opposed restraint. This Party voted for the general principle of restraint in Bill C-124, and the Parliamentary Secretary, I am sure, would want to acknowledge that fact.

Some Hon. Members: Debate.

Mr. Thacker: We object to the manner of the cutback, not the general principle of restraint.

The Acting Speaker (Mr. Corbin): Order.

Mr. Lang: Yes, Mr. Speaker, the Conservative Opposition Members support restraint in principle, but when they come down to the particulars, to the though decision involving the actual application of restraint, then they stand and cry that they have a tremendous social conscience and that they cannot go along with that kind of restraint. That does not wash.

Mr. Thacker: Cut out the $800 a day to Donald Macdonald.

Mr. Lang: The Conservative Opposition has opposed Government restraint in every major area. Then the Conservatives have come along and said, "Do not increase taxes. In fact, if we were in power, we would reduce taxes". At the same time they are saying that they would not hold down Government expenditures, by their actions, not by their rhetoric. At the same time that they are saying they would not raise taxes, they say they would reduce the deficit. The people do not buy it. We do not buy it.

Mr. Thacker: We would create jobs.

Mr. Cosgrove: They have no credibility.

Mr. Lang: Returning to the purpose of this debate, which is to limit time on the Bill—

Mr. Domm: Closure.

Mr. Kempling: The guillotine, the axe.

Mr. Lang: —this issue involving tax reform has been before Parliament for over 16 months.

Mr. Domm: Twelve days.

Mr. Lang: As other Members on this side of the House have indicated, there has been plenty of time in which to debate the Bill. Many constituents of mine who are involved in the life insurance industry have come to Ottawa and made representations to the former Minister of Finance, to the present Minister of Finance (Mr. Lalonde), to the Parliamentary Secretaries and to the Minister of State for Finance (Mr. Cosgrove). We have been able to obtain a number of very positive changes to the original legislation. I would like to indicate some of them.

Concerning whole life policies, all policies taken out before December 2, 1982, even though issued after the November 1981 budget, will be treated under the old tax rules. That is a major change.

Mr. Cosgrove: It is very fair.

Mr. Lang: Post-December 2 policies will be exempt from the new tax measures if their premium payments are spaced over at least 20 years and if their annual build-up of cash values does not exceed a specified portion of their face values. A third change is that non-exempt policies, those policies which do not meet the above test for protection to savings ratio, will be periodically taxed under accumulating funds on an accrual basis. A tax will be calculated and applied every three years. However, the tax can be paid annually by policy holders who want to make the most use of their $1,000 annual investment income deduction.

There have been a number of other changes. Single premium policies, such as those with new money, that is, fluctuating interest rates, will not be exempt. However, universal policies may go either way. The industry spokesmen have indicated that these are very positive changes enabling them to continue on with the important roles and purposes of the whole life insurance industry.

• (1600)

The second point, Mr. Speaker, is that during this time we want to come out of a long recession and achieve economic recovery. We know the importance of consumer demand. We know we are not heading for an export-led recovery, Mr. Speaker. We know we are not heading toward an investment-led recovery because investment was down last year and again down this year. We are heading for a consumer-led recovery, and we can hasten that by putting $6 billion back into the economy with the return of tax refunds, but not by delaying it by filibustering tactics in the House.

That is the second very important reason why we must get this legislation through.

The third are the humanitarian reasons. There are many people, as all Hon. Members know, who are feeling the pinch of a tight financial squeeze. They need the money. Hon. Members opposite have suggested that people have had to go to loan sharks. If the Hon. Members opposite are really sincere, really concerned, then they should pass this Bill that has been before the House in one form or another for over 16 months.

Mr. Kempling: How dumb can you be? Sixteen months. You are out of your mind.

Mr. Howard Crosby (Halifax West): Mr. Speaker, our purpose today is to consider the motion that was brought before the House with respect to the termination of the debate on Bill C-139 which amends the Income Tax Act of Canada. I do not know any piece of legislation on the statute books of the Parliament of Canada that affects more Canadians in a more important way than the income tax law. In the last reported taxation year, there were 15,100,000 Canadians who filed income tax returns, and of that number over 10 million paid income tax.

When we stand here in the House of Commons and look to our Leaders in the Government who tell us that we must end the debate on this taxation measure, I hope they realize that they are talking to 15 million fellow Canadian citizens and 10 million taxpayers who might not want this debate ended, if they knew the manner in which they were affected by those tax measures.

We have heard speeches in this House of Commons made by Government Members that contain the worst kind of public deception. We just heard a speaker on the Government side talk about the months and months of delay in processing these tax measures. I have before me Bill C-139 which states on its front page, "First reading, December 7, 1982". One does not need a calendar to tell them that is a very few months ago. The Members on the Government side will say: "Yes, but the measures were there, they were there in another form and we had a chance to look at them in another form." Mr. Speaker, the form in which these tax measures came into the House of Commons was in the budget of the former Minister of Finance in November of 1981, and those tax measures were presented to the House of Commons at that time by the Minister of Finance who is no longer the Minister of Finance. Because of the stupidity and the gross deception of that November 1981 budget, he is no longer with us as Minister of Finance. He has gone off to destroy the rest of the world's economies, having destroyed the Canadian economy with his foolish, stupid and ill-conceived measures. It is those measures that are now presented to us in the form of Bill C-139.

Let me tell you something about those tax measures that were presented to the House of Commons by the Member for Cape Breton Highlands-Canso (Mr. MacEachen) when he was Minister of Finance for Canada. Those measures included a provision under which seven million working Canadians would have been taxed in respect of their health benefit plan. I am sorry that we in the Progressive Conservative Party stood in the House day after day after day and warned the Minister of Finance about the bad effects of that tax measure for all Canadians, because he withdrew that tax measure. If he had kept it in force, if he had taxed seven million working Canadians in respect of their health benefit plans, he would have been thrown out of office at the next election along with practically everyone on the other side of the House, because Canadians are not going to stand for the stupidity and the crass results of that kind of tax measure.

Over 45 of those original tax measures have been changed or abandoned or diluted in some other way. Unfortunately, one that was watered down when it should have been completely eliminated was the proposal of the then Minister of Finance in November of 1981 to remove from taxation exemption the $1,000 of pension income received by our senior citizens, if they were also involved in a Registered Retirement Pension Plan program.

What that meant was that thousands of members of the Canadian Armed Forces, of the municipal police forces and public servants across this land who retired early in their careers on small pensions and who had to provide for their later senior years when they could not work at all, were going to be deprived of that very small benefit that meant a great

deal to them. There again the former Minister of Finance, when he realized the effect of the tax measure, was shocked into action. He modified it. He did not withdraw it, which he should have done. He was afraid to admit to the people of Canada that he made such a terrible mistake. He listened to his advisers in the Department of Finance when they said this benefit ought to be taken away from our senior citizens, and thereby prevent them from providing for their later years in which they could not work or earn an income.

• (1610)

It is unfortunate for the Progressive Conservative Party politically that it prevented the Government from making these terrible mistakes because the Government and Government Members would have been punished in the polls at the next election. Instead, we stood here, as is our public duty, and performed our function as the representatives of the people and begged and cajoled the Government into making these changes. As a result, they will not suffer politically from the errors of the past. They had an opportunity to correct them.

The Minister of State for Finance (Mr. Cosgrove) and other Members supporting the Government say in the House of Commons that we should allow these measures to pass immediately. It is unfortunate, as I said, that we did not allow them to pass originally because then they would have paid for their errors. As it is now, they managed to come out without those measures that will wreak havoc among Canadian taxpayers.

They still expect us to act on their advice, which is to pass their Bill. We cannot do that. We are the people who stand between the Government and the taxpayers of Canada. We are the ones who have to stop the Government of Canada when it brings forward tax measures that are harmful to the people of Canada. We have done that job, and we have done it well. We must continue to do it, we must continue to protect Canadians against their Government. That is the most unfortunate thing that I have ever said in this House of Commons, that we have to stand here and protect Canadian taxpayers, the citizens of Canada, against their Government, the Government that would have taxed their health benefit plan, that would have seen thousands of health benefit plans across Canada collapse because the workers were not willing to pay tax in respect of those benefits.

We had to stop that measure. We did stop the measure. What do those people on the other side of the House of Commons, the Members of the Liberal Party, condemn us for? They stand up and say we are delaying the refunds of taxes to the Canadian people; those Canadians who have overpaid their taxes will not get their refunds because of the delaying tactics. What kind of proposition is that for a responsible Member of Parliament, never mind a Cabinet minister, to take? He knows the reason why we are debating this Bill in the House of Commons. He knows the reasons why we have been all over the budget resolutions six ways to Sunday, studying them, trying to improve them.

Then they try to get the message across to the Canadian taxpayers that we are hurting them, we the people who stood in the House of Commons and stopped the taxation of health benefit plans and pension benefits granted to senior citizens, as well as 40 or 50 other measures which the Government was forced to withdraw. I do not think the people of Canada are that stupid, that they will fall for that kind of a line from any Cabinet Minister or any Liberal Member of Parliament. The people of Canada know what we are doing in the House of Commons. They know that we are the ones who are trying to protect them against the insidious tax measures proposed by the Government of Canada.

The people of Canada know why they need all that revenue in the form of taxation. They need it to carry out their lustful expenditure programs. One of the Members from Newfoundland challenged us to list some of the programs of the Government that resulted in excessive expenditures. I can do that very simply. If you will give me one minute, Mr. Speaker, I will rattle a few of them off.

Canadian National Railways this year recorded a deficit of $220 million. That is after they sloughed off all their losing propositions such as VIA Rail and CN Marine. They still lost $62 million in an investment in an offshore company, the Cast Shipping Group. They threw away $62 million, enough to get Sydney Steel back on the road and employing 2,000 Cape Bretoners in the constituency of the Hon. Member for Cape Breton-The Sydneys (Mr. MacLellan). Instead, they threw it away on an offshore company. They said there would be no deficit for Canada Post after three years. Wrong. The deficit after three years is $500 million. Air Canada has a deficit. The National Harbours Board had $400 million written off its past expenditures, $250 million for the Port of Montreal. The Petro-Canada budget is $2.7 billion, more than the whole of the Atlantic area. That Crown corporation is spending $2.7 billion. Do you think there is some waste there? They have 200 engineers with nothing to do. That is only the beginning. I could go on and on. Mirabel, $50 million a year, Dome Petroleum, Davie Shipbuilding $200 million on the Gulf Span Ferry which the Minister of Transport (Mr. Pepin) said would never be built.

Thank you for your indulgence, Mr. Speaker. I have at least another $2 billions' worth. I beg the chance to respond to the Member from Newfoundland.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Assistant Deputy Chairman: Order, please. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Surrey-White Rock-

North Delta (Mr. Friesen)—The Administration—(a) Responsibility for actions by Ministers and Officials, (b) Government mandate; the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie)—Air Transport—Winnipeg Air Traffic Control Centre—(a) Effect on families of proposed transfers, (b) Future of present employees; the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie)—Medical Care—(a) Contract to manage Hawkesbury Hospital, (b) Query respecting Minister's position.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER COMMITTEE STAGE OF BILL C-139

The House resumed consideration of the motion of Mr. Cosgrove:

That, in relation to Bill C-139, an Act to amend the Statute Law relating to Income Tax (No. 2), one additional sitting day shall be allotted to the further consideration in Committee of the Whole Stage of the said Bill;

That, at fifteen minutes before the expiry of the time provided for Government business in that sitting, any proceeding before the Committee shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the Committee of the Whole stage of the said Bill, shall be put forthwith and successively, without further debate of amendment.

Mr. David Berger (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, my colleague, the Hon. Member for Kitchener, (Mr. Lang) talked earlier about how amusing it is to see Members of the same Party contradict themselves. If they listened to the previous speaker, it was many times more amusing, one person contradicting himself, not once, not twice, but many times in his speech.

The Hon. Member talked about the lustful expenditure prorams of the Government. He mentioned a number of programs such as VIA Rail. As my colleague from Kitchener was saying, this Government tried to make an honest attempt to reduce the expenditures of that service and increase its efficiency by according more dollars to capital spending and reducing its operating deficit so that it would be in a better position to be competitive and perhaps make a profit in the 1980s. That Member was against it. In one speech he talked about the lustful expenditure program, and then cited all kinds of examples where the Government tried to cut expenditures which he and his Party opposed.

Mr. Crosby: Mr. Speaker, I rise on a point of order. I appreciate the difficulty in cutting through the incompetent presentation of my colleague. I do not know whether he is talking about me or some other speaker but, for the record, I should have the opportunity to point out that I said nothing of VIA Rail other than to say that it was cut from the operations of Canadian National.

Mr. Berger: The Hon. Member talked about the taxation of health benefits. Some brilliant minds addressed themselves to the problem of the income tax system, how it can be simplified and made more equitable for all taxpayers. I ask the Hon. Member to address himself to that question. Many Canadians do not receive health benefits from their employer. The employer has the alternative of paying an employee a salary or a health benefit. The employee will be taxed on the salary, but not on the health benefit. There is a certain injustice in the system in that you can reward an employee in a certain manner in which he will be taxed and in another manner for which he will not be taxed. Not all persons in our society, obviously, can have the same benefits. So there are, certainly, inequities in our tax system which the previous Minister of Finance tried to correct, and it is a question which many academics and tax experts have addressed themselves to, but it is obviously too complicated a question for the Hon. Member to understand, so I will not ask him to try to figure it out.

• (1620)

Mr. Crosby: I rise on a point of order, Mr. Speaker. You can appreciate my difficulty. The Hon. Member has challenged me to explain a tax measure. I will be very happy to explain it.

Mr. Cosgrove: No one interrupted your speech.

The Acting Speaker (Mr. Corbin): I appreciate the Hon. Member's interest, but he has already spoken in debate. We must now hear the Hon. Parliamentary Secretary.

Mr. Berger: Just to conclude this part of my comments, Mr. Speaker, let me say that it would be really something if the Hon. Member could sometimes suggest some answers to this House rather than always griping about so-called problems. He is a great expert at complaining, but he is pretty short on answers, and the answers he does have are quite lacking if one wants to take a look at them.

[*Translation*]

Mr. Speaker, yesterday, when the Minister of State (Finance) (Mr. Cosgrove) gave notice of allocation of time to consider the committee stage of Bill C-139 dealing with income tax legislation, another Member who was in the House just now, the Hon. Member for Lethbridge-Foothills (Mr. Thacker) reproached him for restricting debate on a Bill he described as being two and one half inches thick and containing hundreds of clauses. There again, the Hon. Member would have the Canadian public believe that we did not spend enough time considering this Bill. He forgot to mention that the Bill is a compilation of tax measures arising from three budgets that were brought down, respectively, in November 1981 and in June and October 1982. He also forgot to mention that a number of amendments were added, following consultations after the November 1981 budget was brought down, that thousands of speeches were made and questions asked in the House and elsewhere in this country, and that articles appeared in the press and hundreds of news reports were filed.

Furthermore, that same Bill is being considered today, sixteen months later. It is therefore entirely false to tell the Canadian people that today we are considering a Bill, containing hundreds of clauses, that was not examined either by the House or by the Canadian people.

As my colleague from Kitchener (Mr. Lang) said earlier, many public interest groups, including the life insurance sector, have said that they were satisfied with the latest changes made by the Government. Furthermore, I think this is a typical example of the Opposition's attempts to obstruct the proceedings of the House, day after day. We had another taste of this with the National Energy Program announced in October 1980. It subsequently took one year and seven months—until June 1982—to pass the various Bills that were part of this Program. The same applies to the 6 and 5 policy, which is a popular policy that has been very well received by the Canadian public. It was announced in June 1982, but it was not until January 1983 that the various Bills relating to the policy were passed in the House. I would like to give an example of the support this policy or program has been receiving from the Canadian public. In January, I sent out a questionnaire to 42,000 householders in my riding. I received more than 2,000 replies, and in their response to one of the questions, most people thought the 6 and 5 program would bring down inflation. This was in fact the case, not long ago, when the inflation rate finally dropped to 6 per cent on an annual basis. This is one more example where the Canadian public was made aware of the advantages of a government program, where the majority supported the program and where it took the Opposition months and months to debate before it was prepared to let us pass the legislation.

Finally, Mr. Speaker, I would also like to repeat the point made by my colleague for Kitchener, the Parliamentary Secretary to the President of the Treasury Board, when he said that $6 billion in refunds would be paid to taxpayers as soon as this Bill was adopted. After all the debate in the House and in view of these facts, I think it is vital that this Bill be passed as soon as possible and referred to committee, so that we can at last proceed with the next item on the agenda regarding questions of national importance.

[*English*]

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, this is an important debate this afternoon. To my mind, at least, it points out the problems which the Government has run into in terms of managing House time. I would like to speak about some of the specifics as far as the problems of managing House time are concerned.

It is evident that this Government does not know what it is doing when you consider that this is by far the longest session on record. We are getting very close now to three years of being in one session. Presumably, under normal conditions we would expect to have a Throne Speech and a budget debate and disposition of the Estimates on an annual basis, and that would be considered as one session of Parliament.

One cannot help but wonder why we have not encountered more of these problems sooner as far as this Government is concerned because effectively, as the Hon. Member who spoke previously pointed out, we are dealing with several budgets. We are dealing with the budget which came down in October of 1981 which was amended in April of 1982. We had what amounted to a mini-budget in June of 1982, and we had a financial statement or financial update from the new Minister of Finance (Mr. Lalonde) last fall when we came back after the summer break. When you jam all of those things into one extremely large and complex Bill, it must amount to many technical amendments to the Income Tax Act. It is no wonder that the Government is pressed for time. For those of us in the Opposition who have concerns about some of the measures in the Bill which are going to affect our constituents adversely, it would be irresponsible of us to pass this Bill without having some kind of adequate discussion in the House. That is one of the issues which has to be addressed when we talk about closure.

I am a relatively new Member in the House, but I know this is the fourth time that we have had closure since this House returned on January 17. That clearly is an indication that the Government is not able to manage House time. I can give you an indication of where they could have saved one day's time. I am part of the Special Committee on Standing Orders and Procedures, and one of the recommendations of the Committee was that the size of committees should be smaller. We recommended that the size of Committees move down from 20 to 30 Members to a range of 10 to 15 Members. There is a problem in terms of redistributing or allocating the memberships on the various committees so that it is in accordance, on a percentage basis, with the number of Members which each Party has in the House. What would be fair, I believe, as far as the smaller committees are concerned, is a figure of 11 Members. That would allocate six Members to the Government, four to the Official Opposition and one to the NDP. That would have been acceptable to our House Leader, and I think we would have been able to live with that. Instead, the Government chose to pick a figure of ten Members and divide it up so there were six Liberals, three Conservatives and one NDP. The reason the Government did that, we are told, is that the chairmen of the committees would be neutral and never have to vote. If you take the neutral chairmen, that leaves five Government Members to four Opposition Members. To my mind that is totally ludicrous. Under Standing Order 13, Mr. Speaker, you do not vote except in the case of a tie where the Speaker casts the tie-breaking vote. I do not know whether there has been a situation in this House where the Speaker has had to vote, but the provision is there in case of a tie.

• (1630)

The Acting Speaker (Mr. Corbin): Order. I have been listening very intently to the Hon. Member, trying to relate his remarks to the motion now before the House concerning time allocation on Bill C-139. Perhaps the Hon. Member would enlighten the Chair as to the relevancy of his comments in relation to the matter now before the House.

Mr. Mayer: I would be very happy to, Mr. Speaker. I am trying to point out that the Government has wasted House time by creating this foolish situation. If the Government cannot allocate time properly and has to bring in closure, that relates to time allocation. I am pointing out that if committees are an extension of the House where the greatest speaker of all, yourself, Sir, has instructions to vote in the case of a tie, then that should be the case in committee. Had the Government chosen to accept that principle, there would not have been a one day's debate on a striking committee report. I do not feel that has ever happened before, and it came about simply because this Government chose to misinterpret the rules drafted for it by the special committee. If the Government was serious about properly managing its affairs, not only in the House but in the country, it could create good will in this place by making use of some common sense provisions. The Government could have saved a whole day's time in this House if it had taken a different attitude towards the makeup of the Members on various committees.

Now, Mr. Speaker, the Hon. Member for Burin-St. George's (Mr. Simmons) gets up and talks about the Opposition not making any concrete or proper suggestions for alternative policies on Government spending. Let me give him one. In the fall of 1981 the Minister of Finance set the rate for Canada Savings Bonds at 19 per cent plus. At the time some of us thought that was a ridiculously high interest rate. Looking at it now, that rate cost the Canadian taxpayer something like $2 billion, a horrendous amount of money. We have suggested to the Government that it could have a better system of deciding on the appropriate rate for Canada Savings Bonds. Now, the $2 billion is an estimate, but it is a visible estimate. In addition to that, by setting the rate as high as it did, the Government tended to keep interest rates at a high level, which caused unknown additional problems for small-businessmen trying to survive.

I see the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) is here, and I make that suggestion to him. Surely we have to have a system which sets the CSB interest rate at a realistic level. When you look at the boondoggle that went on in 1981 and the effect it will have on interest rates for probably another three or four years, you wonder why we cannot have a system which would function better.

There is a provision in this Bill, Mr. Speaker, which removes the income averaging annuity contract system and replaces it with forward averaging. I have heard that described as the most complicated system ever devised by man. One of the problems I have with all of these regulations concerning taxes is that they have become so complicated that the average person cannot understand them. Just look at the average income tax form. It is incredible; you almost need a Philadelphia lawyer to be able to understand it, let alone fill it out properly. Surely we can devise something which is a lot simpler than the present form. Not only would it be simpler to fill out, it would cost less to administer. Now, there are some suggestions which will not cost the Government any money. Presumably they could even save money by reducing the number of bureaucrats required. So we do make some sensible and worthwhile suggestions on this side of the House. I would point out that I get a little upset when I hear people on the other side stand up and not defend their own Government's program—which presumably they should be doing as part of the Government—but try to turn it around and say that all the Opposition does is to criticize. In the brief time I have had I have made two or three points which the Government could consider, so let them not accuse us of speaking out of both sides of our mouth. Too often we hear people say that the only time we suggest something is when it will increase the deficit. That is not the case in these suggestions I have made.

Let me close, Mr. Speaker, by making one final suggestion. I understand from the questions and answers during the Question Period today that there is a possibility that Maislin Transport might be losing something like $1 million a month. If that is the case and the Government is involved, I would suggest that the money could be much better used to bring down interest rates on farm improvement loans where farmers are locked in at 16.75 per cent, because from the figures I have seen that would be much more useful to the economy than simply pouring $1 million down the hole every month for a money losing trucking outfit.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I think it is time for us to wrap up debate on this Bill. Let me give you a summary of the discussion we have had so far.

This debate started on November 12, 1981. There was a full budget debate. Then we had announcements from the Minister of Finance on December 18. I was in the House then so I know there were extended questions at that time. Then there was another budget brought in on June 28, 1982. There was a big, long discussion then. For a few Members of Parliament who chose to take advantage of it, the committee sat through the months of August and September and had carried on detailed discussions. Then we had a financial statement on October 27.

Then this Bill was brought in. On this Bill alone, Mr. Speaker, we have had seven days' debate on second reading, and so far more than four days' debate in Committee of the Whole. We have had over 75 Tory speakers participating on second reading, and 18 NDP Members, more than half their caucus in each case, Mr. Speaker. And what do we hear today? "We have not had a chance to say enough". Well, Mr. Speaker, if they have not had enough time after two budget debates, a financial statement, a special debate in the House and 11 days in Parliament then you are windbags and you do not deserve any more time.

Let us look at some of what we have accomplished, Mr. Speaker, because, quite frankly, this discussion really was fruitful and we should be honest about that. Some of the Members on the other side made contributions, just as did Members on our side.

• (1640)

From last April until February of this year there was extended debate with associations and business groups in the country about the federal sales tax. A budget paper was prepared and published. The business groups advised the Government, and the result was a new process for analysing a special new tax. The same thing happened with the Lortie Commission. We also have a new set of rules for charities. When the Finance Committee studies tax measures, new ground was broken.

A new technique of pre-budget consultation was practised by the former Minister of Finance last spring, and has been carried on by the present Minister through December and January. People from outside Government have been giving advice. A whole new set of rules on interest expense deductions has been drawn up and has been examined by them. Health and dental plans have been debated and, on the advice of outsiders, those provisions were dropped from the Bill. The advice the Government received from outside has been invaluable. Changes were made to the provisions governing work in progress, soft costs for construction and insurance regulations after over a year of negotiation with the industry, and there has been a change in the automobile standby charge provision. Anyone who claims that the Bill has not had adequate debate is debasing the advice received from outside groups who have made a real contribution to the process.

Mr. Kempling: What a windbag!

Mr. Fisher: When Hon. Members opposite claim that they have not had enough time to debate the Bill, I do not know what they mean. Let us compare the contributions of the outsiders with the contributions made by the Hon. Members opposite. The Hon. Member for Portage-Marquette (Mr. Mayer) has just made a thoughtful presentation, but he has exhausted his ideas, and so he branched off into a new discourse on Canada Savings Bonds.

Mr. Mayer: Mr. Speaker, I have a point of order. If the Hon Parliamentary Secretary to the Minister of Finance (Mr. Fisher) would be prepared to yield the rest of his time—

Mr. Fisher: Mr. Speaker, that is not a point of order. I object to that kind of interruption. I listened to the Hon. Member because he is an interesting man—

The Acting Speaker (Mr. Corbin): Order, please. The Parliamentary Secretary has the floor.

Mr. Fisher: Mr. Speaker, I object to that interruption. I listened to the Hon. Member because he is a fascinating man and usually has concrete ideas to offer. Unfortunately, he has exhausted his ideas. He did not speak about the Income Tax Act at all, and indeed you had to interrupt him, Mr. Speaker. He was going on about committee rules and Canada Savings Bonds. That is the behaviour for someone looking for an idea. It is a filibuster. Last Friday the Hon. Member for Calgary West (Mr. Hawkes) went over the same gound time and time again—

Mr. Thacker: Mr. Speaker, I rise on a point of order. Perhaps there is trouble with the microphones, but I am having trouble hearing the Hon. Member. I wonder if he could speak a little louder.

Mr. Fisher: Mr. Speaker, I was referring to the Hon. Member for Calgary West who asked all kinds of questions but hardly engaged in searching, intellectual debate.

There are 140,000 Canadians who are affected by the standby charge on automobile usage. As reported at p. 23721 of *Hansard* the Hon. Member for Calgary West asked how standby charges would affect diplomats in Africa, not people in Canada. Someone should tell him that he represents Canadians and he is supposed to talk about taxes here, and not waste the time of the House with that kind of frivolous detail. He did the same thing today. In serious debate, the Minister of State for Finance (Mr. Cosgrove) spoke about the new ideas we have on the standby charges. The Hon. Member for Calgary West wanted to talk about the motions that were defeated last Friday and insisted on his right to do so. That is because he does not have a new idea. This is a filibuster.

We heard Members of the New Democratic Party say that this Bill helps the rich. That just shows that they have absolutely no understanding of it. When they speak about the rate reduction, you would think they would listen to their bed mates in the Tory Party and understand that when we reduced the rates we also closed the shelters. But the shelters are only closed for people who pay high rates of tax.

I made an inquiry about how many people with a $25,000 income borrow money to invest in an RRSP. I was told that the average deduction for these retirement plans for people at that income level is $500. It is only when people have much higher incomes that they borrow for this purpose, and we have ended that deduction.

The NDP claims that this Bill favours the rich. They should also realize that we not only changed the rate but that we changed the deductions. It would be well for them to present that honestly, rather than presenting slogans which show that they do not understand the matter.

There has been a great deal of debate, Mr. Speaker, but it is time to move on with this Bill to clean up the tax system. The next step is to simplify the system. There has been lots of advice from Hon. Members opposite on that subject. I do not think we should do away with tax but I think we should simplify the Bill, and that is the next step.

At this stage we will get rid of some of the antiquated and unnecessary deductions and some of the shelters that were unfair. Let us get on with the job and recognize that we have cleaned up the budgetary process. We have already opened up the budget so that groups from outside can consult with the Government. We have opened up the process so that groups from outside can study the tax measures. We must give the Minister of Finance (Mr. Lalonde) and the former Minister credit for this. It brings in some fresh air from the outside world.

Time Allocation

Mr. Dan Heap (Spadina): Mr. Speaker, I am glad of the opportunity to speak against the Government's decision to choke off debate on this Bill. The Hon. Member who just spoke bragged about the months that have been spent in delaying the Bill. It is 13 months since the 1981 budget, and during that time the Government carried on discussions with those people it wished to consult and suffocated public debate on the Bill. When it did introduce the Bill it made sure it was debated a day here and a day there, often on short notice. This was to make it as difficult as possible for the Opposition to comment wisely. The Government even played games with the use of time allocation in order to make things more difficult for the Opposition.

I have spoken on many occasions about one of the most unjust clauses in the Bill. Clause 64 removes the exemption for immigrants who send money to relatives overseas, except for a spouse, child or grandchild. I hope Hon. Members will vote against this Clause. Most immigrants earn low incomes. Although the Government says that some immigrants were claiming exemptions to which they were not entitled, the total amount of money that it would have been impossible for them to take improperly would be far less than one major corporation, such as Shell, could take by means of the loopholes provided by the Government. It is unjust for the Government to crack down on immigrants when it does not crack down on the 4,000 individuals who earn over $100,000 but pay no tax whatsoever. The Government does not crack down on Shell Oil which sometimes pays no tax whatever on a quarter of a billion dollars. Those immigrants are not among those who had an opportunity to be consulted in the consultation process bragged about by the Parliamentary Secretary. They were excluded from consultation by the simple process of not publicizing the occasions.

• (1650)

Another interesting fact that has not been brought out concerns the injustice of the present tax system. In no way has it been addressed by all the consultations and private discussions this Government has had with wealthy corporations and with the promoters of wealthy corporations. Government officials have not talked with working people nor have they talked to representatives of the garment industry. I mention this because Spadina is one of the areas in Canada where the garment industry is important. It employs about 10,000 people in Spadina. The garment industry has been compelled to subsidize industries like the oil industry, the banking industry and the mining industry. From 1976 to 1979 the taxation rate on the garment industry, clothing and textiles, was about 87 per cent higher than the average taxation rate on the oil, the mining and the banking industries. In fact, if the oil, the mining and the banking industries had been effectively taxed at the same rate as the textile and garment industry, this Government would have $1.7 billion more in its coffers and it would have no excuse for the cutbacks it has made in health, education and social housing. Instead, this Government preferred to give the tax break, not to an industry where wages are low and modernization is urgently needed, but to an industry that has more money than it knows what to do with and exports money out of Canada. Another way of putting the point is that in Government benefits to industry, the garment and textile industry has had about $27 per employee per year, according to a 1978 Government study. Compare this $27 per employee per year in the garment industry with an average of $179 for industry as a whole. We know which industries pull that average up. Again it is the oil, the banking and the mining industries. Not only does the Government not take tax at the same rate from those wealthy industries but it gives assistance to the already wealthy industries at a rate several times higher than the rate at which it assists the garment industry.

I want to point out some of the long-standing injustices that have been noted, but noting them has made no difference to the Government's interest in correcting them. It has been pointed out that the statutory rate of taxation that is imposed on corporations generally is more than 46 per cent. In 1978, what corporations actually paid was around 30 per cent. Already a deception has occurred because the average taxpayer is not able to cut his personal tax bill by two-thirds as corporations have generally done. Again, the smaller corporations in the more hard pressed industries get less of this tax break than the richer ones.

Consider some of the tax rates paid. Cadillac-Fairview, according to a Government study, has been making $100 per month surplus on every one of its 15,000 apartments in Toronto. Every one of those 15,000 units nets Cadillac-Fairview on average $100 a month surplus. What sort of taxation does Cadillac-Fairview pay? The rate is 6 per cent. The Steel Company of Canada pays 7 per cent. Big deal! Union Gas pays a little under 6 per cent. The Toronto Dominion Bank, my goodness, it paid 18 per cent one year. Let us take a look at what happens to ordinary people and immigrants. Immigrants try to send money to relatives overseas, a family obligation which they recognize. This is a family obligation we value and claim to respect in this country. But those working people who are trying to send money to relatives overseas are generally taxed at a far higher rate than are corporations. If we pass this Government Bill, through Section 64 we will penalize people for acknowledging and acting on family obligations.

We are continuing to allow massive multi-billion dollar gifts to the wealthiest people, either individuals or corporations in this country, while we chisel working people who may earn $10,000, $15,000 or $20,000 a year in order to support their families. We chisel them by whittling money off and causing the lowest income people of this country to pay a far higher proportion of their earnings in tax than is paid by the people earning the highest incomes.

This whole tax Bill which the Government has put forth is a disgrace. When we come to Section 64 I would ask that Members of this House have the decency to vote against it.

[*Translation*]

Mr. Louis Duclos (Montmorency-Orléans): Mr. Speaker, I would like to take a few minutes to tell the House why I believe that the Government is quite justified in putting an end

to this debate. I shall not deal with the substance of this bill. During the last few months, the Opposition parties have had ample time to explain why they believe that some of the provisions of this bill should be amended. They may be right in certain cases, but obviously, they may also be wrong.

However, I would like to appeal to the sense of responsibility of the Opposition Members and ask them to show more understanding of the role of Parliament in a democratic society such as ours. Once members of a party have been elected democratically and allowed to air their views on behalf of the interests they represent, I do not think that they are entitled to obstruct systematically the operation of our democratic institutions.

Mr. Speaker, I find this bill satisfactory. It might not be perfect, but I believe that it is a good bill because it is prompted by a desire to be fair to Canadian taxpayers as a whole. I am well aware that most of the spokesmen for the Official Opposition have risen on behalf of special, not to say privileged, groups in our society, who are literally haunted by the prospect of having to share some of their wealth with the most disadvantaged members of our society, while the members of the leftist party have made speeches aimed mostly at placing an even heavier fiscal burden on the shoulders of the private sector, which remains the motor of development, progress and economic growth in a society such as ours.

Mr. Speaker, I would like the Opposition Members to show at least some sense of their responsibilities and remember that, by delaying this bill, they are penalizing underprivileged people in our society. For instance, they are penalizing those who, after working a few months early in 1982, now receive unemployment insurance and expect a rather substantial income tax refund. As long as this bill has not been passed by Parliament, the Department of National Revenue does not have the right or the authority to mail out the tax refunds to these people who are impatiently waiting for amounts which can be rather substantial. The Members opposite should also think about low income mothers who are waiting for this bill to be passed to receive their child tax credit, which can amount to over $1,000 in the case of a family with three children. These people are penalized by the filibustering which we have been witnessing in this House for too many weeks already.

Mr. Speaker, the Minister of State for Finance (Mr. Cosgrove) said earlier that, since the budget was brought down in November 1981, Opposition Members have had a total of 25 days of debate in this House to express their views. Moreover, in many cases, we have accepted suggestions by the Opposition as well as by Government Members. First, there was the debate on the budget of November 1981; then, there was another debate on the budget of June 1982; later on, in September 1982, the Committee on Finance, Trade and Economic Affairs spent about a month examining all amendments to the Income Tax Act resulting from these two budgets. These amendments were examined one at a time and recommendations made to the Minister of Finance who accepted many.

Finally, Mr. Speaker, there has of course been the present debate during which, as mentioned by the Parliamentary Secretary to the Minister of Finance (Mr. Fisher), 75 Members of the Official Opposition, or about three quarters of them, have had the opportunity to voice their concerns or points of disagreement about this legislation. I also believe that nearly 20 Members of the New Democratic Party have risen during this debate to express their views about this Bill.

Therefore, Mr. Speaker, it seems to me that the Government is acting responsibly, or perhaps that we are trying to make up for the lack of responsibility which seems to exist on the other side of the House, in deciding that what is at stake is so important that we must act now so that Canadians who are waiting for and are entitled to government refunds can receive them.

● (1700)

[*English*]

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, in the remaining time that I have I would like to point out once again, for the record, the annoyance that we on this side feel at the Government's having introduced this motion under Standing Order 82 to terminate debate on this very important measure during the Committee of the Whole stage of Bill C-139. If one listens to the intensity of the speeches made earlier by the Hon. Member for Mississauga North (Mr. Fisher) and the Member who just resumed his seat, I think it is obvious to Members on this side that the Government Members feel very uncomfortable about many of the initiatives which remain in this mammoth Bill C-139 which is some 295 pages and contains 134 separate Clauses dealing with matters of tax reform that affect virtually every Canadian citizen in several ways.

The anxiety felt by Members opposite stems from that day back on November 12, 1981, when the former Minister of Finance introduced his first budget. It was the basis for these reforms which the Government is now trying to implement retroactively. Even after it has been collecting taxes for over a year based on certain of these initiatives, it is trying to create a mood of desperation in the country. The Government is suggesting that it is the Opposition who is holding up these very important tax reforms. In fact, those of us who have travelled the country and have listened to our constituents know that there are still many serious and fundamental flaws with this legislation that will haunt Canadians and hinder the development of our economy for many years to come.

It strikes us as being strange that in this session, which is the longest in Canadian parliamentary history, the government has had to use time allocation and closure 20 times, beginning with the famous Friday in October of 1980 when closure was used to limit and suppress the rights of Opposition Members to debate the resolution on the Constitution of Canada that was introduced in the House. The outrage that Members of Parlia-

ment and Canadians from every part of this land felt as a consequence of that initiative still prevails in this country today, as any poll would quickly reveal to Government Members. That outrage arose not only because closure was used in a most inappropriate way on that occasion when we all wanted to have a say on the future Constitution of this nation, but because closure was used on several subsequent important occasions.

There was an attempt by the Government to try to frustrate the right of Canadian citizens to watch the committee hearings on the Canadian Constitution during the winter of 1981. Closure was brought in on other important measures, such as the reform of the Canada Lands Act, Bill C-48.

In the spring of 1981 we saw closure used to limit debate on the final disposition of the Constitutional resolution. Had it not been for a stand-off in the House, we might well have had an entirely different Constitution enacted from the one we have today. It was only because of the resistance shown by Members on this side at that time that some very serious and divisive measures were not imposed upon Canadians by the will of the Liberal majority opposite.

I, and I know the majority of Canadians, will consent to the attempt by the Opposition in the House to ensure that the Government does not hastily pass some 134 separate items of tax reforms through the House, in a Bill which is 295 pages thick, with only four days' debate at committee stage and only seven days' debate at second reading stage. There are items in this legislation which cover all sectors of the Canadian economy and affect farmers, the forest industry, the manufacturing industry, small-businessmen, fishermen, those who are employed in trade unions and those who are employed in the north.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise on a point of order. We have heard the Hon. Member make several references to the use of closure in the House. I think he is misleading the House and the public because, to the best of my recollection, closure has only been used once during this session.

• (1710)

Mr. Siddon: Mr. Speaker, the comment I made was that in the present session of this House, closure or time allocation has been used 20 times. For those who are watching and do not know what time allocation means, it means that the Parliament of Canada is garrotted. It is given one or two more days at the most to complete debate on important legislation. We are now faced with a very important piece of legislation because it affects every Canadian in one way or another.

[*Translation*]

Mr. Deputy Speaker: Order, please. As it is now 5:10 p.m., the two hours provided for consideration of the motion now before the House under the provisions of Standing Order 82 have expired; it is therefore my duty to interrupt proceedings and to put every question necessary to dispose of this motion.

[*English*]

The question is on the motion of Mr. Cosgrove, seconded by Mr. Gray.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

The House divided on the motion (Mr. Cosgrove) which was agreed to on the following division:

(*Division No. 302*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard
Simmons
Tardif
Tessier
Tobin
Tousignant
Turner
Watson
Weatherhead
Whelan—130.

NAYS

Messrs.

Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cossitt (Mrs.)
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Forrestall
Fretz
Friesen
Fulton
Gamble
Gass
Gilchrist
Gurbin
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Heap
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Kempling
Kilgour
King
Knowles
Kristiansen
Kushner
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDougall
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McDonald (Ms.) (Broadview-Greenwood)
McGrath
McKenzie
McKinnon
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Rose
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Speyer
Stevens
Stewart
Thacker
Thomson
Towers
Waddell
Wenman
Wise
Young—103.

● (1740)

Madam Speaker: I declare the motion carried.

Motion (Mr. Cosgrove) agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, the following question will be answered today: 4,431.

Madam Speaker, I suggest that the remaining questions be allowed to stand.

[*Text*]

AID TO COUNTRIES FOR OIL AND GAS EXPLORATION

Question No. 4,431—**Mr. Mazankowski:**

1. For the fiscal year (a) 1980-81 (b) 1981-82 (c) 1982-83 (d) 1983-84 (e) 1984-85, did the Government commit itself to provide assistance to foreign countries, through either Petro-Canada International or CIDA, to aid in the exploration for and development of potential oil and gas reserves and, if so, for each country, what amount of aid was committed?

2. What increases in proven reserves, if any, have been achieved so far?

3. What commercial development of these new reserves is under way or currently being planned?

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): I am informed by the Department of Energy, Mines and Resources and the Canadian International Development Agency as follows: In so far as Petro-Canada International Assistance Corporation is concerned:

1. (a)—(e) Petro-Canada International became operational in January, 1982 and has committed assistance for pre-exploration and exploration activities to the following three countries: Jamaica—commitments of $6.8 million for 1982 and 1983; Tanzania—commitments of $29.4 million for 1982 and 1983; Senegal—commitments of $16.2 million for 1982, 1983 and 1984.

2. No increases in proven reserves has been achieved so far. Exploration activities are only in the preliminary stage at this time.

3. Not applicable.

In so far as the Canadian International Development Agency is concerned:

Pakistan

1. Since 1973, Canada has financially supported the Oil and Gas Development Corporation in Pakistan by approximately $31 million committed to date for the Corporation's activities in drilling, production and technical assistance in the oil and gas sector. At the present time the Government of Canada anticipates possible cash disbursements during the next two fiscal years of most of the balance of the line of credit.

2. There is no reliable information on the increases in proven reserves since the Government of Pakistan and the World Bank data are different. The seismic equipment in use has identified typical structures but volume estimates of the reserve are not possible to determine. However, because of the joint efforts of the three principal donors, the World Bank, the Asian Development Bank and CIDA, significant discoveries have resulted over the last six years.

3. In the case of oil, prospects are mixed for increasing production from existing oil fields in Pakistan. The Fifth Five-Year Plan called for production to increase from .49 million tons per annum in fiscal year 1978 to 1.7 million tons per annum in fiscal year 1983 (10,000 barrels per day to 35,000 barrels per day). In fact, as a result of overly optimistic estimates of production per well, pricing problems, drilling problems and management problems, production remained virtually constant at 10,000 barrels per day until 1980-81,

improving in 1982 mainly as a result of increased production from the Toot oil field and new production at 2,200 barrels per day from the Khaskeli oil field.

Production from Khaskeli could increase to some 5,000 barrels per day and production from the Meyal field is expected to increase to 13,000 barrels per day by 1987. If these targets are met, total production from known fields could reach 20,000 barrels per day by 1990.

The Directorate General, Energy and Resources, is projecting 20,000 barrels per day by 1985-86 and 27,000 barrels per day by 1989-90. In light of the recent World Bank unofficial reserves estimates such production figures are unlikely to be met unless upcoming tests on Toot and Dhodak prove to be very positive. Even with positive results on the assessment of these known fields it is likely that one additional field of Meyal proportions would have to be found and developed before 1990 to ensure that the 27,000 barrels per day figure is met for that year.

India

1. In the case of CIDA, two lines of credit have been extended to India:

A loan agreement for up to $15 million line of credit was signed on June 24, 1980 with the objective of increasing the proportion of Indian self-sufficiency in petroleum by contributing to the exploration and development of Indian oil and gas reserves. This line of credit was virtually fully committed by October 31, 1982. A second line of credit for up to $45 million was signed on November 21, 1981 with the same objectives. It is expected to be fully committed by November of 1984.

Disbursements under the $15 million line of credit should be completed by March of 1983. Disbursements under the $45 million line of credit are expected to be completed by fiscal year 1987-88.

2. Accurate information on the increases in proven reserves is virtually impossible to determine since the Oil and Natural Gas Committee's (ONGC) program spans both offshore and onshore sites all over India. Announcements are made on a regular basis of the Government of India's intention to undertake major new drilling contracts and the ONGC has recently announced its intention to buy or lease a large number of new rigs in the next year or two. The line of credit, however, is designed in part to develop markets for Canadian industries and has, as such, no direct impact on the identification and exploration of oil and gas reserves.

3. India's precarious energy situation is such that every discovery is being exploited as quickly as possible to reduce the costly import of oil. The Government of India has identified oil exploration and development as an essential component in meeting many of the other objectives in their Sixth Five-Year Plan. Shortages of oil impact in the power sector, in manufacturing, etc. to such a large extent that commercial development of new reserves is proceeding with all possible speed.

[*English*]

Mr. McKenzie: Madam Speaker, I rise on a point of order. I would like to ask the Parliamentary Secretary about question No. 4,175. I have raised this matter on six occasions. This question was placed on the Order Paper on March 24, 1982. It is a question regarding correspondence between R. W. B. Bailey, Chairman of the SGPE Sub-Group, and Mr. R. Gagnon, Assistant Deputy Minister, Department of Consumer and Corporate Affairs, dated February 17 and February 19, 1982 respectively, on the subject of a hiring team to recruit Francophone employees. I have listed the number of Departments which have these hiring teams, and what schools and universities they are going to be going to. I want to know if there are any in Manitoba. I also want to know what nationalities they are going to be hiring. I met with the Human Rights Commission yesterday. They have a number of complaints listed with regard to the discriminatory hiring and promotional practices of the Government. They are saying that the delay in having these questions answered is holding up their deliberations.

This is the sixth time I have raised this question. Will the Parliamentary Secretary give me some kind of answer as to why this question is not being answered by the Government?

[*Translation*]

Mr. Peterson: Madam Speaker, I wish to thank the Hon. Member for his question. I shall ask the Minister for an answer, but I would like to inform the House that we have already answered 3,973 questions, in other words, 83.9 per cent of all questions. Hon. Members are no doubt aware that it costs a great deal to answer all these questions, and we must also consider the taxpayer. However, I shall get the answer for the Hon. Member as soon as possible.

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

* * *

[*English*]

POINT OF ORDER

MR. McCAIN—STATEMENT OF MR. OUELLET DURING QUESTION PERIOD

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, I rise on a point of order. I raised the question yesterday, and on March 4, in respect of the notification for the UFFI installation program. I would like to correct a remark which was made by the Minister yesterday when he said that the advertising had been done and the Hon. Member should disseminate the information to his constituents. The Minister misled the House, I believe, not intentionally, because as an Hon. Member I did not receive his notification of the deadline in my office until—

Madam Speaker: Order. Order. The Hon. Member knows that he may not correct the statements of another Member. If that other Hon. Member finds that he has made a statement which he believes he should correct, he may do that himself, but the Hon. Member may not correct a statement of another Member.

Mr. McCain: Madam Speaker, my point of privilege is that it was impossible for me, as a Member, to disseminate the necessary information to my constituency. To substantiate my impossibility—

Madam Speaker: Order. Order. The Hon. Member is debating the fact that he was not able to disseminate some kind of information because—

Mr. McCain: I did not have it.

Madam Speaker: The Hon. Member did pose a question, I believe, during the Question Period concerning that, or was it yesterday? In any event, it is not a question of privilege. That is quite obvious. I am not quite sure now at this point if the Hon. Member is rising on a question of privilege or on a point of order.

Mr. McCain: Madam Speaker, my point of privilege is that I was told as a Member that I should have disseminated the information. As a Member, I did not see the information because it arrived in my office on a Friday after I had left my office late in the afternoon. I did not see it until the following Tuesday.

Madam Speaker: Order. That is not a question of privilege. The Hon. Member is arguing a question which he has brought up in the House before. This is not the time to argue it. It is not a question of privilege, and I do so rule it is not a question of privilege.

[*Translation*]

The Hon. Minister of Consumer and Corporate Affairs (Mr. Ouellet), on a question of privilege.

Mr. Ouellet: Madam Speaker, on a question of privilege, the Hon. Member who spoke just now implied that I misled the House.

Madam Speaker: Order, please. There is no privilege involved, niether the Minister's nor that of the Hon. Member. Both Hon. Members are engaged in debate on a question that was raised during the day. However, no debate can be allowed on this question at this time. Neither the Minister nor the Hon. Member has a question of privilege.

[*English*]

Mr. McCain: Madam Speaker, I rise on a point of order. The Minister is correct. I acknowledge that. I said "UFFI". I should have said the Summer Works Program. My apologies to the Minister.

[*Translation*]

Madam Speaker: Pursuant to the provisions of Standing Order 58, I do now leave the chair for the House to go into Committee of the Whole.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration in Committee of Bill C-139, to amend the statute law relating to income tax (No. 2)—Mr. Lalonde—Mr. Francis in the chair.

On Clauses 8, 9 and 128(12)—

Mr. Thacker: Mr. Chairman, when we rose earlier, I was asking the Minister about the Income Tax Act, Section 15.1, Subsection 11, which is Subclause 8(6). The penalty section has been changed. It originally stated that a penalty is imposed where a false declaration is made in a joint election in respect of a qualifying debt obligation. I am wondering if the Minister would explain to the House what the original problems were, their extent, and what is being corrected with this new provision?

• (1750)

Mr. Cosgrove: Mr. Chairman, the difficulty in responding immediately in detail to the question is, of course, that the administration of the Act is under another Ministry, that of Revenue Canada. I can indicate that my officials point out that it was because of some experience with fraudulent declarations under the section that the amendment was brought forward. I do not have at my fingertips the experience of the Revenue Department, but it is something I can obtain for the Hon. Member, and I will provide those details once I have had an opportunity to consult with the officials from the other Ministry.

Mr. Thacker: Mr. Chairman, would the Minister make that undertaking to the House? It is rather important to us to know whether the fraudulent acts were the acts of individuals or through lending institutions. Does the Minister have any general information on that point?

Mr. Cosgrove: Mr. Chairman, again because it involves another Ministry, I do not have the particulars. I hasten to assure the Hon. Member that when I have those particulars I will undertake to provide them on the next occasion we consider this matter in Committee of the Whole. My officials have brought to my attention that it would be a fairly recent experience inasmuch as the original Section was introduced in the 1979 Income Tax Act. I am referring to Section 15.1(6) under the heading "False Declaration". This is now expanded

to include not only corporations but individuals. So there may not be a lot of expenrience but I will attempt to get the information and I do not undertake to make it available to all Hon. Members who are interested in these proceedings.

Mr. Thacker: Mr. Chairman, I would like the Minister to consider Clause 9 which relates to Section 15.2 of the Income Tax Act. I might say, Mr. Chairman, that the explanatory notes to the Bill are tremendously beneficial to those of us who are not skilled in reading those very complicated Sections. This is a very valuable addition in trying to figure out exactly where these Clauses are and what they really mean. In the explanatory notes, referring to Clause 9(a), it says the issuer cannot deduct the interest on the bond but the recipient of the interest is deemed to have received a taxable dividend from a taxable Canadian corporation. That raises the question, Mr. Chairman, as to what has been the cost to the Consolidated Revenue Fund of the bonds issued to date and what is the anticipated loss in the future.

Mr. Cosgrove: Mr. Chairman, my officials are attempting to find that figure. I might say that I am very pleased some Members have found the innovation of explanatory notes useful because some other Members of this House have been very unkind to the Government in this respect and used it as an example of yet another complication and more paper work required by Government. I am very pleased some Members have found it useful because that was the intent of providing the explanatory notes. I know some members of the public have indicated it has been helpful.

On an annual basis the projection of the amendments which are before us would be that the cost to the CRF would be $25 million. Under the Section as it stood previously, that is the expansionary interpretation for use of the bond, the cost thus far, which is a bit harder, is calculated to be $125 million.

Mr. Thacker: Mr. Speaker, the same Clause states that the bond must be issued after November 12, 1981, and before 1984. Does the Minister anticipate this provision going beyond 1984? As he well knows, we are almost into 1984 now, and he has actual experience to this point. Why would the Minister not consider an amendment which would take it, say, to 1985, which would then give people still more certainty as to whether or not they can get a bond?

Mr. Cosgrove: Mr. Chairman, I indicated this morning in response to another line of questioning, I think it was from the Hon. Member for Parry Sound-Muskoka, that, number one, we have targeted the aid under the amendments toward, for example, people in very difficult circumstances who will use the bond where otherwise they might go into bankruptcy. The question was raised: well, if the economy improves, would the Government consider going back to the original use of the bond which was to be available to people who are looking to expand their business rather than to preserve or maintain their business or prevent bankruptcy? My response would have to be the same to the question raised now by the Hon. Member for Lethbridge-Foothills. The Government will have to keep an eye on the take-up under this Clause. We will have to see how the economy is going. Of course, I suppose the hope of all Hon. Members would be that the economy would be so strong that we could reach a decision that no special attention was required for businessmen, either for expansion purposes or survival or protection purposes.

• (1800)

The Chairman: Order, please. It being six o'clock it is my duty to rise, report progress and request leave to consider the Bill again at the next sitting of the House.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

THE ADMINISTRATION—RESPONSIBILITY FOR ACTIONS BY MINISTERS AND OFFICIALS. (B) GOVERNMENT MANDATE

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, for many years Canadians have been concerned about the changing standard of morality under the Government of the Prime Minister (Mr. Trudeau). There was a time, for example, when election promises were related to the Government's legislative program, but that is no longer the case. For many months, even years, Canadians have been trying to decipher the standard of morality of the Government. It has been coming to light in bits and pieces but has become more clear in what we now know as the "Gillespie affair". That is why on March 2 I put the following question to the Prime Minister:

> On February 17, in answer to a question from the Hon. Member for Provencher, the Prime Minister said, as reported at page 22938 of *Hansard:*
>
> Yes, Madam Speaker, we are collectively responsible for the policies of this Government—
>
> The Government as a whole is not collectively responsible for some individual agreement—

That is the nub of the problem in the country, Mr. Speaker. The Government wants to be accountable for concepts but not for administration. Putting it another way, the Government wants to be accountable for discussing an issue but not to be responsible when it makes a blatant error, as was the case in the Gillespie affair. That is why the Prime Minister replied to my question as reported at p. 23366 of *Hansard* as follows:

> If the Hon. Member is talking about the meaning of responsible Government, literally, it means that the Government of the day is responsible to Parliament and can only continue exercising its powers with the authority of Parliament, that is, with the support of the majority of the Members of Parliament. That is what responsible Government means.

I think you will agree that that is a new definition of responsible Government.

We are now faced with a choice between the old concept of honour and the new concept of legality. The Prime Minister now seems to be defining responsible Government in terms of legality—if it is within the law, then it is all right. For many centuries women were not legally protected against wife beating but, just because there was no law prohibiting wife beating, that did not make it morally right to do so. It would appear that with the new standards of morality recognized by the Government, there will have to be a limitless agenda of laws to define what the Government can or cannot do. I do not dispute the fact that the law is an important protection, but if the law is the only protection, then conviction of an offence is the only way we can make the Government accountable.

The second part of the Prime Minister's definition is that if Parliament or a majority of Government Members validate any wrongdoing, that constitutes responsible Government. That raises all kinds of possibilities. If the Government can pistolwhip its backbenchers into voting for anything it says, then that will validate anything it does. That, by the Prime Minister's definition, is responsible Government.

• (1805)

I say again, and the Hon. Member can talk any time he wants to, that leaves out any kind of place for honour. It seems to me that we can trust anyone who knows nothing about law as long as they know a lot about honour. But you cannot trust someone who knows all about law but has no sense of honour. That is the choice we have in this country.

This Prime Minister is misdirecting and redirecting the cause of the whole Parliamentary system by redefining responsible Government to mean anything the Government will validate by a majority of Members—meaning if Government Members fall into line with anything the Prime Minister says—is responsible Government.

It was old Falstaff, the drunkard in the battle described by Shakespeare in Henry IV Part I who said, "What is honour? It is a mere scutcheon." It is kind of a coat of arms that you can toss aside. You can change loyalty, depending upon who your leader is because all you do is follow the standard. What did Falstaff do? He ran away in the heat of battle. He became a deserter because honour meant nothing. That becomes the shifting sand of the kind of morality which the Prime Minister is introducing. It means that morality is relative. There is no fixed standard and the Government can get away with anything as long as all of its lackies do anything it wants them to do.

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Mr. Speaker, having listened to the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen), it would appear to me that the concept of responsible Government, and that is the issue, he is advocating is that which is determined by the Opposition to be responsible.

When this question was first raised, the Prime Minister (Mr. Trudeau) stated the constitutional position on the relationship between the individual and the collective responsibility of Ministers. In referring to "agreements which are made by individual Ministers or sometimes by officials under the authorities they have by statute or delegation", the Prime Minister said:

> If someone acts improperly in such circumstances, it is not the whole Government that is acting. If a Minister is acting improperly or illegally, he has to be taken to task. However, one could not condemn the whole Government for some act by an individual, unless the whole Government itself had been part of the decision.

Commenting on the meaning of responsible Government, which is the issue here, the Prime Minister noted:

> —literally, it means that the Government of the day is responsible to Parliament and can only continue exercising its powers with the authority of Parliament—

Do they want to substitute something else other than the authority of Parliament for this? I continue with what the Prime Minister said:

> —that is, with the support of the majority of the Members of Parliament. That is what responsible Government means.

This position is backed up squarely by Sir Ivor Jennings, the leading authority on responsible Government in the twentieth century. He said:

> The Government does not accept responsibility for an error of judgment or bad administration by one of its members. The process of Government compels a delegation of authority. The Cabinet must leave to each Minister a substantial discretion as to what matters he will bring before it. If he makes a mistake, then he must accept the personal responsibility.

The constitutional position is clear. The real question is whether there was any mistake or wrongdoing in this case. That issue has been discussed at great length in this chamber, and the House has cast its opinion and exercised its responsibility by way of a vote on this particular issue.

AIR TRANSPORT—WINNIPEG AIR TRAFFIC CONTROL CENTRE—EFFECT ON FAMILIES OF PROPOSED TRANSFER. (B) FUTURE OF PRESENT EMPLOYEES

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, on March 9, I asked the Minister of Transport (Mr. Pepin) a number of questions concerning the Winnipeg air traffic control centre. Tonight I am requesting that the Minister of Transport provide a response to the following points at issue affecting employees at the Winnipeg Airport terminal building.

First, the Department of Transport has identified the need to remove asbestos from the Winnipeg airport terminal building. Circular CRA 5/80 dated July 29, 1980 addresses the high level of asbestos in that building. The question is, is the Transport Minister, going to continue to allow workers to enter the building knowing full well the potential health threat? What about the public's access to this health hazard?

Second, does the Government have in place medical testing of the airport workers? If so, is it monitoring the health of the workers until such time as they are removed from the hazard?

• (1810)

Third, transport management in the Winnipeg region and at Ottawa headquarters have prepared and supported a detailed proposal to build a new Winnipeg air control centre. Project manager, Ron McFarlane from Winnipeg gave, as an alternative, the division of the work load of Winnipeg controllers to Edmonton and to Toronto, and the relocation of Winnipeg controllers to those areas. What is the cost differential of constructing a new building versus relocating the Winnipeg controllers and associated equipment? What is Treasury Board's position today?

Fourth, does Transport Canada not have a proposed building site on Crown land and immediate access to detailed building plans from Edmonton, Montreal or Moncton? If funds were made available today, what is the earliest date of construction?

Fifth, since Friday, March 11, over 60 grievances have been filed with MOT relating to the asbestos problem, and more are being filed daily. What is the Minister's response to these health related complaints?

The Government has been aware of this potential health hazard at Winnipeg International Airport for some time. The threat is due to vast amounts of the decaying asbestos insulation falling from the ceiling, and contributing to air suspension of asbestos fibres. Scientific research has identified asbestos fibres as a serious health hazard and, in combination with cigarette smoke, the degree of hazard is increased approximately 55 times.

The Minister of Transport (Mr. Pepin) said that the prime concern is the health of the Winnipeg based employees. If the prime concern is, in fact, the safety of these individuals, then why will they have to work in these very unsafe conditions until 1988? I urgently request the Government to undertake immediate construction of a new air terminal administration complex.

The Minister of Employment and Immigration (Mr. Axworthy) angrily denied on March 4 that the employees would be moved permanently. He cut short a speech at the St. Boniface Hospital in order to clear the air. He said, "Any suggestion that the move of the air traffic controllers is permanent is an irresponsible fantasy." He went on to say, "Robertson doesn't know what he is talking about. Treasury Board doesn't make decisions, Cabinet does."

Let the Minister of Employment and Immigration convince Cabinet to build a new Winnipeg air control centre to clear the air.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I hope that the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie) did not expect me to answer all of the questions he posed tonight in two minutes. I think the most important question to his constituents is the health related complaints and the 60 grievances which he has mentioned.

I would like to draw to his attention that, according to samples taken by the Department of National Health and Welfare, asbestos fibre levels are well within the acceptable limits in areas used by employees. It is recognized that employees have taken their own samples which appear to indicate higher levels. These discrepancies are being addressed. In one particular instance where it was felt that levels were particularly high, the room in question was given a thorough cleaning and new samples will be taken in consultation with the employees.

As a long term measure, Transport Canada has decided to remove the asbestos in the administration building, which is where the concerns have been raised. The present plan is for this work to be done in the fiscal year 1987-88. Had the Hon. Member been at the Standing Committee on Transport this morning, he would have heard the air administrator, in response to constructive questions and suggestions by the Hon. Member for St. Boniface (Mr. Bockstael), undertake to see if the work could be advanced.

During the work, employees may have to be temporarily relocated. If they are, they of course will be eligible for all expenses allowed under the relevant Treasury Board directive. As the removal was not planned for the immediate future, the need to relocate and the details associated with it have not been fully established. When they are, I am sure they can be made available to the Hon. Member on his request.

I would like to emphasize that there is no intention of jeopardizing the health or safety of employees. All reasonable precautions to protect them have and will continue to be taken.

• (1815)

MEDICAL CARE—CONTRACT TO MANAGE HAWKESBURY HOSPITAL. (B) QUERY RESPECTING MINISTER'S POSITION

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, on January 26 I asked the Minister of National Health and Welfare (Miss Bégin) a question concerning the approval which the Ontario Government had just given to a contract signed between the District General Hospital in Hawkesbury and the Canadian subsidiary of American Medical International, the contract under which the corporation would manage the hospital according to profit criteria and, of course, in return would receive a share of whatever profits it could generate.

At that time I asked the Minister whether or not she considered the contract to be in violation of one of the five basic principles of Medicare, the non-profit administration principle. She answered that it was her understanding that it was only the over-all health insurance plan which had to be run on a non-profit basis, but that institutions related to the plan could run on a profit basis. Of course, practitioners within the system have traditionally operated on a profit basis, and we are not quarreling with that at this point in time. The question is whether or not hospitals ought to be run on a profit basis, and whether or not that contradicts the principles of Medicare.

Today I hope I receive a longer and more elaborate response from the Ministry to my contention that this does violate the spirit of Medicare and sets a very dangerous precedent for health care in this country. One of the justifications for Medicare and one of the reasons so many people fought over the years for Medicare, was that we would have health care provided according to health care criteria and not according to the dictates of the marketplace.

With the operation of a hospital by a corporation in the expectation that it will receive a share of whatever profits it can generate from the operation of that hospital, the profit motive is being reintroduced into our health care system in a manner which my NDP colleagues in the House and I find to be totally unacceptable. It is on that basis that we encourage the Minister not only to do something about this particular instance, but also, perhaps, to do something about any potential instances, by coming forward with a proposal for Canada Health legislation, about which there is so much mystery right now.

No one knows exactly the latest proposal in the minds of those in the Cabinet, or in the mind of the Minister of National Health and Welfare. I have asked the Minister before to come forward with an actual proposal for a Canada Health Act. I hope she will do so, and that in such Act we will find clarification of the non-profit principle which would outlaw this kind of contracting on a profit basis for the provision of hospital care. I would hope also that in that Act, among other provisions, we might find clarification of the portability principle.

Just the other day, someone called my office concerning a move from B.C. to Manitoba. Having been hospitalized in Manitoba, after the patient moved from B.C., coverage was nevertheless provided under B.C. medical insurance until the end of the year. It turned out that the per diem rates in B.C. were different than those in Manitoba. The upshot of the whole problem was that the particular patient involved was sent a bill for $1,436 for 23 days in hospital in December. The fact is that this can happen under our system, when everyone believes that such a thing should not happen. This situation must be addressed by the Government and the Provinces so that this kind of burden will never be placed on the sick in Canada. They must meet to arrive at an agreement whereby this kind of penalty will not be imposed on people. In this case, it simply involved the misfortune of bad timing, through no personal fault; a bill of $1,436 was the result.

A Canada Health Act, if it is a good Act, could go a long way toward preventing such situations, among others. As I say, it must follow all five basic principles of Medicare. It must have regard to nonprofit, to portability and, I hope, and we will be demanding so, also have regard to universality and equal access. This brings in the whole matter of extra billing. However, it is not my intent to discuss that today.

• (1820)

I would like to hear what the Hon. Member has to say on behalf of the Ministry of National Health and Welfare concerning the status of the Canada Health Act. At this point, it is mysterious. People are writing letters about it and wondering about its contents. All we have is the draft the Canadian Medical Association is sending around to various Members of Parliament and to the public. It has no official status. We would like to know what the status of those negotiations is, and what the Government intends to do in the meantime, through legislation such as a Canada Health Act, to deal with this very dangerous precedent set by the Ontario Progressive Conservative Government. This is a precedent for the further privatization and commercialization of medicare in Ontario, a province where, I must say with a great deal of regret, medicare is severely under attack by a Government that obviously is not philosophically committed to the principle, and continues to charge premiums and so on. What does the Government intend to do about this?

[*Translation*]

Mr. Denis Ethier (Parliamentary Secretary to Minister of the Environment): Mr. Speaker, it is understandable that the Hon. Member should talk and behave like this, for far from his interests and concerns are the hospital care and services for the people in the Hawkesbury area. Surely the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) would not object to better hospital care or the construction of a new hospital in his region; why, then, does he persist in his opposition concerning the Hawkesbury situation?

[*English*]

In January, 1983, the Board of the Hawkesbury and District General Hospital entered into a 12-year contract with a private firm, American Medical International (Canada) Limited to manage the hospital's operations. This arrangement has been the focus of concern of some Canadians.

I must point out that the establishment, maintenance and management of hospitals is an exclusive provincial responsibility under Section 92(7) of the Constitution Act, 1867.

It has been alleged that the contract between AMI (Canada) Limited and the Board of the Hawkesbury and District General Hospital violates the principle of public administration of the national Medical Care Program. I wish to point out that the principle of "public administration," which appears in the Medical Care Act (Canada) refers to "a medical care insurance plan of a province." It requires the plan to be administered and operated on a non-profit basis by a public authority appointed or designated by the Government of the Province.

In any event, there is no comparable provision under the Hospital Insurance and Diagnostic Services Act (Canada), although, in fact all provincial hospital insurance plans are publicly administered. The Medical Care and the Hospital Insurance and Diagnostic Services Acts cannot be interpreted as meaning that medical practitioners cannot make a profit or that hospitals providing publicly-insured services must be publicly owned and operated on a non-profit basis in order for a Province to qualify for federal contributions.

It is reported in the media that Mr. Grossman, the Ontario provincial Minister of Health, said that the Hawkesbury and District General Hospital will be closely monitored to ensure that health care does not suffer under a private management firm. Also, the hiring of AMI is seen as an experiment, and the hospital will be told to break its contract with the firm if it attempts to cut services as a money-saving measure. The hospital will not be permitted to charge for any insured services or to extra-bill patients, and it will be dealt with in exactly the same way as every other hospital in Ontario. All measures taken by AMI must be approved by the hospital board.

Hospital officials and the Ontario Ministry of Health officials are reported to feel that the contract will not result in a deterioration of patient care. In fact, it is hoped and believed that the quality of care will improve under increased management efficiency.

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 6.24 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, March 16, 1983

The House met at 2 p.m.

• (1405)

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

AGRICULTURE

RE-EVALUATION SOUGHT OF FARM CREDIT CORPORATION LOAN POLICY

Mr. Marcel Ostiguy (Saint-Hyacinthe-Bagot): Madam Speaker, Canada's agricultural industry is one of the major sectors of our economy, in which many billions of dollars are invested. Today, I would like to draw the attention of the Minister of Agriculture (Mr. Whelan), with the co-operation of the Minister of Finance (Mr. Lalonde), to the fact that during 1981-82, over a thousand farmers had to take out farm loans at 16.75 per cent for periods of from 25 to 29 years.

Since the economic situation seems to have stabilized as far as interest rates are concerned—a fortunate result of the Government's 6 and 5 policy—I would like to see a re-assessment by the Farm Credit Corporation of a procedure that would enable these farmers to continue their farming operations on financial terms that would provide for more equitable interest rates. For instance, in the case of mortgages for a single-family dwelling, at a time when interest rates were rising, loans were contracted for a period not exceeding three years. I would like to see the same conditions apply to loans contracted by farmers with the Farm Credit Corporation.

* * *

[*English*]

FINANCE

CALL FOR REMOVAL OF TAX ON FARM FUELS

Mr. Len Gustafson (Assiniboia): Madam Speaker, I rise on a serious matter facing the Canadian people, that being the high cost of fuel in Canada. Concerning the price of a gallon of gasoline, 66 per cent goes toward government tax, leaving 34 per cent to the industry.

Some Hon. Members: Provincial!

Mr. Gustafson: Let us make no mistake about who is the culprit in causing the high cost of fuel in Canada. The cost of fuel in the United States is 30 per cent less, operating at world price. The comparison is very plain. The total government tax in the United States is 12 per cent of the cost of the fuel, while the total percentage of tax in Canada is 66 per cent of the cost of a gallon of gasoline.

In the case of the farmers' fuel, the federal tax is 60 cents a gallon. This heavy handed Government tax is having a counterproductive impact on the farming industry in Canada at a time when farmers can least afford it. I call on the Government to remove immediately the federal sales tax on farm fuel, before farmers begin spring seeding.

Mr. Hnatyshyn: Wunderbar!

* * *

UNEMPLOYMENT INSURANCE

PAYMENT OF BENEFITS TO SHORT-TERM FARM WORKERS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my statement concerns unemployment insurance and short-term farm work. January 1, 1983, was a very important day for thousands of short-term farm workers in Canada. It was on that day that these workers officially ceased being second class citizens in the eyes of the Government and were given the same wage insurance rights as other workers in Canada. According to statements made by the Minister of Employment and Immigration (Mr. Axworthy) in the House last week, that equity might be short lived.

On March 7 and March 9 the Minister said that he would be drafting new UI regulations which would again force short-term farm workers to work for the same employer for much longer periods of time than other Canadians before their earnings could be insured. My colleagues and I condemn this latest flip-flop on UI which will deprive short-term workers, who are among the poorest paid workers in all Canada, of decent insurance protection.

As everyone knows, farm workers do backbreaking, insecure, and often very dangerous work. We therefore call upon the Minister of Employment and Immigration to shelve any proposals to create new UI loopholes until he has met with and studied the proposals of the representatives and associations of the farm workers who would be disadvantaged by regressive amendments.

S.O. 21

OLYMPIC GAMES

DEMAND FOR PASSAGE OF LOTTERY FUNDING LEGISLATION

Mr. Dave Dingwall (Cape Breton-East Richmond): Madam Speaker, yesterday it was reported in the Ottawa *Citizen* that the President of the Canadian Olympic Association, Mr. Roger Jackson, is "fed up" with the Progressive Conservative MPs—

Mr. Lewis: He got hit by an oar.

Mr. Dingwall: —whom he blames for delaying passage of the Athletic Contests and Events Pools Act. As Hon. Members are aware, particularly the 20 Conservative MPs from the Province of Alberta, the Calgary Olympics Games are five short years away. With the announcement of the Sports Pool in 1981, we saw the federal Government making a substantial commitment involving upwards of $200 million. As all Hon. Members are also aware, revenues from this Pool would replace funds previously available from Loto Canada, which the short-lived Conservative Government handed over to the Provinces in 1979.

It is now time to reach an agreement that the legislation be completed in one day.

Mr. Lewis: Call it.

Mr. Dingwall: It is deplorable that the Conservatives are trying to make political gain at the expense of amateur athletics and, in particular, at the expense of the Province of Alberta. I therefore urge that all Conservatives—

Mr. Lewis: Call it.

Mr. Dingwall: —particularly those from the Province of Alberta, halt their political gamesmanship and allow the legislation to be completed in one day.

Some Hon. Members: Hear, hear!

* * *

• (1410)

CANADIAN BROADCASTING CORPORATION

PRESIDENT'S STATEMENT ON RATINGS AND REVENUES

Mr. Gordon Towers (Red Deer): Madam Speaker, I could not believe my eyes this morning when I read in *The Globe and Mail* the remarks attributed to the President of the CBC, Pierre Juneau. The news story stated that Mr. Juneau shrugged his shoulders and dismissed complaints that the public network is losing viewers, and millions of dollars. Mr. Juneau had an excellent teacher, and he is an apt pupil in the art of shrugging. That is no excuse for his actions.

This year the CBC will receive $820 million from the public purse, an increase of $82.6 million from last year. The dollars go up and the viewers go down. If he is not deterred by this jarring prospect, I am, as are millions of Canadians.

If Mr. Juneau is not interested in ratings and revenues, why not vacate the competitive TV and radio coverage areas altogether, leaving them to the private operators, and concentrate on expanding or improving service in the remote and forgotten areas in this vast country and, in the process, cut drastically the tax dollars required to keep the Corporation afloat.

* * *

NUCLEAR ARMAMENTS

ANXIETY ABOUT CRUISE MISSILE TESTING

Mr. Bill Yurko (Edmonton East): Madam Speaker, the extensive revulsion against the testing of the Cruise missile in Canada is an act of great symbolism. It is symbolic of the apprehension and fear of nuclear annihilation.

This anxiety, this fear, this danger, come not from delivery systems such as trucks, ships, submarines, airplanes, rockets, space ships, short and long-range missiles, or even Cruise missiles, most of which were developed through joint international co-operation. Canada has enjoyed virtually unlimited access to American technology. This fear and anxiety result from nuclear warheads, fission and fusion, which have now multiplied unchecked in an almost crazy, insane, mad progression. This progression must be checked and reversed. Summit level meetings are vital and mandatory.

The Cruise missile is a highly sophisticated delivery system. It represents the dawn of a new age of robotics which will eventually be used in space exploration. This new technology is so vast, and potentially so rewarding, that Canada should not hesitate to join in partnership with the U.S. in its development and testing, and at the same time fulfil our NATO commitments.

The Cruise missile is a means of destruction when it carries a nuclear warhead. The task is to do away with nuclear warheads and their deployment.

All technological development can be used for good or evil, for construction or destruction. The choice is always man's.

Madam Speaker: Order, please.

* * *

PARLIAMENT

PARLIAMENTARIANS FOR WORLD ORDER—CONDEMNATION OF EXPULSION

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Madam Speaker, during December, 1982, the Inter-Parliamentary Advisory Council met and expelled the Parliamentarians for World Order as a parliamentary association. They met on that occasion without notice or invitation to the Parliamentarians for World Order, and did not advise them of their decision until February of this year. On that occasion that Advisory Council was made up of eight Members of

Parliament and two Senators, none of whom are appointed directly by this House, or mandated by this House, to accept or expel parliamentary associations, or to establish criteria.

The Parliamentarians for World Order is a parliamentary association composed of 85 Members of Parliament and 20 Senators, and exists in several countries around the world. It is dedicated to development issues, disarmament and other peace issues, and has had a very active role here in Parliament for several years. If there is to be a committee to accept and expel parliamentary associations and to set criteria for them, then that committee must be appointed by this House, and report to this House.

* * *

EDUCATION

LEVEL OF FEDERAL FUNDING

Mr. Howard Crosby (Halifax West): Madam Speaker, Canadians are justifiably proud of their education system. While the Provinces have jurisdiction over education, the Government of Canada long ago recognized that financial support for education was in the national interest. Federal responsibility for education was not only voluntarily assumed, the formula for contribution was enshrined in a Statute of the Parliament of Canada. Now the Government of Canada is abdicating responsibility for education.

The Minister of Finance has announced cutbacks in financial assistance for post secondary education that will cause havoc for Canadian universities. More important, the cutbacks will cause severe hardships for the thousands of students whose hope for the future is the realization of their educational goals. In most cases neither the students nor their families can assume the financial burden that will result from drastic increases in tuition fees.

Specifically, the Minister of Finance has cut the required assistance from the statutory increase of 11.9 per cent to an arbitrary level of less than 7 per cent to comply with the so-called six and five program. This arbitrary cutback will leave a shortfall of at least $100 million in the financial assistance required for post-secondary institutions. No wonder 26,000 university teachers and the 450,000 members of the Canadian Federation of Students are upset. The former Secretary of State promised to apply the six and five formula to limit increases in tuition fees. Instead, the Liberal Government's action will escalate tuition fees beyond the reach of many young Canadians.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

FIRST MINISTERS' DISCUSSIONS

Miss Pat Carney (Vancouver Centre): Madam Speaker, in the absence of the Prime MInister, of the Deputy Prime Minister and of the Minister of Finance, I will direct my questions to the Acting Prime Minister. Last night the Prime Minister dined with the provincial Premiers to discuss the economic problems faced by Canadians who have experienced their worst winter in 50 years. Canadians increasingly have the feeling that their Governments cannot or will not help them, or cope with their problems. Can the Acting Prime Minister report to the House the results of these discussions, to allay the fear of Canadians that nothing will be done to help them at this time?

Hon. Jean-Luc Pepin (Minister of Transport): Yes, Madam Speaker. I received a phone call from the Prime Minister a few moments ago. He told me that the meeting with the Premiers on the economic situation had taken place. I have a list of the subjects that were discussed. He also told me that no agreement had been reached on a meeting on a federal-provincial basis on the economy, but instructions had been given to prepare such a meeting. In the coming weeks, should it be assessed by the Prime Minister that such a meeting would be beneficial, such a meeting would be held.

REQUEST FOR SPRING MEETING OF FIRST MINISTERS

Miss Pat Carney (Vancouver Centre): Madam Speaker, I will address my supplementary question to the Minister of Finance. The Acting Prime Minister has just told the House that the Government is thinking of holding a meeting with the Premiers. Since the Minister of Finance has not yet set the date for his budget, and since he has emphasized the need to consult with Canadians, is he willing to support a Spring economic summit as the Premiers suggest?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I first want to join the Hon. Member for Mississauga South in wishing the new finance critic well. I hope we will have a long, lasting, and happy experience together—

Some Hon. Members: Oh, oh!

Mr. Lalonde: —and the same kind of relationship too. I remind the Hon. Member that I met with the provincial Ministers of Finance twice already in relation to the budget, once in December and again a couple of weeks ago in Toronto. As she knows, I have had extensive consultations with a number of groups, associations, and economic agents in the country. My counterparts, the Provincial Ministers of Finance,

speak for their Governments just as I am entitled to speak for the Government of Canada on matters having to do with our responsibilities in the economic field.

At these two meetings with the Finance Ministers there were excellent opportunities for exchanges on the proposals, suggestions, and plans of the provincial Governments concerned, just as much as if the meetings had taken place between First Ministers, I would suggest. If the First Ministers decide to have a meeting on economic matters, obviously it is up to them to decide. I am sure the Finance Ministers will be very happy to support their efforts in that regard.

Miss Carney: Madam Speaker, I accept the proposal of the Minister of Finance for a long life. I hope it does not involve the late nights such as we had last night when our committee met until 2 a.m.

Some Hon. Members: Oh, oh!

Some Hon. Members: Explain.

REQUEST THAT ECONOMIC SUMMIT MEETING BE HELD IMMEDIATELY

Miss Pat Carney (Vancouver Centre): Madam Speaker, the Minister of Finance may feel that his discussions with his provincial colleagues satisfy his own requirements. Clearly the Premiers of the Provinces feel the need for an economic summit.

• (1420)

There are a half million Canadians who have exhausted their unemployment insurance benefits. The unemployment rate for young Canadians is about 21 per cent, and more than half a million students will be looking for summer jobs. Why wait for this kind of economic summit? Why not have it now?

Hon. Marc Lalonde (Minister of Finance): For a very good reason, Madam Speaker. It seems that the First Ministers themselves have concluded that, if such a meeting were to take place, it should take place only in the context of a well prepared meeting. They may need a few weeks or maybe a few months to prepare for that particular kind of meeting. But, again, one should not be under any particular illusion that a First Ministers' meeting by itself is going to change an economic situation which is dependent on many factors, both domestic and international, and the Hon. Member knows that very well.

As to our late experience last night, I did not find it that unpleasant.

Some Hon. Members: Oh, oh!

REQUEST FOR INTRODUCTION OF BUDGET

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is also directed to the Minister of Finance who has been in his present portfolio for six months. During that period we have witnessed unemployment rising to its present level, which is 42 per cent higher than a year ago. A Gallup poll shows that 50 per cent of Canadians believe they are going to be affected by unemployment at some level through their family connections.

Would the Minister indicate why he continues to delay giving an economic over-view to Parliament similar to the over-view of November, 1981? That is the last one we had. Also, why can he not produce a budget to try to relieve the economic malaise which we have in this country? The Conference Board is now predicting unemployment is not going to go down this year, that it is going to go up still higher. If he cannot do the job, why does he not get out?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member could have concluded his question by adding that, since my appointment we have seen a very large decline in interest rates, a very large decline in the inflation rate, housing starts have increased quite significantly, and we have seen the largest trade surplus in Canada's history taking place. We also have a very substantial increase in consumer and business confidence as shown by all surveys.

These are encouraging signs which are with us and my purpose is, indeed, to try to continue those trends and even to speed them up.

I believe one way of speeding up those trends would be for the Opposition to pass the Income Tax Act amendments which are before the House. That would lead to refunds of about $6 billion to Canadians, thereby encouraging those Canadians either to pay those debts they may have at the present time or spend more on consumer goods, which would help the recovery. That is one way whereby the Opposition could help Canadians in contributing to recovery quite quickly.

As far as I am concerned, once these measures have been passed in the House, I will be very happy to bring forward the budget.

INQUIRY RESPECTING MINISTER'S INTENTIONS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, the Minister of Finance must know by this time that the Canadian public do not want any more rhetoric. They want some action. The farmers who are fighting for survival, the fishermen and the small businessmen, want some type of action which would indicate that the slump, which The Economist of England says is a self-inflicted slump by the federal Government of Canada, might end. Would the Minister answer my question? Why can he not bring in a suitable budget to relieve this malaise into which his Government has got us?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I believe that the greatest source of malaise is probably the rhetoric of the Hon. Member. I would remind him that, since June last year, much has been done to improve the situation of small businesses, fishermen, farmers as well as all Canadians

generally, thanks to the sharp decline in interest rates which have gone down by more than 8 per cent during that time, 800 points all told. In other words, each Canadian in business, be he a farmer or a mortgage, has benefited from a significant decrease in interest rates in recent months, thanks to the policy of the Canadian Government and that of other industrialized countries, including the United States.

Madam Speaker, those measures have been a factor in the rising number of housing starts in Canada, they have given renewed confidence to businessmen and consumers alike, and they have contributed to the steep decrease in the inflation rate in Canada, as evidenced by the fact that the cost of living went up by only 6 per cent since last June as compared with about 12 per cent in previous months. Such are the concrete measures which we have taken and which have given tangible results for consumers and all Canadians. In any case, the rhetoric of the Hon. Member can hardly be a substitute for those measures we have taken since then.

* * *

• (1425)

[*English*]

ENERGY

REQUEST THAT PRICES BE ROLLED BACK

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, my question is for the Minister of Energy. I know he was talking about oil prices over lunch, and I would just like to put the following proposition to him. The Canada-Alberta Energy Agreement provides that the price of Canadian oil will not exceed 75 per cent of the world price. In a press release on September 18, 1981, the Ministers of Energy for Canada and Alberta agreed to roll back the price of oil should it exceed 75 per cent of the world price. In the National Energy Program Update, consumers were promised that they would receive the benefit of any rollback in energy prices. We are not asking the Minister to change the agreement unilaterally, we simply want him to live up to it.

Would the Minister agree to give Canadians the rollback in energy prices they are entitled to, $3 a barrel, which will provide the stimulus that the Canadian economy needs now?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, the view held by the Hon. Member about the agreement is the same as mine, but Premier Lougheed of Alberta does not think the same. He says the agreement he signed two years ago was at a time when the pressure on prices was upward and he never intended, in signing the agreement, to have a decline in prices. We are having an honest disagreement with Mr. Lougheed and we have decided to debate it. The Hon. Member says we should not unilaterally break the agreement. I agree with him, and that is why I will be discussing this problem with Mr. Zaozirny on Friday.

REQUEST THAT TERMS OF OIL PRICING AGREEMENT BE OBSERVED

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, the Minister's response seems to indicate that there are going to be meetings on this matter for a period of time. But if the Government cuts the price of oil by $3 a barrel, it would immediately stimulate the Canadian economy by a non-inflationary $1.5 billion. B.C. would benefit by $190 million; the Prairies, $340 million; Ontario and Quebec, $930 million; and Atlantic Canada, $200 million.

Would the Minister give this House some assurance that he knows what is going on, and that he will live up to a commitment which says that, in the event of a price decrease, Canadians get a rollback?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): I think the Hon. Member can make that statement, but I have to live by his words when he says not to break the agreement unilaterally. There is a disagreement between Alberta and this Government and the Hon. Member would not want me to act unilaterally. He will want me to discuss this matter with the Government of Alberta before reaching a definitive conclusion. That is exactly what I am doing, and I am very pleased to see that the Hon. Member does not want me to break the agreement unilaterally.

REQUEST FOR NEW NATIONAL ENERGY POLICY

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, we are not asking the Minister to break the agreement unilaterally. The agreement is very clear. The press release is very clear. The National Energy Update is very clear. Canadians are entitled to a rollback, and the Minister cannot deny that. But even beyond that is the chaos in our national energy policy. Would the Minister undertake in this House that he will try to give us a third attempt at a national energy policy, something that we can all live by in this country?

[*Translation*]

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): That is exactly what I want to do, Madam Speaker, and that is why I think we have to discuss with the provinces if we want to find a rational solution to that problem. In my opinion, the Province of Alberta is not the only one which is arguing that we should not roll back the price of old oil in Canada despite the lower international price, there is also the Premier of Saskatchewan who shares similar views. Strangely enough, even though there is a new Government in Saskatchewan, the position of that province remains the same. However, the Members of the New Democratic Party have changed their position now that they are no longer in Government in Saskatchewan.

• (1430)

[*English*]

THE ECONOMY

REPORTED STATEMENT BY NEWFOUNDLAND PREMIER

Hon. James A. McGrath (St. John's East): Madam Speaker, I should like to direct a question to the Minister of Finance. He will know that the Premier of Newfoundland is reported as having said that the Prime Minister and the Premiers agreed that the recovery would be short-lived, 18 to 24 months at best, after which the country would slide back into a prolonged bout of high unemployment and low productivity.

Does the Minister of Finance subscribe to the consensus which has apparently developed among First Ministers and, if so, notwithstanding the position he has taken earlier in the House, is it his intention to try to achieve some kind of consensus with the Provinces on a common strategy to cope with this mounting crisis?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, out of experience I would like to check with the Prime Minister about the consensus arrived at at the meeting rather than rely on the words of Premier Peckford.

Mr. Nielsen: Write him a letter.

Mr. McGrath: Madam Speaker, that kind of attitude on the part of the Minister of Finance of Canada is hardly helpful in this sort of situation.

PLIGHT OF PEOPLE ON WELFARE

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a supplementary question for the Minister of Finance. Press reports say that 1.8 million Canadians are now on the welfare rolls of the country. That is 1.8 million men, women and children are on welfare, and last year alone 640,000 Canadians were added to the ranks of the poverty stricken of this country. In a survey conducted in January 50 per cent of those surveyed by Gallup said they would be touched directly or indirectly by unemployment. That is the state of this nation today. I want to ask the Minister of Finance, who surely has some responsibility here, what hope he can offer to those on welfare, to the unemployed, and to those forced on to the poverty rolls?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member will surely recall what Premier Peckford used to say about him during the last election campaign. Surely he would not want me to believe a press report on what Premier Peckford said about a possible consensus, after knowing what the Premier had said about the Hon. Member when he was Minister of Fisheries in the former Government.

Mr. McGrath: Madam Speaker, I believe that the House and the country are entitled to a reply from the Minister of Finance to this most serious question. What is left of his reputation is on the line here.

REQUEST FOR MEETING OF FINANCE MINISTERS

Hon. James A. McGrath (St. John's East): Madam Speaker, I am going to ask the Minister of Finance if he intends to meet with his provincial counterparts at least to address the problem of the two million Canadians who are on the welfare rolls, for which the Provinces have to pick up half the tab.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I do not know where the Hon. Member has been lately. I met with my provincial colleagues last December and again two weeks ago, to address those very questions.

* * *

[*Translation*]

TRANSPORT

CN—POSSIBLE TRANSFER OF PERSONNEL FROM MONTREAL TO TORONTO—GOVERNMENT POSITION

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Transport. The Minister is no doubt aware of the fact that employees of the CN Express Department in Montreal are very concerned about the possibility of this department being transferred to Toronto. In the interest of these employees who are seriously worried about the future, could the Minister inform the House whether he is aware of CN's plans and what he intends to do about it?

Hon. Jean-Luc Pepin (Minister of Transport): Yes, Madam Speaker, I am aware of CN's intentions. We must look at the facts. Last year, CN Express lost $30 million, and one of the reasons was that they were unable to compete with entrepreneurs in the private sector. That led to a plan to merge CN Express and CN trucking services. A study revealed that the centre of operations, and therefore, what might become CN Headquarters for this sector, should be located in the Toronto area. I was told about this, and I said that it was a subject of considerable concern to the Minister of Transport and the Prime Minister. No decision has been made as yet. I have also asked CN to see whether it would not be possible to achieve a compromise.

Mr. La Salle: Madam Speaker—and this also concerns the Minister of Transport—not long ago, the Member for La Prairie, in a paper he drafted, deplored the fact that for ten years Air Canada had been toying with the idea of transferring some of its activities from Montreal or Quebec to Ontario. He also urged the Minister of Transport to force Air Canada to make a statement on this subject. Has the Minister of Transport asked Air Canada to make public, or to comment on, the paper presented by the Member for La Prairie?

Mr. Pepin: Madam Speaker, the Member for La Prairie and myself have been having a very friendly discussion about this for some weeks now. I maintain that the percentage of Air Canada employees working in Montreal has not changed in ten

years, and that Air Canada has invested more in Montreal than it has in Toronto, and there are other examples. However, I seem to be unable to convince my friend, the Member for La Prairie and perhaps others as well. Furthermore, I have suggested several times that the President of Air Canada be invited to appear before the Transport Committee and provide a detailed explanation, so that we would all have a better basis on which to judge this question.

* * *

[*English*]

HOUSING

CUT IN FUNDING FOR SOCIAL HOUSING IN ONTARIO

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, I have a question for the Minister responsible for housing. Parliament is in the process of finalizing the adoption of a Bill which will allow the Government to borrow another $19 billion. Under present economic conditions which have created an increase in the number of people who require social housing, why has CMHC slashed funding by 2,500 units? For example, in Ontario 23 per cent of the budget was slashed. What criteria did the Government use for this, and does the Government have to go deeper in the red in order to meet our social requirements?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I have explained in the House before that the budget was set at 25,000 units some years ago. We were in the position of borrowing from future years. In fact some years we reached the 30,000 level. The Department of Finance, with which we had agreed that these units would eventually be paid back, is now looking at a request I have put forward to delay repayment. I hope that I will soon be able to announce some improvement.

The reality is that we have not cut back; we have adjusted, as we indicated all along. We may decide, in consultation with the Minister of Finance, to delay the repayment of these units.

The Provinces that have been complaining about this issue get off rather lightly from their responsibility for social housing. Some have complained rather bitterly that we have adjusted our expenditures. I have seen very little evidence that many of them have improved on their offers.

POSITION OF MINISTER

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, is the Minister suggesting to the Provinces that they should remove the ceiling on rental housing so that the contractors can go to work and start constructing houses? This would have the effect of doubling the rental rates for these units. Is that what he is suggesting?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I suggest that the Provinces should also play a leading role in this area of social housing. We have been doing our share, and even more.

SHORTAGE OF SOCIAL HOUSING IN MONTREAL

Mr. Derek Blackburn (Brant): Madam Speaker, my question is also directed to the Minister of Public Works and deals with social housing. In the City of Montreal 16,000 persons are waiting to get into low-cost units. Last year the City of Montreal was only able to build 400 units, and this year the number has been increased to approximately 450 units. It is anticipated that within the next two or three years 200,000 people in the greater Montreal area will need decent housing. How can the Minister justify cutbacks in social housing at this critical time?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, the difficulty with the Hon. Member's rhetoric is that he insists on using a word which I have explained very carefully, that in the last three years we have gone over the budget which was allocated and, in fact, we may decide to put off for another year or two the restoration of the level we had been assigned.

• (1440)

The reality is that the present social housing program we are reviewing is to some extent akin to a lottery. Those who are lucky enough to be in have done very well, but there are many who are waiting. This is why I am reviewing it. I would like to know what will be the Hon. Member's position when in fact we review the program and perhaps try to distribute more fairly the rather large amounts we have assigned to it at present.

Mr. Blackburn: The Minister seems to forget the fact that investment in housing is an investment. For every one job in the housing industry, three other jobs are created. This is not just a humanitarian approach; it makes good business sense.

NON-PROFIT CO-OPERATIVE HOUSING

Mr. Derek Blackburn (Brant): Madam Speaker, with a demand in any given year for 10,000 non-profit co-op units in the country, why does the Minister steadfastly refuse, as did his predecessor, to promote low-cost, co-op public housing when it fulfils a very, very important need from coast to coast?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, the Hon. Member will really have to make up his mind. If he wants to create jobs, he cannot look only or mainly to the social housing budget. In reality it is a very expensive program for every unit which is constructed. In that sense he will have to decide whether he wants to create jobs and invest in that part of the economy, or whether he wants to multiply the number of co-operative units.

I might say that we have led the way in social housing, and I hope that other partners, including the municipalities, will join us.

Oral Questions

REQUEST THAT MINISTER CONVENE FEDERAL-PROVINCIAL CONFERENCE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is for the Minister of Public Works. Some time ago, in recognition of the problem which exists with respect to social and co-operative housing, and low vacancy rates in the National Capital area and across the country, I asked the Minister whether he intended to convene a federal-provincial conference with respect to housing, and facing these problems. He told me that he would look into the matter. Has he done so? What is his intention with respect to calling together all the partners in providing housing for Canadians?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I had a meeting with a number of my colleagues at the HUDAC conference in Vancouver. We discussed whether it would be wise for us to get together before, during, or after the budget period. It was agreed that many provincial housing Ministers would want to know what would be the positions of their Ministers of Finance vis-à-vis housing and that in fact we should let the situation develop normally.

QUERY RESPECTING MINISTER'S INTENTIONS

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, is the Minister telling the House that, in effect, the provincial Ministers have said they will await the budget, that the Minister himself feels that we should await the budget, that the question with respect to a federal-provincial conference on housing is still an open one in terms of the Government, and that that matter is still something which will be considered by the Minister responsible for housing?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, the provincial Ministers of housing have done what I have done. They have had close consultations with their Ministers of Finance. I hope out of that will come progress in the area we are discussing.

I might say to the Hon. Member that his question may mislead the House. The reality is that housing starts have improved quite dramatically. In fact it is one of the positive areas of the economy at this time.

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TRANSPORT

APPOINTMENT OF PRESIDENT OF MAISLIN INDUSTRIES

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. As part of the $34 million loan guarantee made by the Government to Maislin Trucking, one condition was that there would be a president appointed acceptable to the company and to the Government of Canada. Could the Minister inform the House whether the appointment of Dick, or R. T. Skillinger, from New Bedford, Massachusetts, formerly of Hemingway Trucking, was acceptable to the Government?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Yes, Madam Speaker.

APPOINTEE'S EXPERIENCE

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, it may be because of the need for experience, but could the Minister explain to the House why it was Mr. Skillinger from Hemingway Trucking, a company which has been operating in bankruptcy under Section 11 of the United States Bankruptcy Act since July 28, 1982? Is this person the man they thought they should have, because of his experience in bankruptcy, to continue to lead Maislin?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, obviously Maislin wanted to hire as competent an individual as it could possibly find on the market because it wants the company to survive. We also want the company to survive because that job preservation is very important to the country. Consequently, after a serious search for a president of the corporation, Mr. Skillinger was the individual thought to be the best person available. We also had some of our people interview him and we felt that he had the qualifications based on the applicants available for the job.

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PETRO-CANADA

REPORTED PURCHASE OF ROMANIAN MANUFACTURED PIPE

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. I ask him to respond to a rather disturbing report which I have received from my constituency indicating that Petro-Canada has literally bought miles and miles, truckloads and truckloads of casing pipe and surface pipe from Romania, and that this pipe is even hauled up to northern British Columbia from Texas, I think, by an American trucking company? Would the Minister comment on that? Would he undertake to investigate the matter and to tell the House whether there is any kind of procurement policy to which the people's oil company is required to adhere?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, of course I am not aware of this problem. Certainly I will inquire about it and report to the Hon. Member. I am glad the Hon. Member sees a role in Canadian society for Petro-Canada. Some of the Members of his own Party did not want Petro-Canada at all.

CANADA MORTGAGE AND HOUSING CORPORATION

AUDIT OF MORTGAGE PORTFOLIO MANAGEMENT SYSTEM

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Minister responsible for Canada Mortgage and Housing Corporation. No doubt the Minister knows that I have some questions on the Order Paper relating to the mortgage portfolio management system. Could he tell the House whether the audit of that program has been completed, what are the costs in ball-park figures, and whether he is satisfied with the program as to its efficiency and general cost effectiveness.

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I am sure the Hon. Member will permit me to take this question as notice. I will look into it.

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THE ADMINISTRATION

EBCO INDUSTRIES LTD.—STATEMENT BY FORMER MINISTER

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. I have given him short notice of it. It refers to the statement which I made on Mr. Norman Cafik yesterday. Two hours ago Mr. Cafik said on television in British Columbia that he was called in to help his company get the $6.7 million DIPP grant. He said, "My job had nothing to do with this sort of thing. I was called in. I used my knowledge of Government to tell them", that is the company, "what to do and how to do it".

Would the Minister agree that that is a clear example of lobbying? Will he also agree to table all correspondence and minutes of any meetings held between Mr. Cafik and the then responsible Minister, the President of the Treasury Board?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, this morning I had a chance to read the allegations of the Hon. Member in the press and I had a preliminary investigation undertaken. I am advised that our Department dealt with this company long before Mr. Cafik was ever employed by the firm. As a matter of fact it received financial assistance from the Government of Canada through the Department of Industry, Trade and Commerce long before Mr. Cafik was employed by the company. I want to also indicate to the Hon. Member that our relations with the company have not changed since Mr. Cafik's employment.

Mr. Waddell: The Minister was not listening to what Mr. Cafik said. He said that he was called in especially to use his knowledge.

ROLE OF FORMER MINISTER OF INDUSTRY

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my supplementary question is directed to the same Minister. Given the fact that Mr. Cafik also said that he met personally with the present President of Treasury Board before the two-year period was over, that the contract was dated exactly two years after he quit Government, and that in fact he saw the Minister and made representations, would the present Minister of Industry, Trade and Commerce not agree that the previous Minister—I am not referring to Mr. Cafik, but to the previous Minister responsible, who is now the President of Treasury Board—breached the guidelines by giving privileged access in this matter? Will he now agree that the Government should in fact refer this matter, the Gillespie matter, and the matter of the conflict of interest guidelines, to a House of Commons Committee for examination?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, with the greatest respect to the Hon. Member, as I understood his preamble, he was getting his information third-hand from the media who allegedly heard it from Mr. Cafik. I will check that out with Mr. Cafik. I want to also remind the Hon. Member that Mr. Cafik was, as I recall, the Minister of Multiculturalism and not the Minister of Industry, Trade and Commerce and Regional Economic Expansion. However, I will have a discussion with Mr. Cafik and get back to the Hon. Member.

* * *

• (1450)

ENERGY

FUNDING FOR BEAUFORT SEA RESOURCE DEVELOPMENT

Mr. Jack Shields (Athabasca): Madam Speaker, my question is directed to the Minister of Finance. How does the Minister justify allocating $1.5 billion to the development of resources in the Beaufort Sea while only allocating $40 million for the development of human resources, our greatest human resource being the unemployed youth of our country?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, quite frankly, I wonder where the Hon. Member got those figures. We now have a general program of incentives for the oil industry which benefits all companies in Canada, especially Canadian companies. The money spent by oil companies in Canada is beneficial to Canadian workers. As the Hon. Member himself has regularly spoken in this House over the last few years about the problems of the oil industry and the resulting unemployment, I am surprised at his rising today to express his concerns over a possible resumption of activity in the oil industry.

Regarding assistance to the unemployed in Canada, Madam Speaker, I remind him that the Canadian government has allocated over $2 billion in its budget to help those who are looking for work through direct job creation programs, not to mention the $8.6 billion paid to the unemployed last year.

[*English*]

Mr. Shields: I am complaining about the insensitivity of the Government to the plight of the young people across the country who are facing unemployment. That is what I am complaining about.

DEVELOPMENT OF ALBERTA OIL SANDS

Mr. Jack Shields (Athabasca): Madam Speaker, my supplementary question is for the Minister of Energy, Mines and Resources. At a small Liberal meeting held on the weekend in southern Alberta, the Minister of Industry, Trade and Commerce announced that there would be two projects going ahead in northeastern Alberta for the development of the oil sands. Does the Minister know of this new development in his Department and, if so, would he elaborate and tell us where these projects would be developed?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, as I said, there are some negotiations taking place at this time between the industry and the Alberta Government on some projects in Alberta. When we are ready to give more specific information, we will do so. Some announcements might be made quite soon, and others might take some time. Of course the Minister of Industry, Trade and Commerce knows that the federal Government will do everything possible to make sure that these programs go ahead.

REPORT OF MINISTER'S STATEMENT

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. He was reported as saying in Lethbridge, "New life could be breathed into Alberta heavy oil projects within the year." Can that statement be taken seriously, or was the Minister more inclined to be attempting to breath new life into the Liberal Party of Alberta?

If it is the former case, would he indicate where and what number of jobs will be created, as well as indicating what changes are contemplated in the National Energy Program, since that would give some hope to the many industries associated with the oil industry which clearly have their backs against the wall?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the question that I was responding to when I was in Alberta was about the two megaprojects, Alsands and Cold Lake. We on this side of the House happen to have more confidence in the future of the economy than hon. colleagues on the other side. I indicated that in major capital projects—and I did not mention only megaprojects specifically—which we categorized as over $100 million, there has been a heightened interest from the principals of many of these projects during the past three or four months.

I and my colleague, the Minister of Energy, Mines and Resources, have had several meetings with the principals of some of these projects who are now rethinking their possibilities. Thus we are very confident that in the future some of these projects which have been postponed because of the international economic situation will be undertaken.

REQUEST FOR FORECAST OF POSSIBLE EMPLOYMENT

Hon. Don Mazankowski (Vegreville): Madam Speaker, surely it is time to separate the fluff from fact. If the Minister has something positive to say about future development, can he tell us how many jobs will be created, where they will be created, and what kind of changes will be made to the National Energy Program so that these projects can go ahead?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I was just trying to provide a little bright light out there in Alberta because I know some of the MPs from Alberta who sit here in the House are obviously very negative about the economic future of the country. I was just trying to provide some optimism based on the discussions that my colleague the Minister of Energy, Mines and Resources and I have had.

I am surprised that the Member for Vegreville, who is a former businessman, would want me to indicate in public confidential commercial information discussed between business people and the Government of Canada. I am a little amazed at the Hon. Member's request.

* * *

HOUSING

ASSISTANCE PROGRAM TERMINATION DATE—EFFECT ON NORTHERN AREAS

Mr. Arnold Malone (Crowfoot): Madam Speaker, my question is for the Minister responsible for housing. Bearing in mind that a number of new Canadian homebuilders would like to receive the $3,000 grant for homes, and that the Government's policy is that the footings have to be in the ground before April 30, and since there is still frost in the ground in much of Canada by April 30, how much longer will the Minister continue Southern Canadian policies whereby northern Canadians cannot live with those policies? Is he intending to send the Minister of Agriculture out to speak Chinook on the building sites, or have the Prime Minister wrestle the foundations into the ground?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I have undertaken to examine this definition of demarkation lines and we are doing so. I hope to come up with a solution. I might say to the Hon. Member that I will not do anything to prevent people from putting in foundations and getting a fair chance, if I can avoid it.

GOVERNMENT POLICY

Mr. Arnold Malone (Crowfoot): Madam Speaker, I would ask the Minister, bearing in mind that it costs almost as much as the $3,000 to get those footings into the ground, when will the Liberals stop adopting the policy that they will give to those who should get, on the basis that those who have got have to give back that which they got in order to get that which they got, such that that what they got was for nought?

[*Translation*]

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I shall check the exact translation of what the Hon. Member has just said. However, I must tell him that this program was designed to promote the construction of residential buildings and that we intend to maintain this policy.

* * *

[*English*]

INDUSTRY AND LABOUR ADJUSTMENT PROGRAM

APPLICATION TO FIRESTONE TIRE AND RUBBER COMPANY

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. The Minister will recall that approximately one year ago the Minister of Indian Affairs and Northern Development announced with great fanfare an ILAP grant for the Firestone Tire and Rubber Company. We have seen no results from that as yet, even though there was supposed to be money forthcoming. I understand that some problems are now developing. Can the Minister tell us how long it will be before the rationalization process that is to be undertaken can begin? How long will it be before the money will be made available?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as I understand it, the Firestone Company has already undertaken some of the modernization program that we agreed to when my colleague, the Minister of Indian Affairs and Northern Development, made the announcement.

We have extended the ILAP application because some of the wording of the agreement is still to be worked out with the company. We expect to resolve this within the next couple of weeks.

* * *

ENERGY

MINISTER'S STATEMENT IN ALBERTA

Mr. John Thomson (Calgary South): Madam Speaker, I have a supplementary to an earlier question asked by my colleague from Vegreville regarding the two so-called mega-projects in Alberta. As I read the report in the newspaper, the Minister was quoted as saying that these two projects in excess of $100 million would be on stream before the end of the year. Is that what he said, that they would be on stream before the end of the year?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I will be happy to provide the Hon. Member with a copy of the tape of that interview. No, I did not even mention those two specific projects at all.

* * *

INCOME TAX

PROPOSED TAXATION OF NORTHERN BENEFITS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, my question is directed to the Minister of Finance. Late last year he told us what his plans were for the taxation of certain northern benefits that had not been taxed before. This created quite a furor. He has received many representations in opposition to those proposals. Could he tell us now whether he has reconsidered these plans and whether he might change them in light of the representations, or preferably get rid of them altogether?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I did in fact announce last year measures concerning the taxation of northern benefits. This was done after consultations and meetings with many organizations and concerned groups. Obviously everyone would rather not pay taxes. However, if we want the country to work and if we want to have some equity in the sharing of responsibilities in Canada, there has to be a distribution of taxes. I announced a decision which will gradually eliminate the inequity of the present system and give some time to the workers involved to negotiate better working conditions with their employers taking into account the adjustment required by the announced tax changes.

I hope that the manner in which this program was announced will allow the workers involved to negotiate better working conditions with their employers and that Canadian taxpayers will no longer be required to finance these benefits to the advantage of employers.

* * *

• (1500)

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the petitions presented by two hon. members on Tuesday, March 15, 1983, meet the requirements of the Standing Order as to form.

[*English*]

PRIVILEGE

MR. MACKASEY—PAID LOBBYIST ALLEGATION IN MONTREAL "GAZETTE"

Hon. Bryce Mackasey (Lincoln): Madam Speaker, in a series of articles beginning last Thursday in the Montreal *Gazette*, it was repeatedly stated that I owned a numbered company, 109609 Canada Limited, and that I was a paid lobbyist. A Member who is a paid lobbyist, soliciting the Government, is breaking the law and has no right to be sitting in the House of Commons.

I have, of course, and I say this with great satisfaction, spent most of my 20 years in public life lobbying. I have lobbied for the elderly, for the underprivileged and for the unemployed. I have lobbied for businessmen, for companies and for industries from one end of Canada to the other, and so has every Member of the House of Commons. Lobbying for constituents and for other Canadians is very certainly not against the law. It is, in fact, a vital part of the responsibility we have as Members.

But, of course, that is not the issue before the House. That is not the accusation. That, of course, is not why I am standing here at this moment. I am standing here because I have been accused of being a paid lobbyist. If I were a paid lobbyist, I would be in violation of the Senate and House of Commons Act. In short, Madam Speaker, I would be a lawbreaker who has no right to be sitting in this House. That is the accusation, and I wish to deal with it right here and now.

Madam Speaker, do I own or have I ever owned this famous numbered company, 109609? My answer is categorical, and my answer is no.

Did I ever directly or indirectly own any share of 109609? My answer is categorical, and my answer is no.

Madam Speaker, was I ever paid or promised payment to lobby for 109609 or for any other company or companies associated with it? My answer is categorical, and my answer is no.

Finally, did I promise, in exchange for payment, direct or indirect, to lobby at some future time for 109609, for Les Ateliers d'usinage Hall Ltée., or for any other company or companies associated with it? My answer is categorical, and my answer is no.

[*Translation*]

Did I ever agree to be financially rewarded, directly or indirectly, for lobbying on behalf of a numbered company, 109609 Canada Limited, namely, Les Ateliers d'usinage Hall Ltée, or any company associated with it? The answer is no, Madam Speaker.

[*English*]

Madam Speaker, these false and slanderous accusations in the Montreal *Gazette,* Quebec's only English daily, have humiliated my family, tarnished my reputation and, if left unchallenged, could even blemish the reputation of this institution and those who serve in it; for as I noted just two weeks ago in debate, the reputation of the House reflects the individual and collective integrity of its Members.

The privileges of this House, of its Members, are privileges which have been accumulated through the centuries, privileges which we guard jealously in this House. One of those privileges which is mine as a Member is to ask the House, my fellow colleagues from all Parties, to accept my word as an honourable gentleman. That is a privilege which is mine, but it is a privilege which I do not intend to abuse or hide behind. I have too much respect for this institution to abuse its privileges.

To remove the blemish on myself and on my family, and any possible reflection on this institution which I respect so much, which dishonesty on my part could cause, I wish to move the following motion:

That the allegations in the Montreal *Gazette* on March 10, March 11 and March 12 of 1983 that the Hon. Member for Lincoln owned 109609 Company Canada Limited and, through that company, while being a Member of the House of Commons, was a paid lobbyist, be referred to the Standing Committee on Privileges and Elections as soon as possible.

Some Hon. Members: Hear, hear!

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the Hon. Member for Lincoln (Mr. Mackasey) has been a Member of this House for a good many years—and I was here when he first became a Member—during which time he has established a reputation for fairmindedness and decency, a reputation which all of us can appreciate he would want to preserve.

We have received no notice of his actions today. While we all expected that on the first occasion of his return to the House he would be doing just what he did, we have not had time to consider the terms of reference which he has proposed and which we have heard for the first time today.

I think that he would be the first to agree that it is not only our responsibility but also that of the Chair to consider whether, in the exercise of that responsibility, we can follow our immediate inclination, which would be to accept immediately his motion of reference. However, he has used the word "slanderous", which gives rise to the possibility of court proceedings. That is a question which I believe deserves examination. I am not certain whether or not the bankruptcy proceedings giving rise to the allegations to which he has referred are still ongoing or whether they have been concluded. There may be other investigations, we do not know.

• (1510)

Proceeding with that prudence and in the light of our practices and precedents, there may be an obligation on the part of the Chair to examine that motion and its acceptability. My suggestion to the House would be that we set over until tomorrow the consideration of this motion and, in the meantime, perhaps the Hon. Member would be good enough to provide us with a copy. Perhaps he would also be good enough to speak with me about the circumstances surrounding the areas of concern that I have and that we have with respect to the exercise of the proper responsibilities of Members in dealing, hopefully favourably, with his motion.

Hon. Edward Broadbent (Oshawa): Madam Speaker, I would like to begin by saying that we in the New Democratic Party have respected the Member for Lincoln (Mr. Mackasey) in terms of his service in this House over the years. We have differed seriously from time to time but there has never been on our part any questioning of his integrity or of his practice being anything but in complete accordance with the rules of this House.

Therefore, we were very pleased indeed to hear what the Member had to say, to hear his proposal that he rejects categorically the allegations, which are serious and which, as he points out, reflect on all Members of the House, and that they are not only misleading but totally false, in the Hon. Member's words.

On the surface, we like his proposal that the matter be referred, and having noted what the Leader of the Official Opposition has said and that the Hon. Member for Lincoln himself agrees that we should let this motion stand until tomorrow, I would like to support that proposal so that more informal discussions can take place. This would mean that the intent of what the Hon. Member for Lincoln obviously wants is observed, namely, that there should be a complete airing of this matter, which is serious, here in the one body of this country of ours where this matter should be aired, in the House of Commons.

I want to conclude by saying once again for my colleagues that not only did we listen with care to what the Hon. Member had to say, but we deeply and genuinely believe that everything he has had to say will turn out to be completely true.

Madam Speaker: I suppose it is clear to the House that the Hon. Member for Lincoln has simply advised of his intention to move the motion. Technically speaking, there is not before the House a motion to refer this matter to the Standing Committee on Privileges and Elections. There would only be a possibility of moving that motion if the Chair finds a prima facie case of privilege which, upon the advice of all those who have intervened, and indeed because the Chair does need some time to consider this matter, I will take under advisement. I am not promising that by tomorrow I will be in a position to rule on it, but I will certainly do it as expeditiously as possible.

Some Hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, if question No. 4,430 could be made order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: Is it the pleasure of the House that question No. 4,430 be deemed to have been made an order for return?

Some Hon. Members: Agreed.

[*Text*]

SPIN-OFFS FROM AID TO COUNTRIES FOR OIL AND GAS EXPLORATION

Question No. 4,430—**Mr. Mazankowski:**

For each oil and gas exploration and development foreign aid program financed by Petro-Canada International or CIDA (a) what Canadian goods and services have been purchased by the foreign country and at what cost (b) how many Canadians were hired to assist in the projects (c) what was the total number of person-years of employment to Canadians (d) what was the occupational distribution of the Canadians employed?

Return tabled.

[*English*]

Mr. McKinnon: Madam Speaker, I rise on a point of order. I would like to ask the Parliamentary Secretary if he is able to enlighten me as to when I might expect an answer to starred question No. 4,336 which I put on the Order Paper on May 19. It concerns a case of what appears to be discrimination against a former Lieutenant, Geoffrey Wright, who was in the regular army and has been released and denied admission to the Reserve.

Mr. Peterson: Madam Speaker, quite frankly I have absolutely no idea where that question and response thereto stand, but I shall certainly endeavour to find out for the Hon. Member and get back to him as quickly as possible.

Mr. Stevens: Madam Speaker, I rise on a point of order. As we have a new Acting Parliamentary Secretary I was wondering if I could direct his attention to the fact that question No. 2,042 of January 29, 1981—that is over two years ago—asking the simple question what was the total cost of the Prime Minister's world tour of late 1980-1981, has not been answered. As the Acting Parliamentary Secretary knows, only last evening the Minister of Finance at a committee which he chaired assured us that if we put a question on the Order Paper we would get an answer promptly. I know the Government must be very anxious to answer these questions. Why has this one not been answered?

Mr. Peterson: Madam Speaker, I regret very much that we are not 100 per cent perfect in answering every question that has been put to us by all Hon. Members opposite. I guess we have to ask ourselves, can we be expected in all circumstances to respond with alacrity, speed and truth to all questions that are posed to us.

Some Hon. Members: Oh, oh!

Mr. Peterson: I would like to come back to the fact that to date we have responded to 3,974 questions. This is 83.9 per cent of all questions that have been asked of this Government

and is not a bad record. All of us realize that responding to these questions requires a great deal of research, study and departmental time. The fact is that 3,974 questions have been answered to date and we all know what an expense that is to the taxpayers.

Having said that, I will certainly endeavour to get back to the Hon. Member as soon as possible.

Mr. Stevens: Madam Speaker, I rise on a point of order. The Acting Parliamentary Secretary says they are perhaps not batting 1,000, but they are batting zero as far as my questions are concerned. There are five other questions, Nos. 3,216, 3,217, 3,218, 3,219 and 3,220, all asking similar questions about the escapades of our Prime Minister in some far away part of the world. When can we get public record information as to what these escapades cost and, in fact, how much of that cost will the public be required to cover?

Mr. Peterson: Madam Speaker, if the question involves the major premise that these trips are merely escapades, I can understand why he does not even deserve an answer to them. My goodness, is there any Head of State who is not called upon to travel around the world in order to keep in touch with their trading partners, allies, those who are committed to defending the free world, along with Canada? These are important trips and I resent very much the fact that the Hon. Member for York-Peel is calling the trips escapades.

* * *

MOTIONS FOR PAPERS

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I ask that all notices of motions for production of papers be allowed to stand.

Madam Speaker: Shall all notices of motions for production of papers be allowed to stand?

Some Hon. Members: Agreed.

Madam Speaker: Orders of the day.

• (1520)

PRIVATE MEMBERS' BUSINESS—PUBLIC BILLS

[*English*]

Mr. Lewis: Madam Speaker, I rise on a point of order. When you, Madam Speaker, called Orders of the Day, if you were to stand all items of Private Members' Business and call Bill C-653 immediately, I am authorized to give the unanimous consent of the Progressive Conservative Party to immediate passage of Bill C-653 in order that it may go to committee for consideration.

We understand that the NDP Party is also prepared to support the immediate passage of this Bill. I have taken the precaution of advising the independent Member of the House for Edmonton East (Mr. Yurko) of our intention and he advises that he is in agreement with our actions.

[*Translation*]

Madam Speaker: First of all, shall all items listed under Private Members' Public Bills preceeding No. 653 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

[*English*]

FARMERS' CREDITORS ARRANGEMENT ACT

MEASURE TO AMEND

Mr. Ralph Ferguson (Lambton-Middlesex) moved that Bill C-653, an Act to amend the Farmers' Creditors Arrangement Act, be read the second time and referred to the Standing Committee on Agriculture.

Motion agreed to, Bill read the second time and referred to the Standing Committee on Agriculture.

* * *

[*Translation*]

CANADA ELECTIONS ACT

AMENDMENT RESPECTING REGISTRATION OF POLITICAL PARTIES

Mr. Gaston Isabelle (Hull) moved that Bill C-661, an Act to amend the Canada Elections Act (Registration of Political Parties), be read the second time and referred to the Standing Committee on Privileges and Elections.

He said: Mr. Speaker, I have had the privilege of presenting Bill C-661, an Act to amend the Canada Elections Act and more specifically as it deals with registration of political parties. My explanations will be brief, Mr. Speaker, because I shall also be highlighting a number of facts to demonstrate that eventually, it will be necessary to change the Canada Elections Act, and perhaps also the Income Tax Act, regarding the deductibility of donations to registered political parties.

In order to preserve the national character of federal political parties, this Bill would limit registration to parties that have the required number of candidates distributed in a majority of the provinces.

I shall now refer to the present text of Sub-sections 13(2) and 13(3) of the Canada Elections Act, which reads as follows:

"(2) Upon receipt of an application for registration of a political party pursuant to subsection (1), the Chief Electoral Officer shall examine the

application and determine whether the party can be registered under this section and

(a) where he determines that, on the nomination by the party of fifty candidates in accordance with paragraph (3)(a) or (b), whichever is applicable, the party could be registered, so inform the leader of the party—

I shall stop here, since at this point I would like to see a condition that goes further than the requirement of fifty candidates in order to register a political party.

Paragraph (2)(a) of the amended text, that is, the one I am proposing in my Bill, Mr. Speaker, reads, and I quote:

(*a*) where he determines that, on the nomination by the party of fifty candidates distributed in a majority of the provinces in accordance with paragraph (3)(*a*) or (*b*), whichever is applicable, the party could be registered, so inform the leader of the party;—

That is the whole point, Mr. Speaker. It is easy to understand why a political party, if it wants to operate at the national level, should be obliged to field candidates in a majority of the provinces, that is, in five out of six. These are candidates who will be working on the federal scene—if they are elected, of course. Without this obligation, regional or provincial groups, which I would prefer to qualify as local, will use Parliament as a platform for their own specific interests by disrupting or simply paralyzing the proceedings of the House of Commons. Considering the vulnerability of our Standing Orders, I am sure that if a provincial group representing one or more provinces were to be elected and were to operate on the federal scene, this might cause many problems since these parties would bring the normal activities of this House to a complete standstill.

Mr. Speaker, a number of questions were raised by some observers when I presented this Bill. They said the Bill was aimed at preventing the Parti Québécois from going federal.

However, when I read Part III of the new Canada Elections Act on the registration of political parties and also the provision regarding election expenses, I wondered, Mr. Speaker, whether the Parti Québécois was not trying, in a roundabout way, to collect funds from sources other than the voters of the Province of Quebec. Actually, the purpose of registering a national party is simply to be able to collect funds and provide receipts for income tax purposes. Mr. Speaker, when the Parti Québécois applied for registration to the Chief Electoral Officer, it was because it wanted to operate on the federal scene. This means that the application made by Mr. Lévesque, the Leader of the Parti Québécois, will be approved, provided the conditions for registration as a national political party are met. It means that in the next election, to all intents and purposes, Mr. Lévesque will be able to stand for election or field candidates on the federal scene. This also means, Mr. Speaker, that if anyone gives a donation of $100 to the Parti Québécois it would then have the same status nationally or federally as the Progressive Conservative or Liberal or NDP parties that the donor would get a receipt for $100, with which he could then obtain a federal tax rebate of $75. A copy of the receipt would also entitle him to a 50 per cent or $50 rebate on Quebec provincial income tax, under the Quebec Elections Act.

In other words, to all intents and purposes, a supporter who contributes $100 to the Parti Québécois once it has been duly registered as a national party will receive from both levels of Government an income tax deduction of $125. That is why something has to be done about the Income Tax Act to change a situation which will indeed create a serious injustice for all Canadians.

Is the Parti Québécois so hard-pressed that it has to circumvent its own legislation—everybody knows that in the Province of Quebec contributions to political parties are allowed only when made by voters or residents of the Province—and find roundabout ways to go outside the Province of Quebec and raise the funds it needs for its electoral campaigns? Or is it simply trying to take advantage of loopholes in our Income Tax Act once again to fill its election coffers?

I want to conclude, Mr. Speaker, by saying that it is imperative that we plug that loophole in the Canada Elections Act with regard to the representativeness of candidates throughout all of Canada, and the Income Tax Act will have to be amended as well. Otherwise, all Canadians would be financing the elections of the Parti Québécois! I might add that I am talking about the Parti Québécois which is seeking national registration because, as far as I know, it is the only provincial party that is doing so. None of the other provincial political parties, whether they are Liberals or NDP, are registered. That would be unfair to the other parties and a flagrant injustice done to all Canadian taxpayers.

Indeed, Mr. Speaker, I have referred to the Parti Québécois because it is the only group which is doing this. It may or may not have planned it that way, I do not know, but the fact is that I did notice and I think that others are now aware of that anomaly in the Canada Elections Act. Besides, Mr. Speaker, what is the challenge on the federal scene for those new crusaders who are already breathless as a result of their costly and fratricidal battles for the independence they had promised but were unable to deliver? What would they be accomplishing here other than dying needlessly in a suicidal assault, those supporters of a party whose only legacy to what was once *la belle province* will be an ephemeral and deceiving pseudo-victory which in fact will become nothing more than a passing illusion? Fortunately, I hope that the passage of time will make people soon forget that they even lived through those years. I urge my colleagues to give serious consideration to this huge loophole in the Canada Elections Act and to defend the national interest which must always be the priority of the House of Commons of Canada.

• (1530)

[*English*]

The Acting Speaker (Mr. Blaker): The Chair recognizes the Hon. Member for Dauphin (Mr. Lewycky). I believe it is

appropriate that the House be informed that there may be a suggested amendment—I say there may be; it is not before the House at the moment—which would withdraw the Bill and refer the subject matter to a committee. I believe the Hon. Member for Dauphin is entitled to know that that kind of consideration is going on in the Chamber at the moment. I can say nothing further in that regard.

Mr. Laverne Lewycky (Dauphin): Thank you, Mr. Speaker. I am glad of the information which you have provided, but I would like to put on the record some of the concerns which we have with respect to Bill C-661. I will perhaps begin there, so that whatever does happen to this Bill, whatever is decided, perhaps some of the concerns we have regarding this Bill will be considered.

I would like to divide my remarks on form and content of this particular Bill. There are some concerns we have with regard to the drafting of the amendment in that there is not necessarily a very clear definition of what is meant by "the majority of the Provinces". I realize a simple majority would be six Provinces, and if that is what we are talking of here, I do have a few questions because there seems to be an omission of the Northwest Territories and the Yukon. For our part, we view Canada as including the Northwest Territories and the Yukon, which represents about two-thirds of Canada geographically. This might be one consideration which Hon. Members might want to note when we speak of this amendment in terms of the whole question of "a majority".

In the wording "of a majority of the Provinces", there does not seem to be any amplification. I know that the Hon. Member's intention is to preserve the national character of the federal political Parties, but if we refer to things like the Constitution, there is a requirement that these Provinces would constitute, let us say, 50 per cent of the population. Therefore, if we are talking about a simple majority of the Provinces, one of the considerations would be the population.

If a Party, for example, had candidates in Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Saskatchewan and Manitoba, that constitutes six Provinces, but it would represent only 12 per cent to 14 per cent of the population.

So if the intention of the Hon. Member is that the national character of the country be represented, there is some question whether this amendment, as worded, actually does deal with that issue. For example, could we have one candidate in five Provinces and 45 candidates in one Province? Under the strict technical guidelines, would this not constitute a majority of Provinces? Is it still dealing with the intentions of the Hon. Member? We have some questions with regard to the form of this Bill because the complex question of how one divides up the country and how one legitimately apportions these candidates in the country is not covered by this amendment. So we do have several questions, Mr. Speaker, with regard to the form of this amendment, but if, as you suggested, there might be some disposition of the House to refer the matter to committee, I am sure the committee will take into consideration my remarks. I happen to serve on the committee and I would make sure that these matters would be raised.

In addition to the question of form, Mr. Speaker, I would also like, for the benefit of the House, to raise some questions with regard to the content or key elements which are being brought into play here. Now, I know we would probably want to avoid undue extremes in legislation. By that I mean we want to make sure that we do not present any sort of artificial impediments to legitimate Parties which may have regional origins. History shows that Parties like the CCF began on the Prairies, a regional origin, and at the outset may not necessarily have had quite the same sort of national scope envisioned in this Bill. The Progressive Party began in the West. We have various parties with regional beginnings, and I do not know whether this proposed legislation necessarily excludes that; so we would have some questions on the content. On the other hand, I think we are aware that this legislation would permit almost all regionally-based Parties to be registered. I think we appreciate in one sense the intent of the Hon. Member in looking at the question of nationhood, federal Parties and Canada's federal character, but I do want to point out these reservations as to content.

• (1540)

On a sociological basis, Mr. Speaker, we would also want to look at what is done in other countries with regard to registering Parties. For example, I note that the handbook of the House of Commons in Great Britain lists Parties such as the Scottish Nationalist Party, the Official Unionist Party, the United Ulster Unionists and the Ulster Unionist Party. What exactly their status is concerning registration is, of course, something which would require a little bit more research, but if the Mother of Parliament allows, as it were, regional Parties the opportunity to express their concerns and opinions, I am wondering whether we should not be as open-minded.

I know the Hon. Member has expressed some concern about the Pequiste Party in Quebec, but if some of their members were elected to this House, I wonder if rubbing shoulders with people from Manitoba, Saskatchewan or B.C. this would not give them some additional perspective. Before long they might see that some of the perceptions held by other Canadians are valid and some of them might have a change of heart or opinion.

I would like to examine on a philosophical basis whether we want these types of restrictions at this time, Mr. Speaker. We have just come through a very trying period with regard to our Constitution. Included in that Constitution is a Charter of Rights and Freedoms. Everyone has the freedom of conscience and religion, the freedom of thought, belief, opinion and expression, including freedom of the press and other media communications, the freedom of peaceful assembly and association. I suggest, Mr. Speaker, that we could include in freedom of association the question of political association. Would we be placing an unnecessary impediment in the way of people who wish to register a Party?

The third section of the Bill of Rights includes the provision that every citizen of Canada has the right to vote in an election of Members of the house of Commons or legislative assemblies and to be qualified for membership therein. If I were to dovetail the freedom of association with those democratic rights, I wonder whether we would be in violation of those freedoms if we were to place these kinds of restrictions in legislation. I mentioned before that one of the most important positions in this land is that of a private citizen with the right to vote. So on a philosophical basis, Mr. Speaker, I do have some questions as to the content of this particular Bill.

In addition to that, I would point out that in some ways Canada is a democratic model for other countries. I think if that is true we ought to be an ideal model, one that no one is afraid to copy, one which gives the greatest expression to democracy through our political Parties. Keeping that in mind, I wonder whether this particular amendment might not be somewhat restrictive. I know that last night, Mr. Speaker, at the Canada-Europe Association we talked about this whole question of having a conference on democracy and Canada's participation. If we want to use our own Elections Act as a model for democracy, then perhaps this amendment is too restrictive at this time. We may want to reconsider it at some other time, but I am just wondering about it at this time.

The Hon. Member who spoke earlier talked about the problem of certain political Parties being able to receive donations provincially and federally. I am sure that if I talk to him more specifically on this, I would appreciate a bit more the particular problem he is raising. However, we do have provincial Elections Acts which allow us to contribute to the provincial Party as well as the federal Party, so that I can and do contribute to the NDP both federally and provincially. We issued tax credit receipts for both political Parties. However, I cannot claim that twice. I think there are ways of dealing with this to make sure that the taxpayer is not penalized and I am sure other Provinces have similar provisions in their Elections Acts.

• (1550)

I have mentioned our concerns about the form of the Bill and the fact that there is no recognition of the Yukon and Northwest Territories which is especially relevant in light of what is happening today at the conference dealing with aboriginal rights. I think that is a serious omission.

We also have questions about the content of the Bill and the difficulty of trying to relate it to the history of the country and to what is happening in other parliaments. We have been trying to understand our democratic role as citizens of Canada. I wonder if the Bill might not be a little too restrictive. I may not be aware of all the problems at this time but we feel that this may not necessarily be the wisest thing to do.

Should Hon. Members choose to have this matter referred to committee, I would be delighted to raise these concerns at that time. I am sure answers will be forthcoming to the questions that I have raised. Perhaps we would all be satisfied to have the matter dealt with expeditiously in that way.

Thank you for the opportunity to share some thoughts on the Bill this afternoon, Mr. Speaker.

Mr. Maurice Harquail (Restigouche): Mr. Speaker, I am pleased to participate in the discussion on Bill C-661 this afternoon. I want to begin by congratulating the distinguished Hon. Member for Hull (Mr. Isabelle) for bringing before the House Bill C-661, an Act to amend the Canada Elections Act in regard to the registration of political Parties. In my view, this is the very essence of the Private Members' hour being used in a productive way.

One observes that there is the possibility of a conflict of interest between the provisions of the Bill and the Canadian Charter of Rights and Freedoms, particularly Section 2 which guarantees the freedom of association and expression, and Section 15, which prescribes equality of treatment for all. Even if the Bill were compatible with the Charter, and assuming it was adopted by the House, there is no guarantee that it would achieve its purpose because it would be relatively easy to comply with the new requirements.

On the other hand, Party registration is a problem which should be considered at this time, especially as we are faced with a proliferation of political Parties in the country. There are ten official federal political Parties, some of which are not interested in having candidates elected. The cost and administrative difficulties which they may engender force us to reconsider the whole question of registration of political Parties.

I want to recognize the contribution to the debate this afternoon by the Hon. Member for Dauphin (Mr. Lewycky) and express appreciation for the indication that there is a disposition to have the subject matter of the Bill referred to the Standing Committee on Privileges and Elections. I had a conversation earlier with the Hon. Member for Laval (Mr. Roy) and he pointed out that the Parti Québécois is only interested in matters within the boundaries of the Province of Quebec, yet it is registered across the country and can take advantage of the provisions of the Income Tax Act. One might even say it is an unfair advantage. That is a classic example of why it is important to try to stop that type of thing from happening.

In form and substance the Bill is very important. In order that the proceedings of the House may not be delayed any longer, I move:

That the motion be amended by deleting all the words after the word "that" and substituting the following therefor:

Bill C-661, and Act to amend the Canada Elections Act in respect of registration of political parties, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject matter thereof referred to the Standing Committee on Privileges and Elections.

I hope there is a disposition to have this matter referred to the Committee with dispatch so that it can discuss the subject matter of the Bill and not the Bill itself as presented this afternoon.

The Acting Speaker (Mr. Blaker): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said amendment?

Some Hon. Members: Agreed.

Amendment agreed to.

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the motion, as amended?

Some Hon. Members: Agreed.

Motion, as amended, agreed to.

The Acting Speaker (Mr. Blaker): Accordingly, the order is discharged, the Bill is withdrawn and the subject matter thereof is referred to the Standing Committee on Privileges and Elections.

Order discharged and Bill withdrawn.

The Acting Speaker (Mr. Blaker): Pursuant to Standing Order 24(2), it is my duty to interrupt the proceedings at this point and to ask for the consent of the House that all orders listed on today's Order Paper under Private Members' Public Bills preceding Order No. 155 be allowed to stand by unanimous consent. Is that agreed?

Some Hon. Members: Agreed.

* * *

CANADA ELECTIONS ACT

AMENDMENT TO INCREASE AMOUNT OF CANDIDATES' DEPOSIT

Mr. Maurice A. Dionne (Northumberland-Miramichi) moved that Bill C-355, to amend the Canada Elections Act (deposit), be read the second time and referred to the Standing Committee on Privileges and Elections.

He said: Mr. Speaker, it is relatively rare that one has the opportunity to debate his own Bill in the House unless one is a Minister of the Crown. I am therefore pleased to have the opportunity to at least debate this Bill this afternoon.

The purpose of the Bill is to increase the deposit of candidates in general elections or by-elections from $200 to $2,000. I suppose many people will ask why this should be done. To my knowledge, the $200 deposit has been in effect since Confederation.

• (1600)

I am sure all of us have noticed that in recent times there has been a vast proliferation of candidates particularly in general elections. In fact, in the last several general elections we have seen the phenomenon of more than one candidate representing the same Party in the same constituency. This is an indication that people are trying to make a farce of free elections.

I do not think, whatever one may think of a Government or a Party, one should have the inexpensive opportunity to poke fun at elections, because free elections are the very basis of democracy. Therefore, candidates should be prepared, if they wish to stand for election to the House of Commons, to demonstrate their sincerity by putting a substantial sum of money on the line. Today $200 is not really a substantial sum of money when it comes to an election deposit. It is not very difficult for any individual, unless he is a complete loony, to find ten people who will put up $20 each so that he can put his name on the ballot. It should be made much more difficult for people whose only purpose in an election campaign is to obtain some publicity to achieve that rather spurious purpose.

There are other reasons as well. It has become noticeable of late that many fringe candidates—in fact, I would go so far as to call them lunatic candidates—indeed do disrupt election campaigns.

Mr. Blaikie: You should not talk about Members of your Party that way.

Mr. Dionne (Northumberland-Miramichi): I might say that this has not happened in the riding I have represented in all three election campaigns in which I participated as a candidate. There were not any of the so-called nuisance candidates. If the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) is not careful, I might describe a certain Party candidate that way.

I believe as well that this causes a considerable amount of confusion to the public. Certainly it would seem to me that under no circumstances should we allow two candidates to use the same Party label. That game is being played in some constituencies by the Rhinoceros Party. In at least one New Brunswick constituency in the last election there were two so-called candidates representing that so-called Party.

Also the proliferation of candidates has a tendency to add to the cost of elections. I am not one of those people who would argue that elections cost the country too much. In fact, I do not believe they do. If we cannot afford elections, certainly we cannot afford democracy; but I do not see any reason for unnecessarily adding to the cost of elections.

Other people will say that every individual has the right to protest the system, protest policy or protest whatever he wishes by seeking election to the House of Commons. I would agree with that, provided the individual were serious enough to show his sincerity by being willing to place at risk a substantial sum of money, which is not required under the present Canada Elections Act.

If a candidate is only looking for an opportunity to protest, there is a simple way of doing it. The simple device would be for the individual to spoil his ballot, and he would not have to go through the rigours of a campaign. Of course, some people will argue that if he spoils his ballot, or particularly if he expresses a personal complaint by writing his name on his ballot, his vote will no longer be secret. This is true, but many of us give up our right, in a sense, to the secrecy of our ballots in election campaigns. It would seem to me that everyone who stands for election indicates how he or she will vote by so doing. Also it would seem to me that those people who participate actively in campaigns and have officials with campaign positions indicate publicly how they will vote. While the ballot is still secret, it is really not any secret how such people will vote.

There are others who will argue that this is the wrong way of going about it. I do not want to start mounting a series of arguments that this is the only way to do it because there are other ways. Two things are required today of a candidate in an election. First, the candidate must deposit in legal tender or by certified cheque $200 with the returning officer. Second, he or she must have the signatures of 25 electors on his or her nomination papers. Perhaps an alternative to my proposal would be to increase substantially the number of electors, say from 25 to 500. This would make it somewhat more difficult for the frivolous nuisance candidates to become involved. They would have to think twice if they required 500 signatures.

Therefore, if the House is disposed I would be prepared to have the same thing happen to this Bill as happened to the last one, namely to have the Bill itself withdrawn and the subject matter thereof referred to the Standing Committee on Privileges and Elections. I am not moving this as a motion at the moment because I am aware that other Members of the House want to speak on the Bill and it requires unanimous consent of the House. I am not sure whether that unanimous consent would be forthcoming, but I would not want to deprive other Members who have views on the matter of the opportunity to express themselves.

This is one of the reasons for Private Members' Bills, so that the sponsors and other Members will have the opportunity to express themselves on various subjects. I would like to be able to say that the Government supports this Bill, but I am afraid it would be incorrect. At least, I hope the subject matter of the Bill will be discussed and given thought. If the Bill does not receive second reading today, or if the subject matter is not referred to Committee, at least the Chief Electoral Officer in his report, which I understand will be tabled at the beginning of the next session of Parliament, will, I hope, deal with the matter in a way that may find acceptance with the majority of the Members of the House.

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, I listened to what the Hon. Member had to say about a significant change he wishes to make in our electoral system, and although his comments were excellent, I could not resist giving some comments of my own that are very relevant to the foregoing.

Mr. Speaker, it is said that to represent the wishes of the people in Parliament is a noble profession. I believe it should be taken very seriously, and that this Bill reflects that attitude and deserves very serious consideration in view of the proliferation of fringe candidates running in every election. I would be the last person to prevent anyone from running for whatever political group he might choose. And I think that even for candidates who want to run as independants, as I have done, Mr. Speaker—and successfully, I may add—the proposal to raise the deposit from $250 to $2,000 is not excessive.

Some people will claim that we are thereby excluding some candidates who are not as well off financially, but I think that any serious candidate who takes himself, and is taken, seriously, will have no trouble finding the initial support he needs to obtain those $2,000, which could be raised through donations from friends or supporters. We take politics seriously, and I think all candidates should do the same. In this connection, I would like to point out that there have been a great deal of comments on our democracy, and I think the proposal made this afternoon constitutes an improvement to our democratic system.

Therefore, Mr. Speaker, I would rather not waste too much time, and I shall simply say, in support of this kind of amendment, that I think it is an improvement to our present system. Such a measure would possibly discourage candidates whose attitude is not serious at all and who often make people believe, and they are a minority, I hope, that politics should not be taken seriously. The result is that some people think that politics is not worth the attention we think it deserves. I believe that any measure aimed at giving our parliamentary institutions a more positive character should not be ignored, and that we owe it to ourselves to support changes that will enhance the credibility of our political system.

It is therefore clear that as far as prospective Members of a Parliament or party are concerned, we have a responsibility to ensure that these people are acting in good faith and are prepared to represent their constituents with all due seriousness. I repeat that a deposit of $2,000 is not going to prevent a serious candidate who is taken seriously from running for office. It is also extremely important for a person to be able to run under the colours of his choice, and the deposit would not prevent anyone from running as an independent candidate. However, I believe that too often, things have happened that made people laugh and endangered the credibility that is so necessary in an election campaign. We want serious representatives and the majority of voters would like to see candidates with a sense of duty that will make them deserving of the voters' trust.

As we said before, if people want to protest against certain candidates, they can spoil their ballots, and since this is made public, it is easy to see whether there is a serious protest on the part of a number of individuals who no longer trust the candidate running in a given riding. I believe that this measure which provides for a $2,000 deposit might usefully be adopted in order to prevent people from indulging in these charades for the sake of political history, during an election campaign.

The number of voters who would have to sign the ballot is set at twenty-five. That, of course, is a very low figure. A candidate who canvasses two or three families and some of his neighbours can easily get twenty-five signatures. I think we should seriously consider raising this figure. Five hundred has been suggested, and I must admit that this figure does not worry me, because I would have no trouble finding 500 people to sign my ballot, although it is still a lot of work. However, there will not necessarily be a consensus on this figure. However, if the deposit increases from $200 to $2,000, the number

of persons should also be increased up accordingly from 25, if we want to make as serious a comparison as is included in the Hon. Member's motion. Because of this, Mr. Speaker, I hasten to say that I wholeheartedly support the motion now before the House. I believe that its purpose is to improve our political system and give us better and more serious candidates. No one could blame us for committing ourselves to this objective and for wishing, on both sides of this House, to offer our voters more serious and better qualified candidates who would be better equipped to serve our society.

• (1610)

[*English*]

The Acting Speaker (Mr. Blaker): The Hon. Member for Northumberland-Miramichi (Mr. Dionne) indicated that he was not making a proposal to amend his own Bill, which he cannot do, but that he would be open and agreeable to any such amendment which would refer the subject matter to Committee.

The Hon. Member for Joliette (Mr. La Salle) has now said that he approves of that proposal. The Chair is in some difficulty. I believe that what should be done, if it is the intention of the House to move in that direction, is to have the Bill amended that way. I think it would help Hon. Members to know that there is such an amendment. I leave it to the Hon. Member for Joliette to decide whether he wants to propose such an amendment.

[*Translation*]

The Hon. Member for Joliette (Mr. La Salle) has already indicated his support for the motion of the Hon. Member for Northumberland-Miramichi (Mr. Dionne) by saying that he would be in favour of referring the subject matter to the committee. If he wants to propose an amendment, he can of course do so.

[*English*]

I have to know whether or not such an amendment is on the floor because Hon. Members perhaps are not certain of where it is going. Of course, it has to be seconded as well.

Mr. Peterson: Mr. Speaker, I rise on a point of order. It is distinctly my impression from listening to this debate that both Members expressed a preference for what should happen. To my understanding, it was never couched in terms of an actual amendment—it was a wish. Therefore, I believe that it would be appropriate simply to continue the debate as it exists.

The Acting Speaker (Mr. Blaker): The Hon. Member for Willowdale (Mr. Peterson) is quite correct. This preference has come up and it is sometimes the duty of the Chair to attempt to understand whether an Hon. Member intends to take the proposal and turn it into a procedural matter. I must indicate to the Hon. Member for Willowdale that no distinction will take place as to the procedures, time allotment or anything else. I simply indicate that when I hear Hon. Members referring to what they call a proposal, I believe that I have to serve them by indicating that proposals should either be converted to amendments or not, as they see fit.

[*Translation*]

Should I recognize the Hon. Member for Joliette?

Mr. La Salle: I want to add, Mr. Speaker, that I have indicated my support for the Hon. Member's suggestion because I had also understood that this subject could be referred to the committee for consideration. It was not my intention to move an amendment. I simply said that I fully agreed with the Hon. Member that this matter could be referred to a committee for further discussion. If such is the wish of this House, I have no objection.

The Acting Speaker (Mr. Blaker): I should explain that everything is quite clear and that there is no amendment. If an Hon. Member wants to move an amendment, he may do so. For the moment, there is only the bill itself.

[*English*]

Mr. McKinnon: Mr. Speaker, I rise on a point of order. I very much appreciate your attempts to bring more order out of a slight amount of misunderstanding. Perhaps it would be advisable to let at least the next speaker proceed. We can then see if there are any more negotiations going on in the Chamber.

Mr. Dan Heap (Spadina): Mr. Speaker, I am pleased to have an opportunity to speak in opposition to this Bill. However well intentioned the Bill is, I believe that it would not, in fact, be likely to work in the interest of democracy.

The purpose of the Bill is to restrict the right of a candidate by a financial qualification. An appeal had been made in a previous Bill of this sort in the year 1882, when the deposit was $200. Of course, that was a much greater sum of money then than it is now, relative to an individual's earning power. It is interesting that in 1882, the year which was chosen as the model in the previous debate, at least half of the adults in Canada were disenfranchised.

• (1620)

Leaving aside questions involving Indians and non-European immigrants or northern European settlers, no women of Canada were allowed to vote in those days. I am not saying that they were excluded on property grounds or on the basis of wealth. I am not quite certain what would have been the rationale given by Sir John A. MacDonald and others for excluding all married women, for example. We know that for many years in at least one Province of Canada the laws had restricted the right of women to act in their own names, as adults. It may be that that kind of thinking helped to prevent Canada, in the first decades of its history, from allowing slightly more than half of our population to have the vote.

The idea of restricting the vote according to property or wealth did not die with the nineteenth century. I remember that when I first settled in Toronto with my family in 1954, the

municipal vote in Toronto was restricted according to property. If one owned property, real estate, if one was a business tenant, or if one was a residential tenant renting two or more rooms in which one ate and slept, one could vote. If one lived in a rooming house, one was nothing and had no vote.

As well, people in those days could vote as many times as they held separate pieces of property, and this was not only the case in Ontario. In other words, votes went partly with humanity and partly with wealth. They still do in the City of Toronto, but not to such a great degree. People with money and wealth still have more votes than ordinary working people in Ontario's municipal elections, both because there are certain privileges, however limited, given to property owners and because the manner of determining the voters' list from the assessment role is inevitably biased in favour of property owners, business tenants and tenants of large dwellings and against the residents of rooming houses, bachelorette apartment buildings and so on, who are more mobile and who may very well be missed and, from my experience, often are missed in large numbers. Whole buildings have been missed so far as their residential tenants go. Therefore, we still have the hangover of a bias from the old Middle Ages, that the votes should go according to property and wealth; the more dollars, the more votes, and the less dollars the less votes or perhaps no votes.

I think this proposal is a hangover from the Middle Ages which we cannot afford. It certainly seems to infringe on the Charter of Rights. Section 2(b) declares the freedom of thought, belief, opinion and expression, including the freedom of the press and other media of communication. We know that candidates of small Parties or independent candidates, particularly if they are not millionaires, have much less access to the media than candidates of the major Parties who are ordinarily millionaires. Therefore, freedom of the press is in fact limited within this country and is not by any means equally shared by all citizens.

To compound matters, this kind of restriction, if it did not go against the letter of the Charter, will at least go against the spirit of it. In Section 3 the Charter states that every citizen of Canada has the right to vote in an election of Members to the House of Commons or to a legislative assembly and to be qualified for membership therein. It does not say that every citizen of Canada who has $2,000 to spare on an election campaign is qualified for membership therein. It states "every citizen of Canada", and to lay on a requirement of money which might be $2,000 now or which, if the same people have their way later on, might be $20,000, would certainly go against the spirit of Section 3, to my reading of our Charter.

While we are dealing with Charters of Rights, I would simply quote as well the Charter of the United Nations, which states, on this same point, that all human beings are born free and equal in dignity and rights. I understand that to mean that a man or woman could be a candidate regardless whether he or she could scrape up a spare $2,000.

It has sometimes been argued that the person could recoup not only the deposit but also other election expenses if he or she received 15 per cent of the vote. That, nevertheless, is still a strong disincentive toward a person who may in all good faith, as an individual or as a Member of a Party, wish to set out upon the road which everyone here has followed. For instance, a young person who wishes to be a Member of Parliament knows that he or she may not win this election or the next election. I do not know how many people here have run several times before winning. However, it would be unfortunate if we were to now set a barrier in the way of young people who wish to do exactly what many of us have done.

Whatever we may say about this House when we are feeling disgruntled about what some other Party does in the House, I think that most of us are glad that we were able to get here. I might not be equally in favour of all the others who became Members, but I am glad I became one. I have a notion that each Member of the House would have to say as much, that he or she is glad that he or she became a Member. It would be quite unfair to set a barrier in front of other people, many of whom may be acting in full good faith, a barrier which was not placed in front of any of us when we ran and finally succeeded.

The money barrier is really a hangover from the Middle Ages. I want to show Hon. Members how it works in a biased way, because it would certainly bias the standard of choice of candidates. Let me pick the riding of Spadina as an example. I might have given the 1981 statistics for Spadina, but the Government has not seen fit to release them yet. It has been a year and a half since the election but, of course, a Government which cannot even issue its statistics from June of 1981, with reard to income and occupation, almost two years later is not likely to get around to publishing statistics from the 1981 by-elections within two years. I regret the Government's lack of respect when it withholds statistics which it has gathered.

However, let me give some of the figures from the 1980 election in Spadina. I will deal with public and private corporations together, not going into more extensive detail. Twenty-eight corporations gave $19,825 to the Conservative candidate in Spadina. To the Liberals, four corporations gave $325. To the NDP, zero corporations gave zero dollars.

Some Hon. Members: Hear, hear!

Mr. Munro (Esquimalt-Saanich): What about the CLC?

Mr. Heap: Now someone has raised a question about the CLC unions, so let us go to the general—

The Acting Speaker (Mr. Blaker): Order, please. The Chair is in some difficulty. The Bill proposes a change of deposit for candidates from $200 to $2,000. It may be that I have missed the connecting points that the Hon. Member has made, but I think the Hon. Member may want to explain to the House how his current comments relate to the Bill.

• (1630)

Mr. Munro (Esquimalt-Saanich): I rise on a point of order, Mr. Speaker. I suggest that the Speaker is being irreverent.

The Acting Speaker (Mr. Blaker): I have difficulty resisting the impulse to indicate to the Hon. Member for Esquimalt-

Saanich (Mr. Munro) that if the Hon. Member for Spadina wants to be irreverent, he is entirely free to do so. Irrelevance, however, is a matter that concerns the Chair.

Mr. Heap: Mr. Speaker, if that is the best that the Hon. Member for Esquimalt-Saanich can do with either grammar, spelling or humour, I hope he will wait until another Hon. Member speaks before trying it again.

The point that I make is quite relevant to the point at issue. The point that I am making is that the ability of a candidate to spare $2,000, as one of the previous speakers said, in fact the Hon. Member for Joliette (Mr. La Salle) said, is partly related to the wealth of his friends. If he has not got it, he can get it from his friends. These are the friends of the Conservative candidate.

I will come to the friends of the Liberal candidate. They can provide that $2,000 very readily, and when people donate as they do to the Liberal Party, not locally but nationally, in the range $15,000, $20,000, or $50,000, that provides no end of $2,000 deposits. It can provide $5,000 deposits.

An Hon. Member: What about the unions?

Mr. Heap: My point is that the ability of a few corporations to fund candidates goes against the principle of equality.

Somebody opposite asked about the unions. You can look through the NDP lists and you will not find such large contributions from any one union as you have from the Bank of Montreal, Canada Packers, Canadian Pacific, and so on, to the Liberal Party, which are the ones that I have just read.

My point, Mr. Speaker, is that to make money qualification the basis for excluding certain candidates means that the candidates with rich friends get in and candidates without rich friends are severely hindered. If what had been proposed was an increase in the number of nominators, I would look at the matter much differently. As our ridings have grown, both urban and rural, the number of electors in each has grown, and if it were argued that a candidate, to validate his seriousness, should have more than 25 names, I think most Members of the House would be willing to give that serious consideration. However, it seems that even if this subject is referred to the committee, that will not be the subject matter of consideration. Only the money qualification, as I understand it, would be the subject matter of consideration.

Considering the seriousness and the gravity of the restriction that is being proposed here in this motion, I think it is quite out of proportion as a remedy to the problem that is alleged to exist. I have been in ridings where there were several small candidates, you can call them nuisance candidates, you could call them fun candidates. I think the Rhino has often saved an otherwise tiresome all-candidates meeting from being completely boring. I think it provides a little bit of fun and lightness. In the old days, the fun and lightness in an election campaign were carried on in different ways, the sort of thing that Stephen Leacock wrote about in "Sunshine Sketches of a Little Town". Right now it is done quite well sometimes by the fun candidates. There are other candidates who know that they will not be elected but they think they have something to say, not by spoiling a ballot but by speaking to interested electors. I think they should have a chance. I do not think they should be excluded on the grounds that neither they nor their friends have $2,000 to lose. Therefore, I and my colleagues will be voting against this Bill.

I was asked, prior to this debate, whether I would favour withdrawal, but that is not what has been put before us now. What has been put before us now is referral. That is a horse of a different colour, and I think it would be best simply to put the matter to a vote.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise on a point of order. In view of the Hon. Member's remarks, if he wishes to move an amendment to the Bill, taking out the deposit and substituting the number of signatories on the nomination papers instead, I will be glad to second his amendment.

Mr. Heap: Mr. Speaker, I wish this suggestion had been made a little earlier. I am not prepared to say, just out of thin air, X number of voters. I think a matter as serious as this deserves more than 30 seconds' consideration. I would be interested to hear a discussion of this subject but I am not prepared at the present time to state a figure in a motion for amendment.

Mr. Mel Gass (Malpeque): Mr. Speaker, thank you for the opportunity of speaking on this Private Members' Bill. I intend to speak for only a very few minutes.

I agree with the Hon. Member for Northumberland-Miramichi (Mr. Dionne) and I agree with the Hon. Member for Joliette (Mr. La Salle), with one exception. I agree with the $2,000 fee, but I cannot agree with the figure of 500 that the Hon. Member for Northumberland-Miramichi threw out for the number of people to sign the nomination papers, because in my riding of Malpeque there are 32,000 people. In other ridings across the country there are as many as 130,000 people. It would be very difficult, in smaller ridings with smaller numbers of people, to come up with 500 names on the list for nomination. I would suggest possibly a percentage of the number of electors on the previous voters' list, let us say 10 per cent. Even that is too high for my riding, when I stop to think about it. But a percentage of the number of people on the electors' list should be required to sign nomination papers, rather than a specified figure of 500 people. As I said earlier, in a small riding 500 names are very difficult to obtain, but in a large riding of 130,000, 500 is a very insignificant number.

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Mr. Speaker, I understand that this matter has been up for debate on a number of occasions in the House. I guess the first Bill that I have knowledge of is the one put forward by the Hon. Member for Mississauga South (Mr. Blenkarn), which is Bill C-583. Now we have Bill C-335, which is virtually the same Bill. I guess it is exactly the same Bill, it is couched in the same terms.

It is a question, as the Hon. Member for Northumberland-Miramichi (Mr. Dionne) has suggested, of increasing the deposit from $200 to $2,000. This might be considered as a very large sum of money by almost any standard. Even though $200 does not seem very much in this day and age, certainly $200 at the time it was first put into the Elections Act was a considerable sum of money. I do not know the reason for its being put into the Act at that time. Perhaps it was for no other reason than to limit the number of people who would be running in elections, because there would not be that many people who could afford to put up $200.

Why it has remained in the Elections Act all this period of time is something we will probably never know, but I think some changes should be made in the Elections Act. I am not so sure that what we have before us today, increasing it to $2,000, is really the answer. I think the last Member who spoke had a very good idea when he suggested that it should be a percentage of the number of voters. This might be the way to handle it.

The Elections Act provides that at least 15 per cent of the voters must vote for a candidate or he will lose his deposit. Maybe for a percentage of voters to sign nomination papers would be a good thing in order to indicate the seriousness of the candidate. Also, to be able to get that number of people, say 500 or 1,000, to sign nomination papers might deter a number of candidates who really were not serious about running from in fact running. In the last election I ran in, I believe there were six of us in the running. Frankly, there were only what I considered to be three serious parties, the Conservative, the New Democratic and the Liberal. The other three, the Rhinoceros Party, the Communist Party of Canada and the Marxist-Leninist Party of Canada, were really not serious. They received about 150 votes among the three of them. That is not very many and I would say they were not serious candidates. They tended to take a lot of time from the legitimate candidates on the platform and they did not deal with any issues which were really of concern to most of the people in the constituency. According to Section 23 of the present Canada Elections Act, a candidate to be officially nominated must file with the Returning Officer a nomination paper signed by at least 25 members of the electoral district, and this number, of course, should be increased, as the Hon. Member previously indicated. I do not know whether it should be 500, but certainly there should be more than 25 electors supporting you and signing your paper if you are going to run.

• (1640)

The Canada Elections Act also states that the deposit is $200, and you lose your deposit if you do not get 15 per cent of the votes. This is a very simply procedure, of course, and many, many candidates in the last election, and in the previous election also, did not get the required number of votes in order not to lose their deposits. According to the information I have in 1979 there were 1,427 candidates and of that number 757 lost their deposits. In the election of 1980, there were 1,504 candidates, and of that number 854 lost their deposits. You can see, therefore, that at least half the number who run in an election are really not serious contenders. In my view, if you get less than 15 per cent of the vote, I do not believe you are a serious candidate.

Another aspect of this which should be considered is that Section 3 of the Canada Charter of Rights and Freedoms declares:

Every citizen of Canada has the right to vote—

Mr. Blackburn: I wonder, Mr. Speaker, if the Hon. Member would permit one brief question.

Mr. Robinson (Etobicoke-Lakeshore): Sure.

Mr. Blackburn: With respect to the $200 deposit, and keeping in mind the Government's six and five program, would the Hon. Member agree that maybe we should increase that amount to $212?

Mr. Robinson (Etobicoke-Lakeshore): That is a very good question, Mr. Speaker, but we do not have to implement the six and five program in the next election since we are not going to have one for some time. I would imagine that the six and five program would be long gone by that time?

I was referring, Mr. Speaker, to Section 3 of the Canada Charter of Rights and Freedoms which declares:

Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

Therefore, this right to be a candidate is now one of the fundamental democratic rights recognized by the supreme law of the land, and one may wonder if the present $200 deposit is even constitutional. There is nothing in the Act which says that there must be a deposit, and at some stage this matter might be taken to the courts to determine if in fact we can even ask for a $200 deposit from an individual so he can run in an election. As far as a $2,000 deposit is concerned, as I said before, this seems like quite a large amount, and it is a question of whether it is actually reasonable or not. If we could consider the $2,000 as a reasonable amount—and the courts might decide this—then that could be the amount or it could be somewhat greater or somewhat less. In any event, this whole question of reasonableness would have to be determined, and I would suggest that this certainly would not be included in the Charter of Rights.

There is an alternative which might be considered, and it might deter those candidates who are really not serious about actually running in an election. This, I suggest, is the whole question of bonding. We might ask that any candidate who wishes to run in an election must be bonded. I would suggest that the premium for the bond would be very small, only a few dollars. By the same token, it would not deter anyone from their fundamental democratic right to be able to run in an election. Therefore, my suggestion would be that, instead of setting a maximum amount of $2,000 as a deposit, we consider that a bond be obtained. The person who is putting up a deposit in that case would not lose his $2,000 as he would under the Bill before us.

The Acting Speaker (Mr. Blaker): The Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) or, alternatively, the Parliamentary Secretary to the Minister of Finance (Mr. Fisher).

Mr. Fisher: I rise on a point of order, Mr. Speaker. I would love to hear what the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) has to say, so I will wait for him.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, I just have a few comments to make on the Bill in order that we could get through this hour and not have this matter go any further. I disagree with the whole tenor of the Bill, that somehow we should decide what are frivolous political candidacies and what are non-frivolous political candidacies by employing monetary forms of measurement. I certainly feel, and I think all my colleagues here would agree with me, that that is an inappropriate way to decide what political Parties and what political candidates are to be regarded as frivolous or non-frivolous. That, Mr. Speaker, I would presume, is for the voters to decide on election day.

I believe it is indicative of the way in which our perception of things is coloured by our history that we have this Bill coming forward from a Liberal Member. And if I understand the situation correctly, there is support from the Conservative caucus with respect to having the matter go to committee. These are Parties which have existed since the beginning of Confederation in one form or another, and have, therefore, never had the experience, as our Party has, of starting really from scratch. I am sure that in terms of the monetary requirements this Bill would put on people who wanted to run for office, and the signatures which might also be required, many of the early CCF candidates at the beginning of our Party's history in the 30s would not have met these qualifications.

It is not surprising that we would have this Bill come forward from the Liberal Party, but I must say that it is surprising to me that this Bill comes forward from the Hon. Member for Northumberland-Miramichi (Mr. Dionne), with whom I have had the privilege of working on the special Committee on Standing Orders and Procedure. I believe that this Bill goes in a direction away from the kind of openness to the House of Commons which many Members want to see, and it is surprising that an Hon. Member who represents a riding in a have-not Province, wants to see these kinds of monetary restrictions placed on candidacy for the House of Commons.

I would like to comment, Mr. Speaker, on the role of so-called frivolous candidates, for instance, the Rhinoceros Party. I must say I was of two minds about that Party. I found it irritating on many occasions because I felt it did detract from the kind of debate I would have liked to have about serious issues. When I would arrive at a town hall meeting, the Rhinoceros fellow would be there. He had a good set of lines. He was funny. It was often hard to keep up what I consider to be an appropriate tone for a political meeting. The candidate from my riding, Honest Don Bergen was his name, always wore a top hat to the meeting. He was good at what he did, which was to make fun of all of us. I think there is a place for humour in politics. There is a place for making fun of some of the stereotypes and caricatures that develop around political life. However, I must confess that at times I thought it was just nothing short of bothersome when this was done when I was there. I guess I am like everyone else, I appreciate humour about other politicians but I am not so wild about it when it disturbs a meeting at which I and others are trying to make a point. Perhaps I will just say that I will leave it to individual Members of the House to draw whatever conclusions might be drawn from the fact that the people who were bothered the most by the Rhinoceros candidate in my riding were the Marxists-Leninists and the Tories. They seemed to be driven to distraction by the comedy of Honest Don Bergen in my riding. I do not know whether there is some kind of internal psychological similarity between the two of these parties such that they are unable to see themselves critically or humorously, but I had a hard time staying bothered myself because I was so busy being amused by the reaction of the Marxist-Leninists and Tories.

• (1650)

In any case, Mr. Speaker, I think it was up to the people of the riding to decide who were the frivolous candidates. In my riding, they gave more votes to the Rhinoceros Party than they did to either the Marxists-Leninists or the Communist Party candidates. So the Rhinoceros Party was not last, it was second last, and I believe that even if these measures were to be implemented, we would still have Rhinoceros Party candidates. I think they could generate support to meet these conditions.

Mr. Peterson: I rise on a point of order, Mr. Speaker. I was wondering if I could ask a question of the Hon. Member. I would like to ask him whether or not he intends—

The Acting Speaker (Mr. Corbin): Order, please. First of all let us find out if the Hon. Member accepts a question.

Mr. Blaikie: Certainly.

Mr. Peterson: Mr. Speaker, I was just wondering if the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) is talking out this Bill in order that we not be allowed, as Members, to exercise our democratic rights to vote on the measure.

Mr. Malone: Talk it out.

Mr. Blaikie: I will be very surprised if I personally were responsible for this Bill being talked out. In fact, I intended to say that I thought the Rhinoceros Party would meet the conditions that were laid down. What we are really talking about is preserving the possibility and potential of new political options which are as yet unknown. We are preserving the possibility that those kinds of political options might come forward, not because they are able to meet these conditions, but because they might indeed have something to contribute to debate in this country. That is what we want to preserve.

As far as the Rhinoceros Party is concerned, as long as we in this House continue to act in such a way as to deserve some of

the humour they have brought to our political campaign, then they will continue to exist as well.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, this is the second opportunity I have had to speak on precisely this kind of a Bill. The last time was when the Hon. Member for Mississauga South (Mr. Blenkarn) introduced the same motion. Do you know, Mr. Speaker, that last night in a committee the Hon. Member for Mississauga South stood up and demanded an election. I said to him: "How can you have an election? Your Party has got to have a leader". He said: "Don't you worry about that, my Party has lots of leaders." Now my question to him is, if he is ready to tolerate some nuisance candidates—

The Acting Speaker (Mr. Corbin): Order. I should inform the Hon. Member that it is not proper to refer in this House to proceedings in a committee until the report has been received in the House.

[*Translation*]

The Acting Speaker (Mr. Corbin): The Hon. Member for Joliette (Mr. La Salle) on a point of order.

Mr. La Salle: Mr. Speaker, I would point out to my colleague that, even without a leader, the Gallup poll still rates us 11 points ahead of the Government.

[*English*]

Mr. Fisher: Mr. Speaker, the point of my little parable, out of order though it might have been, is that if the Hon. Member for Mississauga South is so willing to tolerate so many nuisance candidates in his own Party, why does he want to cut them off for the general public? I cannot understand. I can tell you that in my riding the people who were categorized as nuisance candidates were very often more impressive than some of the people currently running for the leadership over there.

Again, Mr. Speaker, I must say, to my regret, that I disapprove of this Bill. I do not think it is good enough to disqualify someone because he is considered to be a nuisance by someone else. I also think that openness should be a standard in our democratic process and not some kind of closure and discouragement of voters or candidates. Finally, I would like to say that appearance and reality are both important in the democratic system, and if we appear only to be reducing the number of candidates or favouring the big Parties, then we will just be eroding our own base and credibility as a democracy.

I am curious to know what it is that creates a barrier for someone to run as a candidate. I think the size, geography and population are as important as the system itself. It seems to me that the various regulations that we could have here, the number of dollars that you have to put up and so on, are not as important as the number of people or the quality of debate. I would like to emphasize that the quality of debate declines when the number of people in a riding goes up.

So, Mr. Speaker, I have just risen in my place to say that debate in my riding is harmed because my riding is too big, and we have to get redistribution if we want to improve the quality of debate and give every Canadian a full opportunity to be heard. That is all I want to say.

The Acting Speaker (Mr. Corbin): Order, please. Pursuant to Standing Order 24(2) it is my duty to interrupt the proceedings. However, before passing to other items of business today, the Chair would once again draw the attention of Hon. Members to Standing Order No. 15(3), which reads:

When a Member is speaking, no Member shall pass between that Member and the Chair—

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Corbin): Shall all orders listed under Private Members' Notices of Motions preceding No. 67 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

[*Translation*]

EXTERNAL AFFAIRS

ARAB-ISRAELI CONFLICT

Mr. Ian Watson (Châteauguay) moved:

That, in the opinion of this House, as a means to attaining a permanent solution to the Arab-Israeli conflict, the government should consider the advisability of promoting, in international forums, a global settlement which would contain the following proposals:

1. Creation of a sovereign strictly neutral Palestinian state comprising the West Bank and Gaza strip contingent upon

(*a*) P.L.O. recognition of Israel and renunciation of all further claims and approval by a majority vote of Palestinians living in the West Bank and Mid-East refugee camps;

(*b*) the legal right of Israel to investigate within the new state, in accordance with pre-established procedures, suspected breaches of neutrality and the legal right to intervene militarily if neutrality is found to be breached;

(*c*) a monetary settlement of all claims of displaced individuals resulting from the 1948 Arab-Israeli War to be paid out of a special Palestine Refugee Compensation Fund to which the industrialized world would contribute;

(*d*) pledges for sufficient aid from the industrialized world and OPEC to raise the standard of living in the new Palestine State to the level of that in Israel within 8 years, contingent upon commitment by the new state to adhere to development plans and programs established by the World Bank;

2. UN sovereignty over Jerusalem carried out by a permanent UN trusteeship comprising the United States, USSR, China, the United Kingdom, France, Saudi Arabia and Israel, the membership of which could not be changed even by the UN without the unanimous consent of trusteeship

members where rules for administration would be pre-established and not thereafter changeable except by unanimous consent and policing decisions would be by majority vote of the trustees; and

3. UN sovereignty over the Golan Heights under the trusteeship of the United States, USSR, China, the United Kingdom, France, Syria and Israel with

(*a*) a right to Israel to reoccupy temporarily for a breach of neutrality or military threat;

(*b*) a monetary settlement to Syria from a specially established international compensation fund.

• (1700)

[*English*]

He said: Mr. Speaker, I should like to explain briefly the background of the drafting of this proposal for a permanent peace solution. It was drafted in the aftermath of the previous Government's ill-fated attempt to move the Canadian Embassy to Jerusalem. This position was so totally against common sense and the even-handed approach which Canada has usually taken to international questions, that I decided to draw up a list of proposals which, if common sense and goodwill were to exist on both sides of the Middle East equation, could provide a reasonable basis for a permanent solution.

The proposals were drafted in the fall of 1979 and sent to the heads of Government of the various countries involved. Most responded with varying degrees of enthusiasm and the responses were generally positive. The response from Prime Minister Barre of France was enthusiastic; the responses from the United States and Great Britain were in the tenor of, "let's wait and see what happens as a result of the Camp David accords"; from the Near East countries, apart from Jordan which showed some interest, offered polite acknowledgements, including one from Israel.

I mention the background in order to explain how, in the light of comments I have received since it was drafted, I would amend my motion somewhat if I were to redraft it now. I might also remind Hon. Members that the basic elements of this proposals are, as far as I know, in accord with Canada's official position of support for a just, lasting and comprehensive peace settlement based on Security Council Resolution 242, as well as earlier UN resolutions relating to this issue which were supported by the Government of Canada and had the approval of all Parties in the House when the Government voted at the United Nations.

[*Translation*]

Mr. Speaker, I would like to comment on the main points and on the four minor changes which I now find necessary to make to the motion as it appears on today's Order Paper. At the outset, I refer to the creation of a sovereign strictly neutral Palestinian state. The idea was to create a state somewhat similar to the situation in Austria. The Russians decided to withdraw from their sector in Austria during the 1950s, but, according to the rules of international law, they still have the right to return to Austria if ever that country ceases to be neutral. I think that the Austrian experience might serve as an example for a final settlement of the conflict in the Middle East.

I should mention as well that I am suggesting in the motion that the UN should have sovereignty over the Golan Heights. I think that this position is unrealistic because I doubt that Syria will ever agree to that kind of settlement. Perhaps they would accept some sort of trusteeship for a number of years, long enough to restore a climate of confidence, but in the long term I believe we must eliminate for all times the possibility that Syrians might return to that territory.

Third, there is a rather significant omission in the second paragraph where I refer to UN sovereignty over Jerusalem. I failed to mention that the independent Palestinian state should, of course, be a member of that permanent trusteeship.

Mr. Speaker, I drafted the details of that motion in 1979 and it has been on the Order Paper since 1981. What did happen since I prepared my notes? There are many important events of which the public is not aware, I think.

[*English*]

There are a number of events which have occurred since I prepared this motion of which the public is not sufficiently aware. The question is raised as to whether there was a movement toward peace in the years following 1979. There was, and one of the most important moves toward peace came from the Palestinian side. In 1981 a truce was established along the border with Lebanon. While it did not hold perfectly, as the months wore on it progressively reduced the acts of terrorism. Toward the end of that truce there was a situation where, in the months prior to the invasion of Lebanon, the head of the Israeli Settlements Organization in the Galilee area petitioned the Israeli Government for a continuation of the cease-fire agreement because it was working so well.

• (1710)

We have found out that in the month of February or March 1982—I would not put a specific date on it, but it was at least two months before the Lebanese invasion—there was a communication from the PLO to the Israeli Cabinet which offered to the Israeli Government a non-aggression agreement all along the Lebanese frontier. This agreement was transmitted to Israel through unnamed persons in the United States, presumably the U. S. State Department. It was rejected immediately by the Begin Government, at least two months before the invasion.

This particular information was revealed by a source no less competent than Mr. Sharir, the Israeli Minister of Tourism. He tried to retract it the next day, but another Israeli Minister in the meantime confirmed what he said. The Member of Parliament in question was Mr. Beni Shalita. He confirmed that Sharir was correct and said that there was no secret, that the entire Israeli Commission on Foreign Affairs and Defence was told about the offer two months before the Lebanese war.

Then we have a further series of information coming forward which indicated that there were many other attempts to get the information through to the Begin Government and to the American Government that the PLO wanted to talk business about a full-fledged armistice, not just a ceasefire.

For example, the Prime Minister of Tunisia acted as a go-between, between the PLO and the United States Government with regard to these overtures in the few months immediately prior to the Lebanese invasion. I will not go into the Lebanese invasion because we know what happened.

Again we have revelations coming from the same Israeli Cabinet Minister, that the invasion was not for military purposes, that its principal objective was to crush the PLO for the political reason that hope would no longer be held out by the inhabitants of the occupied West Bank that somehow they could get help from the PLO. It was to crush the hopes for the future of the Arabs living in the occupied West Bank that this operation was carried out.

Yesterday, in the Standing Committee on External Affairs and National Defence of the House of Commons, the Deputy Prime Minister (Mr. MacEachen) said the following with regard to Israeli settlement policy, "We are deeply concerned over Israeli settlement policy. We regard the establishment of settlements and other actions Israel is taking to extend its control over the occupied territories as contrary to international law and extremely unhelpful to the peace process. We would like to see an end to this activity."

What exactly is happening on the West Bank? In terms of international law, the operative covenant with which we are dealing is the Fourth Geneva Convention, 1949. Article 47 of that Convention forbids the annexation of any lands that are occupied as a result of military action. Article 49 forbids the settlement of any citizen of the occupying country on occupied land and it forbids the deportation of the existing population out of the occupied territory.

The Israeli Government has consistently violated all these provisions since 1967. The settlement of Israeli Jews, and of course Jews coming into Israel from other countries, on West Bank lands is very clearly part of the Government's plan for creating what it calls established facts on the West Bank so that within a period of five years it will be impossible for any authority, no matter how sympathetic it might be to the Palestinians, to disentangle the two populations.

Mr. Peterson: Mr. Speaker, I rise on a point of order. I was wondering whether the Hon. Member would accept a question.

Mr. Watson: I would be delighted to do so at the end of my remarks.

Prime Minister Begin has gone on record several times—in an interview in the *Wall Street Journal* in April 1982, and in a speech to the Knesset in the first week in May 1982, he declared that the aim of the Israeli Government was to bring about the annexation of Judea and Samaria, that is to say the West Bank, along with the Gaza Strip within five years. He is on record as saying so. The Israeli Government has very clearly shown that it will not accept the interference of other Governments forcing it to stop settlement.

There are two current plans in operation for settlement on the West Bank. One is a long-range plan, which was originally accepted by the Labour Government. The second one, which is currently in force, is a medium-range plan drawn up by an official of the World Zionist Organization named Matityahu Drobles in 1978 and implemented by the Government of Israel.

The plan is to create in that period 46 new settlements, bringing into those settlements about 16,000 new households. The cost is in the neighbourhood of $2.5 billion. In addition, 38 existing settlements are to be enlarged. By the end of 1983, 27,000 new households are projected to be planted on the West Bank.

My time is running out. Unfortunately I cannot go into all the details concerning what is happening on the West Bank regarding the actions being taken. For example, Israel is now using a third of the water taken from wells on the West Bank. Arab citizens are seeing Israeli wells drilled around their springs. Their springs are drying up, their crops are perishing, and they are being forced to sell their land at firesale prices.

Finally, as I draw to the end of my remarks, I bring to the attention of the House the fact that we must take cognizance of what is taking place on the West Bank. How much land has been lost so far? It is extremely difficult to say. Like figures on terrorism, there are several conflicting ones. The main reason for this is that Israel is not keen on publishing statistics on how much land is being taken away from the Arab population on the West Bank and in Gaza.

The estimate which has been made on the basis of some Israeli statistics and on the basis of studies conducted by Palestinians is that a little more than 27 per cent of the total land surface of the West Bank has gone into Israeli hands, into the hands of Jewish settlers.

By April 1979 there were 91,000 Jewish settlers on the West Bank. The majority of those were of course in East Jerusalem, and that was only the beginning of their settlement in the countryside. The UN Special Commission on Palestine, along with Palestinian researchers, estimate that the amount of land which has been confiscated is somewhere between 33 per cent and 37 per cent, rather than 27 per cent. Taking the lower figure, the UN Special Commission estimates that 27 per cent of the total surface area represents almost three-quarters of the cultivated land area. We are seeing a *fait accompli* taking place, one that will be increasingly difficult to disentangle.

• (1720)

It seems to me that a country we could do ourselves justice by promoting the motion that is before the House in international forums. As well, we should be promoting Mr. Stanfield's suggestion, for example, that perhaps one good method of achieving an understanding who should represent the Palestinians on the West Bank would be to hold a referendum, follow a democratic course, and ask the Palestinians there whom they would like to have represent them in future negotiations. This is a proposal that our country should be promoting.

We should also be supporting the Franco-Egyptian proposal before the United Nations Security Council which urges mutual recognition by Israel and the PLO.

Finally, I believe that we must continue to ask Israel and her many friends in Canada why Israel continues to deny to the Palestinians the same right to a national identity and national homeland which are the very goals which Israel has fought to achieve for itself. This is taking place at a time in Israeli and world history when the Arab world has, for the first time, offered the olive branch to Israel. It is an offer which includes mutual recognition between the PLO and Israel, secure boundaries for Israel which are no more and no less than its pre-1967 boundaries, acceptance of guarantees for the security of all the states in the region, including Israel, by the United States, the United Kingdom, France, Russia and China. This is all documented in the Arab Fez Summit Declaration. A real and lasting peace—not the present militarily imposed lull—is possible if Israel grasps the opportunity and moves now to seize the one moment in her history when there is a real possibility that she can get almost everyone in the Middle East moving in the same direction.

The Acting Speaker (Mr. Corbin): Order. I regret to inform the Hon. Member that his time has expired.

I see the Hon. Parliamentary Secretary rising, presumably to put a question to the Hon. Member for Châteauguay (Mr. Watson). However, the Hon. Member's time has expired and this could only be done with the unanimous consent of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Peterson: Mr. Speaker, my question is premised by the fact that we all want to see peace in the Middle East. We want to see security for all of those people. But, my goodness, I have never seen more unbalanced approach to going about this.

Is the Hon. Member aware of the fact that the covenant of the PLO, that group which he has been lauding so magnificently today without even looking at the other side of the issue, calls for the annihilation and wiping out of the State of Israel?

Mr. Watson: Mr. Speaker, if the Hon. Member talks of unbalance, I am afraid that he has indicated where the unbalance lies. The covenant to which he refers is, without any argument, an albatross around the neck of the Palestinians from a public relations point of view. There is no question there.

The facts are that since 1975 the PLO has moved in its actions well beyond what that particular covenant says and means. In particular, the Fez Summit was held at the initiative of the PLO. They participated as a full partner in the Fez Summit. I do not know if the Hon. Member has taken the trouble to look at the details of the Fez Summit, but I think he should be reminded of some of the main points of the Fez Agreement.

Mr. Blaikie: Mr. Speaker, I rise on a point of order. I would ask the Hon. Member not to abuse the House by going on at great length in answer to the question. The question has been asked. Answer the question and let us get on with the debate.

Mr. Watson: Mr. Speaker, in all fairness, there has been an assertion before the House that I have somehow not been factual in my presentation. I am simply backing up what I am saying with facts. The PLO has moved well beyond this convenant that the Hon. Member has referred to and which, read by itself, is clearly unsettling to any Israeli who is interested in Israel's future.

The proof is shown by what has happened as far as PLO actions and positions are concerned. They have moved well beyond that covenant. As a result of this Fez Agreement, they have indicated that they are prepared to accept the pre-1967 boundaries in Israel. They have agreed to accept UN Security Council guarantees of Israel's boundaries. They have agreed, in effect, to recognize Israel.

If the Hon. Member needs further proof, the Speaker of the parliament-in-exile of the Palestinians, Mr. Fahoum, is quoted in the February 17 *Globe and Mail* as saying:

'We do not want to destroy any state in the region,'—

If this is not sufficient detail, then I frankly think that the Hon. Member should go back to his sources of information, that well known instrument of Israeli policy in Canada, that arm of the Israeli government in Canada, the Canada-Israel Committee, and ask it for further details on the facts concerning the real situation in the Middle East. However, I do not think he will get them.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I think that the discussion which we have just heard highlights the importance of the theme that I propose to adopt in speaking to this motion. I make a plea for even-handedness and fairness to all concerned. I am aware of the delicacy of the matter that is now before us. It is not my intention, and I am sure not the intention of the Member for Châteauguay (Mr. Watson), to be provocative in the comments that are made. His plea, as I understood it, is similarly for even-handedness and fairness to all concerned. Part of this even-handedness must inevitably rest on dissemination of the relevant and pertinent information on both sides of this matter.

I think you would agree, Mr. Speaker, that there has been a flood of information on one side and a lack of receptivity to much of the information on the other. I implore and plea for the cause of even-handedness in this issue.

For example, resolution 242 of November 22, 1967, had been referred to already. I wonder if the full significance of Resolution 242 is understood. This goes back to an earlier matter, but it is part of the Middle East mosaic. It is not directly related to the invasion of Lebanon by Israel, but the invasion of Lebanon was in defiance of this particular resolution. I would encourage all Hon. Members who have an interest in stability in the Middle East, in stability in the world for that matter, to listen.

• (1730)

The Middle East is a very key area in the world today.

Mr. Prud'homme: Absolutely.

Mr. Munro (Esquimalt-Saanich): We must have a settlement there. In the documentation that I have seen and in some of the evidence adduced by the Hon. Member for Châteauguay, there is clearly a willingness to meet the demands and requirements of Israel. As far as I can see, there is less evidence on the part of Israel to meet the requirements of those other elements in that area for a final settlement.

Therefore, I would appeal to all Hon. Members that we should not issue provocative statements or become one-sided in our approach to this matter, even if it begins with Resolution 242 of November 22, 1967. One of its paragraphs calls upon Israel to "withdraw the armed forces from territories occupied in the recent conflict". That has not happened even yet. Here we are, five and a half or six years later, but that provision of Resolution 242 has not been accepted by one of the parties to the conflict in the Middle East. It also calls for the achievement of a just settlement of the refugee problem. These are not provocative requirements. They are humanitarian requirements and, in the context of the present world situation, they are essential requirements for peace and settlement in the world.

The Hon. Member for Châteauguay mentioned the overtures which were made prior to the invasion of Lebanon, the offer of an armistice on the border of Lebanon in addition to ceasefire. This offer was made prior to the invasion of Lebanon. Recognition of Israel was a portion of this offer. As the Hon. Member for Châteauguay mentioned, it was revealed, perhaps inadvertently, in a speech by the Israeli Minister of Tourism in Paris, and it was rejected by the Israeli authorities. Unfortunately, we do not hear that side of the story, the offers which were made. Such offers are the first step in the direction of reconciliation and settlement. As well, with the consent of the PLO, a step was taken by the Tunisian Prime Minister, acting as an intermediary of the PLO with the State Department, to reach out and seek a peace settlement in the East.

These have been genuine and sincere offers from a people who have been without a home since 1948. These people are now prepared to recognize, however unwillingly, the existence of a state in part of its homeland because an international situation is involved. I cannot help but think that part of the area now in dispute is part of the tradition of most people in this country. Hon. Members know of the man who fell by the wayside on his way to Jerusalem. Who was it that stopped and helped him? The name has gone into the language and the lore of all peoples. It was the Samaritan. We are discussing Samaria, the area in which that act of gentleness, of assistance to someone in distress, was made. How can we today, remembering the story of the Samaritan, which I am sure, all of us heard when we were small children, stand aside and see the people who want to be living there being refused that permission? I therefore plead for a wider dissemination of information on both sides of this dispute.

Mr. Prud'homme: Excellent!

Mr. Munro (Esquimalt-Saanich): There is one aspect which involves a great deal of controversy, although that is perhaps too strong a word, because we have heard only one side of the story. It concerns the alleged provocation which brought the Israeli forces into Lebanon. I want to state for the record the actual source of the documentation which I would urge Hon. Members to consider in light of what actually went on in the months before. I cannot possibly read these documents into the record in full. I disagree with the manner in which they are laid out in that they are heavy and stodgy, but the material is informative. I speak of the report of the Secretary General of the United Nations with respect to the interim force in Lebanon, covering the period June 16 to December 10, 1981. That document is known as S/14789 and is dated December 11, 1981. It is an important, vital document to the understanding of this particular issue.

We have heard so much of the harassment of the settlements on the south side of that border.

Mr. Prud'homme: And the harassment in occupied territory on the West Bank.

Mr. Munro (Esquimalt-Saanich): I would just like to refer to one paragraph of this report submitted by the Secretary General to the Security Council. He was speaking of the period between June and December of 1981. He said there were violations of Lebanese air space by Israeli aircraft and of Lebanese territorial waters by Israeli naval vessels. UNIFIL observed 205 air violations and 53 sea violations in the second part of June, 1981. There were 200 air violations and 93 sea violations in August, 1981, and 103 air violations and 72 sea violations in September. There were 220 air violations and 56 sea violations in October. There were 209 air violations and 47 sea violations in November, and 80 air violations and 16 sea violations in early December. These were violations of Lebanese air space and sea space.

I think everyone should recognize the fact that across that delicate border, there was a period when there were harassing movements. There was shelling. But this report that I have mentioned, and another one that I must refer to before my time runs out, is document S/15194 dated June 10, 1982. In case I do not reach that, that is the number of the document covering that critical period when the invasion was in progress.

• (1740)

There were breaches of the ceasefire, but these reports will reveal that in October and November there was less harrasment to the south. That period of quiescence in the harassment of the settlement in Israel is reported in this document, and I plead with those who want to understand the tragic humanitarian problem of that area and the tragedy that could face the world if it is not settled, to read these documents.

I was encouraged yesterday in the Standing Committee on External Affairs and National Defence to hear the Secretary of State for External Affairs (Mr. MacEachen) make remarks in his opening statement that indicate that there is a willingness on the part of the Canadian Government to assist in the process. I find that they are words only, Mr. Speaker, I would like some substance put into these words. I enjoin those of you

who are interested in more documentation to read that. It was a good statement. I would like to read it all, but time does not permit. It is on page 9 of the statement and will be included in the proceedings of that particular Committee. It indicates that the present Canadian Government supports the existence, security and well-being of Israel, and that the Arabs should make clear their willingness to live in peace with Israel. That offer has been made and was rejected. One cannot make an open offer unless one gets something in return. The offer was made; it was rejected because there is enough evidence to suggest that the plans to deal with the PLO were already in hand and there was a determination to do so. That I cannot document, but the evidence here in the report of the Secretary General should be read, because it gives that history.

The Minister went on to say:

> We are deeply concerned over Israeli settlement policy. We regard the establishment of settlements, and other actions Israel has taken to extend its control over the occupied territories, as contrary to international law and extremely unhelpful to the peace process. We would like to see an end to this activity.
>
> We recognize that for there to be a just peace, the legitimate rights of the Palestinian people must be realized, including their right to play a full part in negotiations to determine their future and their right to a homeland within a clearly-defined territory, the West Bank and Gaza Strip.

That is the first time that I have seen as clear a proclamation of Canada's intention. But it should be backed up with more than words; there should be activity. I do not agree with every single word of this motion that stands in the name of the Hon. Member for Châteauguay, and neither does he at the moment because it was put forward in November, 1981. At lot has transpired since then. But I think that he is to be congratulated for having given us the groundwork on which we could have an open discussion on this important matter, a matter on which the peace of the world could all too easily depend.

It is a delicate matter there because there is an invading force refusing to leave Lebanon. I knew Lebanon in happier days. I lived there for three years. The people in Lebanon are most open and welcoming. They did not realize that they would have to be welcoming an invasion force, though. I have had word from those who lived there at that time. How they have lived through the holocaust that has descended upon them over these last few months I do not know, but they are still there. I am glad they are there, and they would welcome me, I am sure, as they welcomed me before. I would like to go back to see them but I would find it very difficult. I just could not go back and see the Lebanon that I knew torn into shreds, divided as it is and occupied by a foreign invader.

An Hon. Member: Including Syria.

Mr. Munro (Esquimalt-Saanich): Including Syria, I agree. There has to be a withdrawal of all non-Lebanese forces from Lebanon.

Mr. Prud'homme: Everybody should get out.

Mr. Munro (Esquimalt-Saanich): That is right, of course they should. Lebanon is a peaceful country, a country of traders, a country from which we derive much of our inheritance. Let us not forget that Byblos which is not far from Beirut—

Mr. Prud'homme: Beautiful.

Mr. Munro (Esquimalt-Saanich): —is the origin of our word "Bible"; the Roman culture that is there in the Bekaa; the Crusaders who were there. Our history was written in those mountains and in those plains, as it was to the south in Sameria and Judea. That is part of our history too, let us not forget that. But I do not think that we can tolerate the situation any longer. We must take some action to ensure that Lebanon survives as Lebanon, free of the encroachments that have occurred from all sides, able to proceed with its mission of being. Let us remember this, too. It was a haven. It was a Switzerland, in more ways than one, in the Middle East. The Armenians who fled from Turkey, many hundreds and thousands of them settled in Lebanon. They were welcomed there, and here is something that a lot of people do not remember or do not know. There was a very active synagogue right in the centre of Beirut—

The Acting Speaker (Mr. Corbin): Order, please. I regret to interrupt the Hon. Member but his time has expired.

Mr. Munro (Esquimalt-Saanich): I was very pleased, Mr. Speaker, to be able to get that last portion in.

Mr. Prud'homme: And I was very pleased to listen to you.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, in speaking to this motion on behalf of my Party this afternoon I want to begin by reaffirming, as I understand my Leader did earlier today, the commitment of the New Democratic Party to the continued existence and prosperity of the State of Israel within secure borders.

As democratic socialists, our commitment to Israel of course goes beyond our belief in the right of every nation to maintain its already established existence to the natural affinity we feel for the internal democracy characteristic of Israel and for the many social democratic institutions which have been developed there over the years, some of which, like the Histradut, predate the State of Israel itself. Israel's kibbutzim of course have also served as an example to many over the years as to what is possible when human beings determine to live and to work together for the common good. Unfortunately, during recent years it is clear that the present Israeli Government both on the West Bank and in Lebanon have betrayed Israel's democratic traditions, and this is a source of much regret to us.

• (1750)

It is important, therefore, to do more than just reaffirm our traditional support for Israel, and so I would like to inform the House, and through the House all interested Canadians, of some of the internal deliberations which are currently taking place within the NDP, the results of which will be debated at our upcoming federal convention this July in Regina.

As you may be aware, NDP Members, and MPs in general, take convention debates very seriously, since it is our conventions which determine our policies and which guide our caucus in Parliament. As you are also aware, there has been a strong tradition within the New Democratic Party, unlike other Parties, I would suggest, to debate in an informed and reflective way controversial international issues. Whether the subject matter is Poland, Central America, or nuclear disarmament, we believe that a national political Party has a moral obligation to address internationally important questions and not to back away from issues, even when they involve criticism of popular perceptions. This we have done over our history as a Party, and we have been willing to pay the political price which doing so has sometimes cost us.

The importance of international issues was reinforced at a recent convention with the decision to establish a permanent international affairs committee of the Party whose priority for the past year, in preparing for this year's convention, is the development and expansion of our policy on the Middle East. As part of this process, draft background paper and policy resolution are now being prepared for circulation within the Party prior to the convention, with the intention of placing these before the convention. As well, it is anticipated that there will be an exceptional number of resolutions on the Middle East from other elements of the Party, including constituency associations.

Because the draft material from our committee is not yet complete, and because I am not myself on the committee, it is difficult for me today to deal in specifics about much of what it might contain. This, of course, is not only because the work is incomplete but also because Party policy, in the end, must be determined by convention. Keeping these points in mind, however, I will try to give some indication, in broad and incomplete strokes, of the kind of issues and concerns which I think the New Democrats will be addressing and some of the principles and perceptions which will likely guide our deliberations.

The NDP will certainly remain firmly committed to our long-standing support for the people of Israel and the right of Israel to exist, and to exist in secure borders. The NDP also remains firmly committed to our call for a permanent, just, negotiated peace in the Middle East, especially that part of the Middle East which includes Israel. The NDP will continue its opposition to both terrorism and to the use of military force as a means of solving political problems. Consistent with our belief in the politial integrity of all States, we will repeat our call for the withdrawal of all foreign troops from Lebanon. We also believe that Canada has an important contribution to make to Middle East affairs because of this country's past role in diplomacy and peacekeeping, and because of the immediate interest of Canadians in peace.

Finally, it is long overdue for Israel's other Arab neighbours to do as Egypt has rightly done and officially recognize and accept Israel's right to exist. It is clear that they must do explictly, what they now seem to do implicitly, and that is, recognize Israel, and this must include explicit PLO recognition of Israel's right to exist. The relationship between the Palestinian people and Israel, obviously, is basic to any comprehensive settlement in the Middle East, and it must be realized by everyone that we are dealing here with more than a question of refugees. We are dealing with the question of the need for a homeland of a long dispersed and suffering people, the Palestinians.

There must be recognition of the legitimate rights and aspirations both of Israel and of the Palestinian people. Ultimately, Israel must be prepared to negotiate with any representatives of the Palestinian people who publicly recognize Israel's right to exist within secure borders. And also, ultimately, the Arab community as a whole must begin to see the Palestinians less as a political football in their grudge match with Israel, and more as a people whose collective and individual needs transcend the politics of any given situation.

As for the NDP, we will continue to recognize and defend the right of Israel to exist and to be secure. We will continue to call for dialogue and negotiations between the Parties. We will continue to condemn both terror and the use of military force as a means of resolving political issues. We will certainly reaffirm our belief in the important role that Canada can play in helping the parties resolve the conflict. And we will continue our tradition of not letting friendship stand in the way of honest and, if need be, vigorous criticism of what our friends sometimes do, whether it be the United States, Israel, Egypt or whoever it happens to be, for it is the constructive criticism which friendly peoples can provide to each other that is one of the mainstays of creative international dialogue.

In this respect I would like to bring up at least two concerns which I and my colleagues have with Israeli foreign policy. The first concern is Israel's relationship with South Africa. We are deeply offended by the collaboration of Israel with one of the world's most racist regimes. The technological, military and commercial links which Israel has with South Africa should be seen by Israelis not as an advantage to Israel, but as a powerful disincentive for Canadians and others to believe that in foreign policy Israel can lay claim to any moral superiority. If international opinion be as important to Israel as I think it should be, then let these links be broken. I believe that Israel's greatest weapon is its integrity. This is true of all nations, but it is an insight which I believe Israel has traditionally been guided by and must now re-emphasize.

A second concern is the recent reports of Israeli military advisers in Honduras, and the visit of Defence Minister Sharon. This, to me, is a profoundly disturbing report, and any aid which the Israeli Government is giving to American efforts to support regimes which terrorize its citizens in that region should be stopped immediately if Israel wants to have any credibility left with those who see American policy in Central America as one gigantic moral and political mistake. And there are many such people, as we all know. This is as disturbing, Mr. Speaker, to those who value the integrity of Israel, as was the bombing of Beirut. A nation whose roots, Mr. Speaker, are in the holocaust, whether it likes it or not, is expected to have higher than average standards.

In all of these cases, as in others, I know that there are many Israelis who share my concerns. Israel, to its credit, is not a single-minded community. It is a democratic community capable of open, internal self-criticism and, hopefully, always will be. Witness the immediate protests by thousands of Israelis which were instrumental in securing an inquiry into the massacres in Lebanon. It is to those many Israelis, who, living out of the prophetic tradition, want to combine justice for others with justice for Israel, that we must look for the enduring peace which the whole world must truly seek in the Middle East. Likewise, let us look to those Palestinians who seek justice for others as well as for the Palestinian people.

Mr. Prud'homme: Could I ask a question of the Hon. Member?

The Acting Speaker (Mr. Corbin): The Hon. Member for Saint-Denis rises to put a question to the Hon. Member. Will he accept the question?

Mr. Blaikie: I am not sure we have the time, Mr. Speaker, but if he can fit it in, yes.

Mr. Prud'homme: Mr. Speaker, I listened with great attention to the Hon. Member because it is a subject which has been with me for the last 15 years. I would like to ask the Hon. Member, and I repeat again that I listened with absolutely great interest—it is one of the most remarkable speeches I have heard in my last 19 years in the House on a very difficult subject—I would like to know if the Hon. Member could enlighten us by giving me at long last a definition of "homeland". I would rather say "a country". I have a country. Everyone has a country. But it seems there we are afraid to use the real word, "A country. A passport." What is the definition of "homeland", because even in my own Government we do not agree on the definition of homeland.

Mr. Blaikie: Mr. Speaker, as I understand the word "homeland" it is a word that the Palestinian people themselves, use, and this is something they would want to define presumably, in negotiation with Israel and other people who are concerned.

The Acting Speaker (Mr. Corbin): Order. Pursuant to Standing Order 24(2) it is my duty to interrupt the proceedings.

[*Translation*]

It being six o'clock, this House stands adjourned until tomorrow at 11 a.m., pursuant to the provisions of Standing Order 2(1).

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, March 17, 1983

The House met at 11 a.m.

• (1110)

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed from Tuesday, March 15, 1983, consideration in Committee of Bill C-139, to amend the statute law relating to income tax (No. 2)—Mr. Lalonde—Mr. Blaker in the chair.

The Deputy Chairman: Order. When the Committee rose on Tuesday, March 15, Clauses 8, 9 and 128(12) of the Bill were under consideration. The Hon. Member for Lethbridge-Foothills (Mr. Thacker) had the floor.

On Clauses 8, 9 and 128(12):

Mr. Thacker: Mr. Chairman, as I recall, we were in the midst of asking the Minister questions as to why the bond would not go beyond 1984. I wonder if he would pick it up there and inform the Committee why they would not make that provision open-ended or at least give them a couple of years beyond 1984?

Mr. Cosgrove: Mr. Chairman, I will direct my attention to the question of the Hon. Member. However, on two occasions previously in the proceedings, there had been some discussion about the question of work-in-progress which has been dealt with. The issue whether notaries in the Province of Quebec would be included as an exemption in that Section has been raised. I notice that the Hon. Member for Mississauga South raised that issue in a public forum by way of a press communique. It appears that he is of the opinion that the Government does not intend to move to have notaries in the exempt category.

To begin with this morning, I would like to advise the Committee that the Government has always been prepared to introduce amendments either to 124, the definition Section of a lawyer, to include or, as requested by the Hon. Member for Mississauga South, to amend the provisions of Clause 16 so as specifically to designate notaries in the Province of Quebec in the exempt category. The Government is prepared to do that this morning. I make that suggestion before we begin with Clauses 8 and 9. I would be interested in hearing the views of Hon. Members on that subject.

Mr. Blenkarn: Mr. Chairman, I rise on a point of order. The Hon. Member for Lethbridge-Foothills has the floor and is asking the Minister questions regarding Clauses 8 and 9 of the Bill in connection with the Small Business Bond and the Small Business Development Bond. This Committee has dealt with Clause 16. The Minister knows that if he wants to make certain arrangements with us concerning the Bill, he can do that. He also knows that we are not very agreeable in view of the fact that closure has been imposed on this Committee.

In any event, the Minister is totally out of order in dealing with questions respecting Clause 16 because that Clause has been dealt with. The Hon. Member for Lethbridge-Foothills has the floor on Clauses 8 and 9. That is what we are dealing with. It is imperative that the Chair call the Minister to order for not staying with the issue.

• (1115)

The Deputy Chairman: The Table Officer seems to have the same information I have, to the effect that Clause 16 has not yet been carried. Are we incorrect?

Mr. Blenkarn: If you take a look at the records of the Committee, the vote on Clause 3 was grouped with a vote on Clause 16 as one vote, and that took place two or three days ago. That matter has been disposed of. The Committee has dealt in full with Clauses 3 and 16.

The Deputy Chairman: I believe the Hon. Member—

Mr. Blenkarn: It dealt with a number of other Clauses, too.

The Deputy Chairman: The Hon. Member may be satisfied if I indicate that I must do a little research and check whether or not that Clause has been carried. I will attend to the matter as debate continues, if we can handle it that way.

Mr. Cosgrove: Mr. Chairman, I might add that yes, my recollection is the same as the Hon. Member for Mississauga South, that Clause 16 was dealt with together with Clause 3. The only reason I raised it this morning was in the context of seeking the unanimous consent of Hon. Members and, obviously, that is not forthcoming from the Hon. Member for Mississauga South. I did it because I interpreted the news release as a request for the Government to introduce an amendment, but obviously the Hon. Member has indicated that he does not wish to deal with it at this time.

Mr. Thacker: Mr. Chairman, I rise on a point of order as well. I would ask that you not apply the last five minutes of debate, which was on an entirely separate point raised by the Minister, toward my 20-minute time on Clauses 8 and 9.

Mr. Deans: I am sorry to interrupt, Mr. Chairman, but I do not want to pass without having pointed out that, although the Minister may have been considering the possibility of asking for unanimous consent, he did not do so. I would not want him to assume that it was not forthcoming without the question being asked. It may well be that the Hon. Member for Mississauga South is not of a mind to grant unanimous consent, but I think he should be required to indicate that, rather than it just being assumed that is the case.

Mr. Cosgrove: Mr. Chairman, I would, for the record, formally request consent of all Hon. Members to reopen Clause 16 to deal with the amendment.

Mr. Blenkarn: Mr. Chairman, we are dealing with Clauses 8 and 9. There have been a number of suggestions with respect to what the Minister may or may not do because the Minister, in his damnable effort to force this Bill through this House in an unrealistic time-frame, decided to force votes and then made fun of the fact that he won those votes. He then decided to force closure on this Bill. There is an opportunity, perhaps later in the discussion today, to talk about the matter, and there certainly is an opportunity in the other House of Parliament for the Government to bring in that amendment.

The Government has suggested that lawyers be defined as "notaries" or notaries be defined as "lawyers". I have had an opportunity to discuss that matter with the Canadian Bar Association, with my own Bar Association, and they are horrified that this Government would try to define lawyers as notaries. That was the first proposition.

With respect to the other propositions, we have a countervailing proposition for the Government. It knows that proposition. If it wants to deal realistically with this matter, it can do it; but I want to advise the Government at this time, through you, sir, that a Government which thinks it is a dictator can think it is a dictator, but somewhere along the line it will have to obey the rules of its Parliament.

The Deputy Chairman: I have a proposal put forward by the Minister of State for Finance to the Committee of the Whole for unanimous consent to permit the Committee of the Whole to consider Clause 16. I must take it that the Hon. Member for Mississauga South by his words has indicated he is refusing unanimous consent.

At this point, unless some other Hon. Member wishes to rise on a point of order, the Chair will recognize again the Hon. Member for Lethbridge-Foothills. I will give some thought to this matter of time taken out of the Hon. Member's allotment of time in view of the points of order raised.

• (1120)

Mr. Thacker: Mr. Chairman, perhaps the Minister would rise and answer the question why the Bill would have a time limitation now of 1984, which is just a few short months away. Up until now many individuals have not been able to get the applications in place and the financial institutions have not been able to agree because of the general state of uncertainty. Will the Minister indicate now that the Government's policy is to run that on at least, say, until 1985 or even 1986?

Mr. Cosgrove: Mr. Chairman, I could not, as Government policy, indicate that the Government's plan was to extend the program as requested by the Hon. Member. I reiterate that the plan has only been in place for a few years. In that time the Government has, after analysis of what has happened under the plan, come forward with the amendment before us to target aid to those most in need. As I indicated to the Hon. Member for Parry Sound-Muskoka, the Government will monitor the plan and, if warranted, we would conceivably come in with amendments or extensions. We feel we need some more experience. Although the Hon. Member feels the year is fast moving by, we do have nine months remaining and therefore we want that time for experience.

Mr. Thacker: Mr. Chairman, with great respect I find that unacceptable because we know under the original provision that there was $2 billion advanced, and under the Government's amendment in 1981 there has only been $200 million advanced. We are only nine months from the end of the whole program and, as I indicated, many people have had problems applying because the proper election forms were not available to them in the financial institutions. As well, the Minister knows full well that the next budget is going to be perhaps in April. That will take months and months to be passed, the year will have expired and we will be into a new year and the chances of this being put into a new budget and being passed are small. So we are going to continue this incredible process of uncertainty. While it might be fine for us to sit here in this peculiar fairyland, this ivory tower, it is really totally unsatisfactory to the people who are living and working in this country and producing wealth that we sit here and so readily redistribute and waste what they have produced. So I urge the Minister to reconsider that.

I would like to take the Minister to Clause 9(e) where it points out that the bond must be issued in cases of financial difficulty. That is causing great difficulties as well at the grass roots, practical level for the small-businessman, rancher or farmer trying to take advantage of it. Would the Minister stand and make a definitive statement as to what the Government means by financial difficulties?

Mr. Cosgrove: Mr. Chairman, I am advised by my officials that, contrary to the opinion of the Hon. Member, the definition of that Section and its practical application are well known. Section 15.1(3)(b) of the Income Tax Act reads as follows:

• (1125)

(iv) the obligation is issued by the corporation

(A) as part of a proposal to, or an arrangement with, its creditors that has been approved by a court under the Bankruptcy Act

(B) at a time when all or substantially all of its assets are under the control of a receiver, receiver-manager, sequestrator or trustee in bankruptcy, or

(C) at a time when, by reason of financial difficulty, the corporation is in default, or could reasonably be expected to default, on a debt held by a person

with whom the corporation was dealing at arm's length and it is issued, in whole or in part, directly or indirectly in exchange or substitution for that debt;

Mr. Thacker: Mr. Chairman, you can see how complicated the Bills are when the Minister has to refer to Section 15.1(3)(iv). It is just absurd. It is also clear that a person virtually has to have been petitioned into bankruptcy or to have voluntarily signed an assigment into bankruptcy before the Section can be used. That is why it has gone from $2 billion down to $200 million. We are not helping the genuine farmer who has been able to stave off this assignment but is virtually on the verge of tipping in. That is why I believe the Government has to look genuinely at this provision again. Why would we want to force people to have to take that incredible risk voluntarily to go into bankruptcy and then apply for relief under this Section? If they do not get it from the banks, they are into bankruptcy. Their assets can be sold off and they can be turned off their land. Surely that is not what a humane and caring Government would want to do.

I believe the Government should look at that again. Because a new budget speech will be coming shortly, it is possible that if the Minister of State for Finance can see how illogical the Section is as it stands, perhaps he could convince the Minister of Finance of this.

I believe those are all the questions I have on Clauses 8 and 9 Mr. Chairman.

Mr. Cosgrove: Mr. Chairman, the Hon. Member has put his finger on a very difficult point. Irrespective of political philosophies, the Act has to respond to changing economic conditions. It has also to be interpreted and used by the business world. It was for that reason that the Government of the Party to which the Hon. Member belongs introduced Section 15.1(3)(*b*)(iv) which he has criticized as being too technical. Farmers, bankers and business need some guidance, but his Government introduced the Section he is now criticizing. Revenue Canada, which administers the Act, provides a lot of assistance on a case by case basis to people who inquire whether they qualify under the Section.

Mr. Thacker: Mr. Chairman, under the Section introduced by the PC Government $2 billion was advanced, and after the changes made by the Liberal Government some $200 million has been advanced. That shows which Party genuinely cares for the man on the land.

Mr. Riis: Mr. Chairman, I should like to take a few moments to direct a number of questions to the Minister regarding Clauses 8 and 9 of the Bill. In my estimation these are very critical Clauses.

One begins to appreciate more than ever the plight of small businesses in Canada. I want to focus on the most positive aspect of the small business community. It is the part of the community that is most interested in expansion and development at this time. Could the Minister explain why the term "development" is included in the title of the Small Business Development Bond? What is the point of that?

Mr. Cosgrove: Mr. Chairman, it is probably historical. When originally introduced, the Clause was directed toward expansion. The amendment now directs funding toward, should I say, survival—those who are desperately in need of assistance. As I have indicated, the Section is fairly recent, it was amended recently. We are reluctant to remove from it the potential for offering the Section at some time in the future for development. Of course, we would all wish that no assistance would be required from the Government at all for the small business sector if the economy were stronger.

• (1130)

Mr. Riis: Mr. Chairman, I appreciate the point which the Minister made that at one time there was a real development component in the Small Business Development Bond. It became a familiar tool with a considerable number of small businesses in Canada using it to their advantage to expand and use the tax system in order to access lower than usual interest rates.

I want to direct a question to the Minister regarding the Small Business Development Bond and the Small Business Bond and ask him to give me some idea of the numbers involved, so that we have an idea of the usage of these two very important assistance programs for small business. Could he give me some idea of the numbers involved over the last 12 months, or whatever would be an appropriate period of time for which he would have statistics?

Mr. Cosgrove: Mr. Chairman, the only way in which I could respond at this time is, of course, to draw the attention of the Hon. Member to the amounts that have been taken down—over $2 billion under the Section as originally designed and a further $200 million under the Section proposed to be amended.

Mr. Riis: I seek a point of clarification. Is the Minister saying that $2 billion has been allocated under the Small Business Development Bond and $200 million under the Small Business Bond?

Mr. Cosgrove: No, Mr. Chairman. What I was pointing out was that historically, since the unamended Section has been in place, over $2 billion was drawn through the Small Business Bond by small businesses. Since the amendment directing and targeting toward those businesses in difficulty, the amount taken down in that period of six months has been, roughly, an additional $200 billion.

Mr. Riis: I thank the Minister for those figures. They certainly point out that the Development Bond was put to good use. I want to direct a specific question to the Minister regarding the Small Business Bond. Does he have any indication he could provide Hon. Members of the use to which the Small Business Bond has been put?

Mr. Cosgrove: A colleague of the Hon. Member made reference to a study conducted by one of the accounting firms, an analysis of the use, which I did not have at hand. The contention was that the majority of the funds had been used by

farmers and fishermen. Our subsequent research would confirm that it breaks down to something like 60-40; that is, 60 per cent by the farming and fishing communities and 40 per cent by other categories.

Mr. Riis: Again I thank the Minister, because it gives an idea of the breakdown of category. Is it possible to obtain any idea of the number of Small Business Bonds which have been allocated or, if that is impossible, at least the amount of money attached to the Small Business Bond?

Mr. Cosgrove: No, we do not have the numbers. The numbers are not up to date; that is, the number of users or the number of people who have applied and actually been candidates for the bond. The figures I have just given the Hon. Member indicate that under the proposal, as amended, it has been over $200 million; we know that. Prior to that it was somewhere over $2 billion that was used under the Section before its amendment.

Mr. Riis: Mr. Chairman, perhaps I have lost track of where we are in this, and I apologize for my inability to follow the Minister's description. I understood him to say that the Small Business Development Bond had issued $2 billion worth of funds before it was amended, before the development portion of it was taken out of it, and that since then it has been $200 million. That is one thing.

My question was: What amount of money has been allocated out into the small business community under the Small Business Bond? In a sense we have now moved to Clause 9, referring to the Small Business Bond only.

Mr. Cosgrove: I am advised by my officials that the significance of Clause 9 was really the introduction of the application of the Section to unincorporated businesses as opposed to incorporated businesses. Again we do not have a breakdown as to how many unincorporated businesses have taken it up as a percentage of the users of the $200 million since the amendment was introduced. But the import and significance of Clause 9 was really a result of representations from constituents of Hon. Members on both sides of the House that the bond be available to unincorporated businesses. Also I am advised that the Section has only been in place for six months and we do not have the figures broken down as yet.

Mr. Riis: Mr. Chairman, I appreciate that we do not have any figures in terms of the moneys allocated. Another question I want to put to the Minister concerns something about which I have been informed as a Member of Parliament on a variety of occasions. When a small-businessman in trouble has approached chartered banks and said: "I am on the verge of bankruptcy; I would like to obtain a loan under the Small Business Bond", the response of bankers has been essentially to laugh at the individual. For example, bankers have said that they are not in the business of lending out money to businesses in financial difficulty. Considering that the banks through their own admission—and I do not necessarily agree—have indicated that they are interested in supporting only viable small businesses as they define them, businessman after businessman has approached the bank only to be turned away. They have come to my offices and said: "You told me that there was something called a Small Business Bond in place to assist small businesses in financial difficulty", as the Minister himself has defined. Yet when these individuals went to the banks, they were rejected outright and told: "We are not interested in that program for a variety of reasons". Does the Minister believe that the banks of Canada are co-operating with the Government of Canada on the issuance of Small Business Bonds at this time?

Mr. Cosgrove: Part of the response would be to remind the Hon. Member that our figures indicate that over $200 million has been used under this bond provision since the amendment was proposed. We know it has been effective to assist people in the small business category to that extent during this period of time, which is the last six months. Some Hon. Members have said yes but the Section as unamended, that is, the development provision of the Section when it was first introduced a couple of years ago, had a takedown of over $2 billion. I pointed out on the six-month experience that it is difficult to compare those two figures because we do not have that much experience.

• (1140)

The Minister of Finance has reviewed representations such as the one made by the Hon. Member. My recollection is that it was a matter raised by him when he met with representatives of the Bankers' Association just recently in preparation for his budget. He raised the point, brought it to the attention of the senior executives of the Bankers' Association and asked if they would alert their officials to apply whatever discretion they are permitted under the bond so as to make it available whenever and wherever possible.

Mr. Riis: Mr. Chairman, could I ask you to give me some indication of how much time I have left?

The Deputy Chairman: I am advised the Hon. Member for Kamloops-Shuswap has eight minutes remaining.

Mr. Riis: Mr. Chairman, I want to pursue one aspect. I thought the Minister told me in answer to my previous question that the Government had no figures on the amount of money loaned out under the Small Business Bond. Yet the Minister has now indicated $200 million was the amount loaned under the Small Business Bond.

I want to pursue this line of questioning for clarification because it is important to the small business community. I want to approach the question in three parts. Will the Minister tell me the amount of money loaned out under the Small Business Bond when the development component was a reality?

Mr. Cosgrove: Yes, Mr. Chairman. That was the original figure I mentioned of somewhat just over $2 billion. The $200 million figure I gave in response is a combination of Clauses 8 and 9. The amendment did two things. It made the bond available to unincorporated entities and also targeted it toward

those small-businessmen who applied for it because of financial difficulty. On the basis of that six-month experience, with the kind of information we have, we have not been able to determine whether it was the unincorporated entities which used the $200 million of the corporations. But the $200 million figure indicates the amount of take-downs under the combination of Clauses 8 and 9 since the amendment was flagged some six months ago.

Mr. Riis: Mr. Chairman, is the Minister saying that for all intents and purposes the Small Business Bond and the Small Business Development Bond in its revised form are essentially the same thing?

Mr. Cosgrove: Yes, Mr. Chairman, and available now to unincorporated small businesses as well as to incorporated small businesses.

Mr. Riis: Mr. Chairman, would the Minister agree that one of the problems facing the small business community today is the difficulty of building up equity in a small business? If that is a problem the Minister recognizes, would it be in the Government's interest to assist the small corporation in building equity?

Mr. Cosgrove: Mr. Chairman, one of the amendments with respect to that Section, in response to the difficulty identified by the Hon. Member, is to make the bond provisions available to small businesses but in greater scope, so that in effect the bond is available not only in the original amounts as set out in Clause 8 as introduced, but also permitting small businesses to take advantage of the small business rate and qualifying for a larger amount of business with a larger base.

Mr. Riis: Mr. Chairman, one of the ways the small business sector had of building equity was to use the taxable dividends to its shareholders as a way of putting off the time when accumulated earnings would be in excess of $1 million under the new definition of small business. This then allowed the small business, if you like, to use the taxable dividends to reinvest in the company. In other words, to build equity and at the same time enable the small business to hold off the date of being classified as a large business, and therefore entering a higher tax bracket.

My question is really two-fold. What is it that is so magical when accumulated earnings one day reach $1 million and the next day the tax rate essentially doubles for that small business? Could the Minister explain the logic behind that definition or it is totally arbitrary? Why has the Minister decided that he will not now allow the taxable dividends to be used as a reduction in the definition of a small business?

Mr. Cosgrove: Mr. Chairman, I would be happy to respond to the Hon. Member's question when the Clause pertinent to his question is before the Committee, which is Clause 86. It would be the intention of the Government to introduce some amendments to Clause 86 but we are not there yet. I do not think it would be proper for me to go into the item now unless we have consent of all Members, and the Hon. Member for Mississauga South is indicating that he does not consent.

Mr. Riis: Mr. Chairman, could I ask the Minister to clarify whether he was referring me to Clause 86 regarding the definition of the taxable dividend that is being removed as an option for the small business?

Mr. Cosgrove: Mr. Chairman, I was referring to Clause 86 which deals with tax rates, and also Clause 109 which deals with dividends.

Mr. Riis: Mr. Chairman, I would ask the Minister a general question rather than refer specifically to the content of those two Clauses. We are talking about small business in Canada. We are talking about bonds and development bonds to assist that sector. That sector is defined in this particular Clause as a company that would end its definition of a small business after accumulated earnings had reached $1 million. What is the rationale for that definition? What is it that changes in the small manufacturing shop or the small business the day after the accumulated earnings reach $1 million?

Mr. Cosgrove: Mr. Chairman, that relates to two Clauses, one of which is Clause 109, the definition section. The Hon. Member poses the difficulty I have in trying to respond to a Clause which involves a combination of two, which is part of the difficulty in introducing material. If we only discuss them in chronological order, it prevents us from logically dealing with this issue.

• (1150)

I see that the Hon. Member for Mississauga South is chuckling as he recognizes that that is a difficulty.

Mr. Blenkarn: I rise on a point of order. The question is very relevant. This particular Clause deals, in fact, with the small business limit of $75,000 and amends it to increase it to $1 million. My friend the Hon. Member for Kamloops-Shuswap is absolutely right. To try to avoid answering the question on the basis that the Minister would like to play around with the Bill a bit is just wrong. The Minister is here to answer questions and that is a vital part of this Clause.

Mr. Riis: Mr. Chairman—

The Deputy Chairman: The time allotted to the Hon. Member for Kamloops-Shuswap has now expired. He will, of course, be able to speak after the intervention of another Hon. Member.

Mr. Schellenberger: Mr. Chairman, I want to follow along the lines of the questioning of the Hon. Member for Kamloops-Shuswap because, as a Member, I deal with issues in my constituency involving small businesses in financial trouble due to high interest rates. The Small Business Development Bond and then the Small Business Bond became very important to those people. They found that when their Member consulted with the Government as to what assistance was available to

them when they did find themselves in some financial difficulty due to high interest rates, the Government continued to say: "We have the Small Business Bond, the Small Business Development Bond, and then the other bond to assist those businesses". However, they found that when they went to the banks to ask for the use of the bond, the banks would consider their financial statements and say: "Well, you are having difficulty; you are in financial trouble and we are the ones who must take the risk. Therefore, we do not feel that we can lend the money to you." It became a bit of a farce, because when the businesses were in trouble and looking for assistance, they went to the banks thinking they could use the bond but found that the banks said: "Sorry, you are a risk and we cannot provide that assistance to you".

I placed a question on the Order Paper as to how much money had been given out. The answer was provided in the millions of dollars. I believe the figure given by the Minister was correct, some $2 billion, and it was broken down into Provinces.

Mr. Blenkarn: That was the Development Bond, not the Small Business Bond.

Mr. Schellenberger: It was the Development Bond. However, there was nothing which indicated to the Member of Parliament whether or not the Development Bond was used to assist businesses which were in financial difficulty due to interest rates, or whether it was just given to the businesses which were in reasonable financial shape. With some assistance through the bond, the banks were really taking no risk at all; they were just putting the businesses in a little better financial position.

At that time I wondered whether the Government had any ability to monitor a program which it announced and was bragging about to the people across this country. I wanted to see whether the banks were in fact assisting businesses which were in some financial difficulty or whether they were in fact just lending to the businesses which were really good risks anyway and which, by using the bond, the banks could make even that much better risks. That question has never been answered.

I want to ask the Minister whether this was just another program thrown out for public relations purposes and to assist some businesses, but with really no mechanism in place to determine whether it was in fact doing some of the work that it was intended to do, concerning which Ministers have responded to me that this was to help businesses in trouble.

After I pursued that matter a little bit, I found that there was in fact an organization in a building here in Ottawa, on Metcalfe Street, called the corporate rulings division which was available to small businesses if they found they were turned away from banks and really had no other place to go but perhaps into bankruptcy. This organization was prepared to consider their financial picture and make some rulings as to whether the banks were in error and should provide the bond or whether it should not be given.

Therefore, I presented a typical case in my constituency before the organization and after about eight or ten weeks the response came back, and I was very interested in it. The response was: "It looks like you ought to be able to apply for the bond but we would like to know from you whether you have any relative from whom you could borrow money or any assets which you could sell off to come up with some money", and it went on and on. There was a long list of suggestions which I am sure any business in financial difficulty would have already pursued. Therefore, that was not of any assistance either.

I guess that what I am saying in my little address to the Minister is that when such programs are brought forth, there ought to be some ability to monitor them to see whether they are in fact doing the job. Ministers respond: "Look, you are in financial difficulty and you can use this bond". We, as Members, sit down and say: "Great". I can tell my constituents that a program is available to them. However, when we return to our ridings, we find that when these people go through the process it is not, in fact, of any assistance to them at all. If there is any monitoring ability, I would like to know about it. I do not suspect there is.

When a program is brought forth, why is the fact not announced that there is a division called the corporate rulings division which can assist businesses which have made applications but have been turned down and have thrown up their hands, not knowing where to go? Why is that information not also made available to assist them in these cases?

Mr. Cosgrove: Mr. Chairman, I have already indicated that the Section, as amended, has only been in force for a few months. I am advised that Revenue Canada is a Department which administers and reviews the elections. I cannot indicate whether there is a sophisticated system in place for monitoring applications under the Section in the way in which I believe the Hon. Member is asking that it be done. I would think that the experience under the bond is so new that it probably is not the case. However, we have heard representations. The Minister has heard representations such as those made by the Hon. Member and other Hon. Members and has raised that concern, as I recall it, with the Bankers' Association. Certainly it is something which we can continue to flag and bring to the attention of the banks.

However, I would also point out that there are other remedies and programs available as well to the very person I suspect the Hon. Member uses as an example. The Small Businesses Loans Act is another way in which the funding is made available at a reduced rate. Legislation concerning the program will shortly, I understand, be before Hon. Members. With the assistance of Hon. Members from both sides of the House, yet another program can be made available to people in the small business sector who are looking for assistance at this time.

Mr. Schellenberger: Mr. Chairman, I know about the small business loans program. In most cases it is 1 per cent above prime.

Mr. Blenkarn: That's what it is.

Mr. Fisher: That's not true. Why do so many people use it?

Mr. Schellenberger: It does not assist businesses, particularly farms with large capital outlays, in order to purchase equipment, to place crops in the ground or whatever. When interest rates rise as they did in the last few years, the only way that most of these businesses which are capital-intensive can continue to exist, especially if they are at the mercy of the whims of nature, such as those in a farm position, is with assistance on the interest. That is why the Small Business Development Bond is so attractive. It did lower the interest rate and allowed those businesses in relatively short-term difficulty due to interest rates to use it as a good way of getting over the hump of a rapid rise in interest for a year or two.

That is why this was such an excellent program and why it was so important that it be monitored to see that the banks were in fact giving bonds to those businesses which really needed them in the short-term, rather than to businesses which perhaps could have made it through but which, by giving them the bond, just made them that much better of a risk.

• (1200)

I guess the other question which was not answered is the use of the corporate rulings branch. Why did we not get information provided to us about this branch which is an alternative for small businesses to go to when banks turn them down? It has been my experience that if one is turned down by one bank on a bond or a loan and one goes to another bank, the information is generally there. The banker says: "Well, you do not deal with us; why are you coming here?" Unless one is not going to tell the truth, the answer has to be: "Well, I have been turned down by my bank and I am looking for a bank that is more amenable to my terms". That generally does not work. Probably only one bank in a thousand would look at these types of things.

So the corporate rulings division, I think, is a very important aspect. I was not aware of it, as a Member, for a number of months until I got into two or three cases intensively.

Mr. Cosgrove: Mr. Chairman, the corporate rulings division should be the Section that does provide answers to small businesses, proprietorships or corporations. Its mandate is to assist this sector of the economy. I agree with the Hon. Member that ten weeks would be very frustrating to someone who is looking at problems of meeting weekly payrolls and the like. On the other hand, I wonder if because there are a number of requests the division has backed up. If it is backed up, of course, that is good and bad. It means it is serving its mandate, but it also means, unfortunately, that a large number of people are looking for assistance and signalling their need for assistance.

Mr. Schellenberger: I will just conclude my remarks by saying that I know the bond is something that we should build on. It has a lot of ability to assist small businesses, particularly the farm community, through difficult times. Due to a rapid high interest increase in the country or some pestilence of nature that hurts a farm, farmers may require a low interest rate for a few years to get over this difficulty. We ought to build upon it and set up a monitoring system so we can see that our financial lending institutions are providing the kind of requirements that we, as politicians, see these bonds offering, rather than just a tool to assist those businesses that are fairly viable and would be just that much more viable if they used the bond. The figure of $2 billion looks impressive. My concern is as to whether it really assisted those businesses that were in dire need or not.

Mr. Rompkey: Mr. Chairman, I just wanted to make some comments apropos of what the Hon. Member was saying about small business. I heard the last part of his speech. I understood that what he wanted was support and help for small businesses. I wanted to remind him that if he is serious, and I know that he is, about giving that help and support, he might want to consider talking to his House Leader and to his Leader about the passage in the House of three important items for small business.

The Small Businesses Loans Act is due to expire at the end of March and the Rural Development Incentives Act needs renewal. The small business investment grant is presently before the House. At the end of March—

The Deputy Chairman: Order, please. The Hon. Member for Calgary West on a point of order.

Mr. Hawkes: Mr. Chairman, I understand it is a requirement of the Chair that the Chair rule on relevancy. How on earth is this revelant to the Clause under discussion? In fact, it is an attempt to mislead the House. We have not seen that legislation brought before the House. It is the duty of the Government House Leader to bring legislation before the House so that we can debate it. It is not brought forward but Government Members stand up and talk about it while we are dealing with another Clause.

The Deputy Chairman: The Chair is having some difficulty. I was noting the Minister's remarks and wondering where his comments were going. Perhaps he could point out where he is going, so we can ascertain if that is relevant at the moment.

Mr. Rompkey: Mr. Chairman, as I understood the main point—

Mr. Blenkarn: A point of order, Mr. Chairman.

The Deputy Chairman: I want to tell the Hon. Member for Mississauga South that if he is going to raise a point of order he should be making a point of order and not enter into the debate. I have yet to hear the Hon. Minister of State for Small Business in order to determine whether the comments he is making are relevant to the Bill, and I have to hear him before I can make that decision.

The Hon. Member for Mississauga South on a point of order.

Mr. Blenkarn: Mr. Chairman, my point of order is exactly that. This is Committee of the Whole House. The Minister of

State for Small Business is a Member of the Government. Is the Minister being recognized as a private Member, or is he being recognized as the Minister for the Government replying to questions? Because the question really is that we have before us the Minister of State, who is the witness before this Committee, answering the questions of the Committee. Now we have a situation where another Member of the Government stands up, without any jurisdiction to handle this piece of legislation, and proceeds to become involved in it.

My point of order is this. We have to know from where he comes. Does he come as an ordinary Member? My position is that he is not entitled to be recognized in the Committee as an ordinary Member unless he is allowed to cross-examine his Cabinet colleague on the floor of the House, and I do not think that is right. Or is he being recognized as the Minister responding to a question, in which case it is not his portfolio? In neither case has this Minister the right to interfere in this debate at this point.

Mr. Rompkey: Mr. Chairman, on a point of order—

The Deputy Chairman: Order, please. I want to resolve one issue at a time, if I may. The Minister has every right to participate in debate of the Committee of the Whole. We may do so as any other other Hon. Member does.

That matter is settled, but I was having some difficulty as to the relationship of the Small Businesses Loans Act and the Rural Development Incentives Act to which the Minister was referring, so I simply point out to him that there remains in issue whether or not the Minister's comments are relevant to the Bill before us.

If he would now care to take the floor, obviously it would be helpful if he could point out how these matters are relevant to the Bill and to the Clause, and then we could all proceed.

Mr. Rompkey: Mr. Chairman, I thank you for recognizing my rights as a Member of Parliament. I do not hold it against the Hon. Member because he happens to be a Member of the Opposition. I fully support his position as a Member of the Opposition and I hope he stays a Member of the Opposition for a long, long while. On the other hand, he should not discriminate against me because I happen to be a Member of the Government. I have a right to speak on behalf of farmers and fishermen who are going to be hurt at the end of March unless certain legislation is passed. These are small businessmen. They are helped by the Income Tax Act. They are also helped by complementary Acts such as the Rural Development Incentives Act and the Small Businesses Loans Act. These are tax measures too, in a way, and that is the relevance, Mr. Chairman.

We are talking about support across the board that this Government and this Parliament provides for small business. That is the point that he is making. I am saying to the Hon. Member and to the Opposition that, if they are serious about giving that help, they will pass without any debate the Small Businesses Loans Act which expires at the end of March; they will pass without debate the Rural Development Incentives Act; they will pass without debate the small business investment grant. If that legislation is not passed by the end of March, there will be no further help of that kind for small businessmen, including farmers and fishermen. That is the point.

The Deputy Chairman: Clause 8 in this Bill does have reference to the Small Business Development Bond, but I find that when I take the Minister's words at large, to me they do not seem to address themselves to Clauses 8, 9 or 128(12). However, we have arrived at the pont where in any event the Minister appears to have completed his remarks. If someone wants me to rule, in fact, my inclination would be to rule that that was not quite in order.

Mr. Hawkes: Mr. Chairman, we will try to get back to Clause 8 and 9, but it would be nice to be able to ask the Minister of State for Small Business why, with three such important pieces of legislation on his personal plate as Minister, his House Leader is bringing in a betting Bill on Friday and a take-over-the-agricultural-industry Bill on Monday. Why is the Government priority in that direction when small businesses are hurting? It would be nice to ask him that question in light of his out of order intervention.

I come back to Clauses 8 and 9. Do we see this legislation and this particular Clause before us today because the Minister could not find assistance for the farm community, and could not get something passed through Cabinet? Are we bending this in the direction of farms because the Minister of Agriculture is falling down on the job?

• (1210)

Mr. Cosgrove: No, Mr. Chairman. I am surprised that the Hon. Member, with his experience in the House, would not know that he will have an opportunity in a very few minutes to raise any question he wishes of either the Minister responsible for small business or the Minister of Agriculture. The Hon. Member really is blowing hot and cold. He is speaking out of both sides of his mouth at the same time. He criticizes the Minister for making a statement and then raises a question about another Minister, knowing full well that the time to do that is in Question Period, not now when I am looking Clauses 8 and 9 perforce.

Mr. Hawkes: Mr. Chairman, the Minister has gone out of his way to indicate that the change in the law is to allow unincorporated businesses to participate in the Small Business Bond. Can the Minister confirm that about 90 or 95 per cent of the take-out by unincorporated business is by farmers in trouble? Is that where the money is going?

Mr. Cosgrove: Mr. Chairman, I hope the Hon. Member will raise that question with the Minister of Agriculture so that he can use the hour in Question Period to deal with the numbers of different types of programs and assistance that the Government provides to the agriculture sector, including small farmers. It might be constructive.

In response to the Hon. Member's question, I am very pleased that this is yet another example of assistance by the Government of Canada available to the farming community. No, I do not confirm the figures used by the Hon. Member. Had he been here when that question was asked by one of his colleagues earlier in today's proceedings, he would realize that the best information we have is that his 90 per cent figure is way out of line.

Mr. Hawkes: Mr. Chairman, I am just dealing with unincorporated businesses which take up the Small Business Bond. If that figure is way out of line, what is the figure? What proportion of this take-out by unincorporated businesses deals with farming?

Mr. Cosgrove: Mr. Chairman, we indicated earlier that as far as the amended Clause is concerned, that is the $200 million that has been used under the amended Clause, which for the first time makes the bond available to unincorporated businesses and which targets aid to those in need, the breakdown is something like 60 per cent to the farm-fishing community—I do not know whether we have broken those two down—and 40 per cent to other categories.

Mr. Hawkes: Mr. Chairman, one of my colleagues the other day, at the beginning of this debate, tried to get an indication from the Government and was not very successful. We are moving from a development bond to, in the Minister's own words, a survival bond. Is it the Government's opinion that development is no longer needed in the country?

Mr. Cosgrove: Mr. Chairman, I have responded to that question posed in different ways not only by Members of the Conservative Party but the New Democratic Party. The Government, faced with objections by the Hon. Member and his colleagues that we should attempt to retain Government expenditures at reasonable levels and in our borrowing practices and deficit financing attempt to keep reasonable support measures in force, at the same time takes into account that we have automatic programs which have increased our deficit requirements. There are a limited number of dollars to be shared in various sectors in support programs. We estimate this particular program will cost an additional $25 million in foregone revenues to the Government. That is a significant amount of assistance toward the farming-small business sector. I suppose we wish we had the support of Hon. Members to increase the deficit and expand the programs to make them available to everyone who expresses a need; but surely the Hon. Member cannot criticize the Government on one hand for having too high a deficit and then make the representation he just made that we expand the deficit so as to help people in the small business sector.

Mr. Hawkes: Mr. Chairman, it is most annoying for the Minister to stand up—and the Parliamentary Secretary did this yesterday—and keep putting words in my mouth that I did not utter, and put ideas on the floor as if they were mine when I never made them. I have never in the several days of debate suggested that the Government expand its deficit.

I have a suggestion for the Government. The Government gives $1 billion each year to a corporation in this country called Petro-Canada. It could take that $1 billion and lend it to small businesses. That would do a lot more for the Canadian economy and our world-wide reputation. That is not an expansion of the deficit; it is a conscious public policy decision on how to spend funds. Our quarrel on this side of the Chamber is consistently with the Government's decision on how to spend funds.

To get back to the essence of the Clause and the shift from development to survival, is it the Government's opinion that a small Canadian business in trouble is more likely to survive with a low-cost loan as opposed to a guarantee? Are small businesses in trouble more likely to benefit from loan guarantees or low interest rates?

Mr. Cosgrove: Mr. Chairman, I suppose that is a decision for individual businesses, whether it be a sole proprietorship, a fisherman, small manufacturer, salesman, or someone providing personal services. Individuals will have to decide what Government programs or assistance are most suited to their needs. If the Government were pressed to make the hard choice that the Hon. Member puts to us, either Petro-Canada or small businesses, or small business having either a program of guarantees or an interest reduction, whether the Hon. Member agrees or not he is, in effect, placing the Government in the position of decision-maker when that should be the individual in the community.

That is one of the differences between the approach which the Government takes and that urged by the Members opposite. The situation is not black and white. We would not want to interfere in the economy to a greater extent than necessary. As a policy, we believe it is important to offer a choice to people whose situation, even in the same types of business, must be difficult. If we do not, Mr. Chairman, then I believe we are, philosophically, becoming big brothers. I am surprised that that would be a philosophical point which the Hon. Member would use in approaching problems in light of the many statements which come from his colleagues about Government getting out of the business sector. The Government's approach is to provide programs which offer choice and to leave the choice up to the individual operator, whether it be a corporation or a sole proprietorship, a person just starting out and doing his own thing.

• (1220)

Mr. Hawkes: Mr. Chairman, you would almost think the Minister would be embarrassed as we get into the issue of choice. Tomorrow his Government intends to bring forward to the House a new form of taxation of the poor. It is voluntary, but it is taxation of the poor, and this Government is moving that to a priority when in fact the Canadian economy is in deep trouble. I fail to see the logic of a Government policy to increase taxes on the poor of this country, even if it is voluntary.

Coming back to the Bill, these particular Clauses were developed by a previous Government which had a record of

creating 30,000 to 35,000 jobs a month on average in the Canadian economy. That was what the Development Bond did. The theory was that small business would respond and expand and create jobs and activities if you had a "carrot" called lower interest rates. That is where this whole discussion of these clauses comes from. It is a carrot to expand and develop.

We have a piece of legislation now, however, which amends that original carrot and says: "We will give a low interest rate to a business which is bankrupt, which is functionally bankrupt". If you move around the business community and talk to the owners of small businesses which are in that kind of economic difficulty, or close to it, they will tell you that the secret to their survival, if survival is possible, is an infusion of cash. They are less worried about the cost of the cash, although it is a concern; their big problem is that they cannot get cash. The traditional lenders in Canadian society will not give them the money to stave off bankruptcy.

We have had a lot of answers from the Minister, Mr. Chairman, which indicate to us that the take-up rate is very slow. May I suggest to the Minister that the reason for the slow take-up rate is that the program is inappropriate to the problem. To step into a bankruptcy situation and provide an infusion of cash which will increase the probability of survival, what you need are loan guarantees. In order to get the money lent to those companies, you need loan guarantees. You could put the money in at lower interest rates, as was tried with the bonds, but it is the guarantee nature of it which is really critical.

If the Minister looks at the take-up rates for this program, he will find a common characteristic in the bulk of the businesses which receive this kind of money, and that is that they have tangible take-over assets such as land and vehicles. Lenders will only lend with the thought that they will be able to take those assets away from people if in fact the business goes belly up. Those businesses which have intangible assets, such as service, customers and so on, are not very successful, yet they are the high employers in this country. We have 1,600,000 unemployed people and the small business sector is our potential salvation. Some parts of that sector are much more employment-intensive than other parts, and it is the employment-intensive parts of that sector which are not helped at all by the survival program. It is the employment-intensive parts which were helped by the Small Business Development Bond. It was that kind of business which was encouraged to expand with the development aspect. May I suggest to the Minister that we have in these Clauses a distortion of a good idea to an inappropriate situation. Can the Minister stand up and indicate whether or not it is Government's opinion that my logic is faulty?

I own a small business, Mr. Chairman. I belong to those organizations. I am in contact on a daily basis with businesses which are in considerable trouble in my city of Calgary. In that city the economy has deteriorated so rapidly it is difficult to comprehend, from two-tenths of 1 per cent of a vacancy rate to over 12 per cent in less than 12 months. 9We have a city which people are leaving in droves and all the small businesses in that city are in trouble. Their markets have dropped by half in a 12-month period. The difficulty for them, Mr. Chairman, is not obtaining a bankruptcy loan at low interest rates; it is getting a loan in the first place. That is where the difficulty is, and the only way they are going to be able to hold on is by loan guarantees.

Will the Minister consider changes in the direction I propose?

Mr. Fisher: Mr. Chairman, the Hon. Member has raised the whole question of developing small business and he has focused the debate on bailouts, on the one hand, versus growth, on the other hand. He has posed his question as if they were opposites rather than part of a smooth spectrum, and I would like to put the whole problem back into focus.

We talked about this situation at great length in the Committee on Finance, Trade and Economic Affairs. We talked about small business relief and small business taxation for almost a whole month through September, and we came to some very useful conclusions which I believe I should point out to the Hon. Member. If tradition follows, and if Hon. Members' behaviour follows through, then perhaps the Hon. Member from Kamloops might also find the comments I have to make about small business could help him. I look forward to any comments he might like to make in the future.

The Hon. Member opened the issue of development, and I would like to put that into perspective for him. I would like the Hon. Member to remember that the Small Business Bond which we are talking about now has been broadened to new groups of people, to unincorporated businessmen such as the professionals he was describing a few days ago, and to farmers. It has been focused more on helping those people in genuinely desperate situations. It was not intended from the time of that focusing onward that this measure should help everyone. It was intended as special targeting for those people who really needed that targeting the most. The Minister of State for Finance has very clearly pointed out that at a time when resources are scarce, when help is badly needed, you go first to those who need help the most. That is precisely the attempt which we are making here, to focus in on farmers, on unincorporated businessmen and on incorporated businessmen, who need help the most.

In this Bill there are other measures which the Hon. Member refuses to acknowledge. In fact, when the Minister of State for Small Business rose to ask about these measures and to comment on them, the Hon. Member said that he was talking irrelevancy. He wants to deny that these measures exist. He does not want debate on the broader issues. Well, I am going to raise them because he has asked about development and I want to answer him. He would not let the Minister of State for Small Business do it so I will, and let us see if he wants to interrupt me. If he does we will continue on with a bunch of silly procedural points instead of telling taxpayers where they can get some help.

• (1230)

First of all, the Hon. Member refuses to acknowledge that every small business in this country has the opportunity under this Bill to retain an extra $250,000 at the small business tax

rate. The Hon. Member wants to know about equity and operating funds. The fact is that every small business in this country can keep another $250,000 at the small business rate instead of the big business rate. That money is taxed at a lower rate and the money stays in the hands of the business for its use. According to the testimony we received in Committee, that was a significant piece of help.

Secondly, every one of these businesses is eligible for a small business loan under the Small Businesses Loans Act. They are also eligible for a grant under another Act. These are not general assistance programs; they are targeted to develop exactly the results the Hon. Member is describing.

Finally, the Hon. Member asks again, as if there were a dichotomy, why do we help a large corporation instead of a small corporation? Why do we give money to PetroCan or Chrysler or some of these other large corporations? I turn the question back to him. I want to know from him why small-businessmen write in and tell us to do this. Does he think that there was only one large company which benefited when we helped Chrysler? If so, why did scores of dealers across the country write to us and tell us as independent businessmen that they did not want us to forget the help for Chrysler because they, as small-businessmen, depended on the help we were giving to big business. Suppliers, exploration companies and all kinds of small businesses all across the Hon. Member's Province of Alberta benefit whenever we help PetroCan or any other large company. Why does he not go to those people and tell them that he wants to cut off this help and cut off their lifeline through that larger corporation? Small-businessmen are not stupid, they understand the implications of what he is saying. They know that if we cut off aid to large business, that will in turn cut off their source of revenue and their livelihood. They know that and they do not endorse what he is saying.

Now, Mr. Chairman, the Hon. Member asked us about how do we help to develop small business? I agree that is a legitimate question but I do not think he should put it as though it were a dichotomy. He should not be saying that it is "either or". He should recognize that scarce resources should go to those who need it most in times of great despair, the way the Small Business Bond does it. I am astonished, Mr. Chairman, to hear the criticism considering that in the great Conservative tradition we have left tax dollars with the businessmen by lifting the small business tax rate ceiling from $150,000 to $200,000. Instead of $750,000 retained surplus, it is a full million. Those are measures of relief for small business. They help small business.

Then there are the other measures both I and the Minister of State for Small Business had mentioned, and I think that instead of getting into a lot of procedural stuff, the next time the Minister wants to stand up and exercise his rights as a Member and tell us what he is doing, we should listen so we can inform our constituents a little better the next time the opportunity arises.

Mr. Blenkarn: Mr. Chairman, the position we take on the Small Business Development Bond is that these amendments have effectively gutted it. In effect, it terminated at the end of December, 1981, and it is our feeling that the SBDB which made money available to small business for expansion and growth should be carried on. I remind you, sir, that the period of March to December 31, 1981 was the only period of time when the legislation was really in effect. Even though it was backdated to December 11, 1979, the Bill was not passed by the House until March of 1981. From then until the end of 1981 $2 billion was advanced to small business and a great deal of the prosperity that we enjoyed through that time was a result of the advantages of that bond. Our view is that the SBDB in its original form should be a permanent piece of the income tax legislation of this country, allowing small business the opportunity to continue to negotiate advances under that concept.

With respect to the Small Business Bonds, that is essentially a bailout concept. We see nothing wrong with that, but we have already made many points about it before this Committee. The bailout bond is cosmetically attractive, but as a practical matter it does not work. Indeed, many have described it as a "bailout the bank bond". That is really what it is because the only time a bank will lend money on a bailout bond is when the bank is really stuck on a loan to the customer in the first place. You owe your banker $200,000 and he has you tied in at two over prime and finds you cannot pay that. He then determines you are in financial difficulties and rewrites the loan as a bailout bond at one half of prime plus one. He has not done anything for you, he has done something for himself. That is the only time these bonds are ever used, but they do form a bailout system and make it possible for people to bail themselves out. Therefore, I move:

That Subclauses 8(3), (4), and (5), and 9(3) of Bill C-139, an Act to amend the statute law relating to income tax (No. 2), be amended as follows:

1(1)(a) by striking line 41 on page 26 and substituting the following "December 11, 1979",

(b) by striking line 2 on page 27 and substituting the following "issuance of"

(c) by striking line 6 on page 27 and substituting the following "1979"

(d) by striking lines 13 and 14 on page 27 and substituting the following "11, 1979 in respect of scientific research"

(e) by striking line 35 on page 27 and substituting the following "by a Canadian-controlled"

(f) by striking lines 39 and 40 on page 27, and substituting the following "after its issue date, or"

(2) and by striking line 12 on page 31 and substituting the following "1981"

● (1240)

Essentially, the amendments would make small business financing a permanent part of financing in Canada and available to small business. There has been a lot of argument to the effect that this is a tax expenditure that costs the Government money. The Canadian Federation of Independent Business has done a lot of study on the subject of Small Business Development Bonds and has concluded that, in terms of additional tax revenue, the bonds more than paid for themselves. The effect is that the Small Business Development Bond program did not cost the Government anything in lost revenue and, therefore, should be a permanent part of our tax

financing. What we are really doing is making sure that money flows into new investment. When there is new investment there are new jobs. The money is being made available in this fashion at a lower rate for new investment and new jobs.

The whole concept of income bonds, or whatever one wants to call them, made it possible for the Government originally to buy Pacific Petroleum for Petro-Canada. It was on the basis of allowing relatively cheap financing that that transaction could take place. That has been abandoned in the area of large business and perhaps that is quite proper. In the small business area, however, there is no reason to abandon it. Small businesses should be able to expand and borrow expansion money on an after-tax basis. This type of after-tax financing makes sense.

The Government has a number of programs for small business. When John Bulloch appeared before the Finance Committee to speak on the programs that Government offer for small business, he indicated that there are about 1,000 programs and most of them could be scrapped. He said that small business wants tax incentives. This is a tax incentive, Mr. Chairman. If the Government wanted to do something for small business it would get rid of a host of other programs. That is why we have introduced this amendment.

Small Business Development Bonds have proven to be a superb way to stimulate the economy and to give small business a break on financing. It is far better than the Small Businesses Loans Act ever was and is far better than small business grants are. A lot of money would be saved if we did things this way. Things would get moving and businesses could take advantage of the provisions and get people back to work.

I should like to ask the Minister why the Government does not take advantage of a scheme that has proved itself so that the economy can be stimulated. Why does the Government introduce all sorts of other bureaucratic schemes when the small business community has said it does not want any more programs but just some straightforward tax incentives such as that offered by the Small Business Development Bond?

Mr. Cosgrove: Mr. Chairman, we are ready to vote on the Hon. Member's motion. We cannot support the amendment because we think the effect would be to increase the deficit, ignoring the scarce resources of the Government at this time. It would not help the people who are in need and it ignores the other programs that are available to the small business sector. We are ready to vote and to indicate that we cannot support the motion at this time.

Mr. Riis: Mr. Chairman, I support the amendment in principle. I do not believe the Minister was listening carefully when he said that it would result in an increased deficit. The Hon. Member for Mississauga South indicated that the revenue gained from the Small Business Development Bond in fact offsets the cost.

I should like to mention one of my concerns regarding the Small Business Development Bond in its past state as well as in its present state. In order to work, it has to be to the tax advantage of the banks before they are interested in welcoming small businesses that approach them for tax relief. When I read the financial statements of the Royal Bank of Canada and the Bank of Montreal and see that in 1982 they paid no income tax, I do not think they are going to be at all interested in the Small Business Development Bond or in the Small Business Bond. There is no advantage to them in the programs.

I congratulate the Hon. Member for Mississauga South for his wise observations. As he said, one of the major beneficiaries is the banking system itself. Someone seeking a Small Business Bond is obviously in financial difficulty. If they go around from bank to bank asking for support at a time when the bank is not paying any income tax at all and is not interested in providing welfare assistance to the business community, I do not think they will get a good reception.

In principle I will support the Hon. Member's amendment. Because it requires the co-operation of the banks, knowing what their tax situation is at the moment, I cannot imagine that they would be interested in co-operating with either the Small Business Bond or the Small Business Development Bond.

Mr. Cosgrove: Mr. Chairman, the difficulty with the representation made by the Hon. Member is that it is not factual. If the amendment was so great that it would increase Government revenues, surely the Government could confirm that and say that the use of the $2 billion which has already gone into the fund has ballooned Government revenues, and so we do not need to ask Parliament for increased borrowing authority.

The only difficulty with his analysis is that it does not accord with the facts. Things do not happen that way in the real world. In the two years the program has been in place it has not increased Government revenue. The pressure for the bonds still continues and the ripple effect has not appeared in the economy over these two years. We are not optimistic that the proposal should be accepted on that basis.

Mr. Riis: Mr. Chairman, I want to pursue that point. We understand that under the Small Business Development Bond $2 billion had been loaned out. What was the direct cost to the federal Government of that $2 billion loan?

Mr. Cosgrove: Mr. Chairman, $125 million was foregone in revenue.

Mr. Hawkes: Mr. Chairman, that is the gross on the tax expenditure side as calculated by the Department of Finance. What was the net income derived from that?

Mr. Cosgrove: It is very difficult to put a handle on that because certain assumptions have to be made. The assumption might be that the $2 billion, the amount of the loans, for example, was generating new economic activity. We really cannot confirm that. We cannot confirm that new employees were hired, or that new demands or requests were stimulated from that source.

• (1250)

Mr. Hawkes: Mr. Chairman, if we make a couple of assumptions, that there was a $60 billion tax revenue in a $300 billion GNP and that revenue is about one-fifth of GNP, it would take us to $400 million on a $2 billion investment in the Canadian economy and would put us in a net positive position. Does the Minister find some flaw in that logic?

Mr. Cosgrove: I guess the analysis depends upon whether the person who took the loan was intending to move to expansion, to retain people or to bring new people on. We do not know that. It could be that the effect of the bond was just to assist the entrepreneur, or I suppose the corporation because we are talking about the $2 billion period. The corporation might have improved its balance sheet as a result of using the loan.

The Deputy Chairman: Order. Before we continue, it is not clear whether the comments of the Hon. Member for Calgary West relate to the Clause at large or whether they are specifically related to the amendment proposed by the Hon. Member for Mississauga South. I am not informed as to whether or not the House wishes me to put the question on the amendment. Perhaps the Hon. Member for Calgary West could indicate which way we are going.

Mr. Hawkes: Before backbenchers on the other side vote for or against the amendment simply on the orders of the Minister, I think it might be wise to explore whether or not it is a wise amendment and whether or not it is a wise Clause. Hopefully an informed voter population will reach a different decision than the Minister would like us to reach. There is no sense of confidence, but I have hope.

The Minister indicated that there was a cost to the Small Business Development Bond Program and that it took certain assumptions to obtain any sense of the income which came from that expansion and development. Could the Minister indicate whether or not it sort of misleads Canadian taxpayers to put out just the cost side without the income side?

Mr. Cosgrove: No, Mr. Chairman. I think I have attempted to answer the specifics which led up to that question.

Mr. Hawkes: Is it a matter of Government policy that we just look at the cost side of any program, that there is no attempt by the Government of Canada to stimulate tax revenue and that the stimulation of revenue is not a concern to taxpayers?

Mr. Cosgrove: I have already indicated that we are quite aware of how much money was taken down, how much of this bond was released into the economy. We know the period of time during which that occurred and that it was a significant amount of money. I would argue that $2 billion in this one sector alone, which the Government of Canada directed toward assisting economic activity in the area of small business, is significant. The result of that would be easily ascertained if it provided the kinds of results urged by the amendment of the Hon. Member.

I am sure that whoever is giving the Hon. Member assistance in preparing for questions in the House and his analysis of the amendment to the present legislation knows that those companies have had ample opportunity of analysis. I would be very surprised if the results of the performance in the small business sector over the last 18 to 24 months would comfort the Hon. Member for Calgary West in urging that we should increase it by a further $2 billion or even higher, apart from the fact, as I indicated, that it puts pressure on the deficit unless the Government can find some other sector in the economy from which it can withdraw or remove funds. It bears on the finding of the over-all balance sheet of the Government attempting to meet legitimate demands, not only in the small business sector but in many other areas of the economy.

I believe the answer to the question would be most apparent and that the experience in the small business sector probably follows the general experience in the economy. No doubt the Hon. Member through his resources has probably identified that that is the case. If it is not and he has information to the contrary, I am sure the Minister of Finance would be interested in those representations and submissions. After all, in the last month the Minister has met with organizations representing the small business sector. For example, he met with the Federation of Independent Business and with the Chamber of Commerce. He has asked for representations and suggestions as to how else he could be supportive of the small business sector. If the Hon. Member has, through his experience or through people advising him, some other suggestions or research to show the relationship to the $2 billion that has already gone into the bond, no doubt the Minister would be quite responsive to receiving them.

Mr. Hawkes: It would certainly give us a lot of comfort if we had a slight inkling that the Government did studies of this kind, that the Government looked not only at the foregone revenue but the revenue generated, that it looked at the tax expenditure side and the tax gain side of the equation.

The Parliamentary Secretary in an earlier intervention indicated that I should not draw a contrast between the Development Bond and the survival bond. If the House passes this Clause, the Development Bond disappears and we are left with a survival bond. It is an either/or situation. It is not our choice; it is the Government's choice. It wants to kill development and replace it with survival.

I ask the Minister to check with his Department of Finance officials and to tell us whether the tax revenue, the increase in revenue for the Government, is likely to be greater if the take-up is in Development Bonds. Let us take $2 billion in development versus $2 billion in survival versus $2 billion in subsidy to one company called Petro-Canada. Which expenditure of Government in which form generates the most tax revenue? The Minister has finance officials; they are supposed to model things for the economy. Which of those three produces the most tax revenue for the people of Canada?

Mr. Fisher: Mr. Chairman, in the minute remaining before lunch, I just want to remind the Hon. Member that small

businesses have had their tax rate extended in this Bill. Previously people got the big business rate at $150,000 profit and now it is $200,000. This is a big addition to their treasuries.

The retained surpluses have expanded from $750,000 to $1 million. Again that is a lot of elbow room in which these businesses can operate. We have targeted help through the Small Business Bond, but we have left healthy small businesses more money at a lower rate to develop and to grow with. The two go hand in hand.

The Deputy Chairman: Order, please. It being one o'clock, it is my duty to rise, report progress and request leave to consider the Bill later this day.

Progress reported.

The Acting Speaker (Mr. Blaker): It being one o'clock, I do now leave the chair until two o'clock this afternoon. Have a good lunch.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

NATIONAL DEFENCE

INSTALLATION OF FIRING RANGE IN BAGOTVILLE-CHICOUTIMI-SAGUENAY-LAC-SAINT-JEAN REGION OF QUEBEC

Mr. Marcel Dionne (Chicoutimi): Madam Speaker, after consulting some military authorities here in Ottawa, I would like to reassure the people of Bagotville, Chicoutimi and the Saguenay-Lac-St-Jean area in general about the plans of the Department of National Defence for setting up a firing range in our area. First of all, a similar range has been in use in Alberta, at Primrose Lake, for a number of years. According to my information, every precaution is taken to prevent any risk to the general public and especially to people living near the site. I was given the assurance that Base Command in Bagotville will be in touch with municipal councils and other representatives of the public to provide all the necessary information on the activities that take place around such facilities.

I have been told that there will be a genuine information and consultation process, on a continuing basis. Actually, the Department of National Defence has always made a point of being part of and protecting, the communities living near its bases. The Department may be said to have been successful in discharging its responsibilities in this regard. We are therefore anxious to get an answer from the Province of Quebec.

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[*English*]

EXTERNAL AFFAIRS

ADVENT OF COMPUTERIZED PASSPORT SCANNERS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, in order to avoid unnecessary and aggravating lineups at ports of entry, as well as to utilize customs personnel more efficiently, it is reported that a number of countries plan to introduce computerized passport scanners at principal customs points. For the system to work effectively it will require that passports be machine readable and contain the requisite computer coded information.

The United States reportedly already issues passports readable in both the conventional manner and by computer scanners, and expects all its passports will be machine readable by 1985. Many other countries plan to follow suit. Therefore, in order to facilitate international travel, might it be possible for Canada to co-ordinate its efforts with those of other countries to adopt an internationally compatible system of computerized passport control and, as soon as possible, initiate the issuance of machine readable passports?

* * *

[*Translation*]

ENERGY

EFFECT OF HIGH RETAIL PRICE OF GASOLINE ON SAGUENAY-LAC-SAINT-JEAN REGION OF QUEBEC

Mr. Pierre Gimaïel (Lac-Saint-Jean): Madam Speaker, I wish to take advantage of the few seconds at my disposal to speak to an ever-worsening problem in my area, namely, the price of gas at the pump. During the last three years, the Canadian Government has established a policy of security of oil supplies for our country, and I think we can say this policy has been an unqualified success. Unfortunately, the Canadian Government has no jurisdiction over indirect taxes on gas. I want to appeal to the goodwill of my fellow Members, both on the Opposition and on the Government side, since it is clear that as far as gas retail sales are concerned in Canada, we have a real problem on our hands, because the Provinces are extremely uncooperative. After the latest tax increase ordered by the Quebec Government and Mr. Parizeau, people in my area are paying about $1.20 for a gallon of gas, which is absolutely exorbitant for people who have to buy gas to travel and to transport what they need, and the extra 40 per cent or 24 cents a litre in provincial tax is putting a very heavy burden on the entire economy in the Saguenay-Lac-St-Jean area.

I would therefore ask the Canadian Government, with the support of the parties in this House, to take the lead in the energy area, especially with respect to retail sales. I think that the Provinces generally do what the government of the country allows them to do, and if they are unable to make a satisfactory and democratic use of their taxation rights and—

Madam Speaker: Order, please.

* * *

[*English*]

HARBOURS

NECESSITY FOR DREDGING IN SHELBURNE COUNTY, N.S.

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, the Government's policies and priorities as they relate to small craft harbours and their development in Nova Scotia are appalling. I say this because I have written repeatedly to the Minister responsible about the need for dredging and repairs to be carried out to a number of harbours in my constituency, all to no avail. This situation is true throughout my entire riding, and I mention today three areas in Shelburne County, namely, Ingomar, Gunning Cove, and Sandy Point, which have been referred to the Government for action on numerous occasions. To date no action is forthcoming.

At Sandy Point, in particular, deterioration of the wharf is so severe that it is now dangerous to fishermen and mariners who are required to use this harbour.

At Ingomar and Gunning Cove repairs are required to the wharves, and the fishermen in this area need additional space because of the general increase in the size and number of boats used by them. I, therefore, urge the Government to make a concerted effort on behalf of these Canadians, who desperately need recognition of their problems and some positive action taken to alleviate the present deplorable situation.

If a policy of annual inspections by Government officials of all facilities under its jurisdiction were carried out, with current repairs made as required, over-all costs would be lower and our harbours and wharves could be used at all times by our mariners.

* * *

HUMAN RIGHTS

EL SALVADOR—KILLING OF HUMAN RIGHTS COMMISSION PRESIDENT

Mr. Bob Ogle (Saskatoon East): Madam Speaker, today I would like to denounce the killers of Marianella Garcia Villas, President of the El Salvador Human Rights Commission and a Vice-President of the International Federation of Rights of Man.

Marianella Garcia Villas was a profound Christian, a worker for the poor, and a lawyer. She had been a Member of Congress in El Salvador in the early 1970s. She belonged to the Christian Democratic Party, and later belonged to the Social Christian Party.

She went into exile from El Salvador in 1980 as a result of a death threat. She recently returned to El Salvador with Sister Luz Maria Hernandes, also of the Human Rights Commission of El Salvador. They entered the country through the airport. Marianella Garcia Villas had returned to El Salvador to investigate charges that chemical warfare had been used against civilians there.

She was killed in the presence of 20 unarmed peasants, by the military. It was first announced by the Armed Forces that she was a foreign journalist and had been killed in crossfire. After finding out who she was, they denounced her as having fought with the FMLN. Her body is now lying at la Piedosa Funeral Home in San Salvador. Her body was identified by the church authorities of that city.

Once more I want to denounce the killing of this person, the killing of all other activists who plead for human rights in that country, and the previous killing of four women in religion. As yet no trial has been held to prove who killed them.

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[*Translation*]

HOUSING

CANADA MORTGAGE STIMULATION PROGRAM

Mr. Gaston Gourde (Lévis): Madam Speaker, under the Canadian Homeownership stimulation Plan, the Federal Government is offering a $3,000 grant to Canadians purchasing their first home, provided the foundations are finished by the end of April, 1983. There is a very real possibility that a number of taxpayers in Quebec and in the riding of Lévis will be unable to take advantage of this program, because regional municipalities in the country, as a result of administrative procedures, may freeze new construction till the middle of April, leaving future owners only two weeks to get a building permit and find a contractor they can hire right away to do the excavation and build the foundations.

Madam Speaker, I want to ask the authorities at all decision-making levels, and especially the Quebec Minister of Municipal Affairs, to help taxpayers who are eligible for the grant to take advantage of this offer. I suggest that steps be taken immediately in order to facilitate access to the New Home Construction Plan. Since there has been no response from the municipal authorities, I ask the Canada Mortgage and Housing Corporation and the Canadian Government to provide mechanisms to help the taxpayer get out of this administrative trap. Madam Speaker, we must have action now.

S.O. 21

• (1410)

[*English*]

ENERGY

IMPACT OF GASOLINE TAX ON TOURISM

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, the Minister of Energy, Mines and Resources has given us all a long song and dance about the made in Canada price of gas and how it is at 75 per cent of world price. Only the Liberal Party of Canada could, at a time like this, argue about how many angels can dance on the head of a pin, because that is what the Liberals are doing. The so-called world price could not matter less to the Canadian man on the street. What he is interested in is the price at the pump, not some hypothetical price which comes to far less than half that amount, and which does nothing but serve as a shelf upon which Governments can stack tax upon tax.

The fact is that at the present time, in many parts of the country, Canadians are paying twice as much for gas as are their American neighbours.

The fact is that when I put in just ten gallons—if Hon. Members will forgive the expression—of gas in my car, I am paying $8 directly to the federal Government in the form of one tax or another.

An Hon. Member: What are you driving?

Mr. Darling: The fact is that, because of the unconscionable tax load imposed upon all that it sells, the tourist industry, our second largest employer, is looking forward to a year of unparalleled disaster. The fact is that the Government could breathe new life into the tourist industry, and thus, millions and millions of dollars into the economy, just by cutting back on its unconscionable tax take.

Some Hon. Members: Hear, hear!

* * *

ABORIGINAL RIGHTS

OUTCOME OF CONSTITUTIONAL TALKS

Mr. Rod Murphy (Churchill): Madam Speaker, in the last few days Canadians have watched the historic meetings between the First Ministers and the leaders of aboriginal Canadians. Canadians are pleased that there was an agreement to continue the process with a guarantee of future discussions. Canadians were also happy to see the strong and forthright statements made by the native leaders. Canadians hope that, in future talks, Government representatives will be able to come to agreement upon issues which profoundly affect and concern native people.

As New Democrats our concern centres on the fact that the federal Government did not provide the leadership which should have been present at the Conference. The Prime Minister (Mr. Trudeau) and the Cabinet deliberately downplayed these talks. The Liberal Government failed to use its position to work toward an acceptable agreement on aboriginal rights and self-government for native Canadians. In contrast, the New Democratic Party Government of Manitoba prepared and defended these concepts by presenting arguments for a statement of principles and a model framework agreement. These Manitoban documents not only discussed self-government, aboriginal rights, land claims, equality, and the need for consent by the natives for changes affecting them, but they also provided the direction for future talks.

By refusing the role of leadership, the federal Government has allowed the minority of Provinces, represented by the Governments of B.C., Saskatchewan, and Alberta, to derail a possible agreement.

Madam Speaker: Order, please.

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HEALTH

UNION REPORT ON HOSPITAL VIDEO DISPLAY TERMINAL OPERATORS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, earlier this week the Hon. Member for Churchill (Mr. Murphy) presented a statement to the House with regard to the so-called harmful affects of VDTs on the employees using those machines. His statement was the following, in part:

> Sharma found an abnormally low rate of pregnancies among the women of child-bearing age and, of the 14 VDT operators who became pregnant over the past year, ten had miscarriages or gave birth to babies with defects.

The Hospital Employees Union used Surrey Memorial Hospital as the basis for its study. It submitted its report to the federal task force on July 5. I would like to say for the record that at no time did it consult with the medical staff of the hospital and, to this day, even though it has been requested by the medical staff of the hospital to provide evidence to substantiate its report, it has not submitted any findings to the medical staff.

Presumably, the medical staff has at least some kind of passing interest in the health of the people who work there. It seems to me that, as part of their profession, they would care about their employees. If the union is so interested in the health of its members, why does it not co-operate with the medical staff to provide that evidence so that the medical staff can provide help to its employees?

The union leader, although he has been requested to provide that evidence, refuses to give it because he says it is privileged information. Three independant studies have been done in that hospital on this matter, all have indicated there is no problem.

Madam Speaker: Order.

ORAL QUESTION PERIOD

[*English*]

ENERGY

PRICE OF OIL

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, I had a question to ask the Minister of Energy, Mines and Resources, or the Minister of Transport, or the Minister of Finance. Perhaps, in honour of the day, there may be an Irish wake somewhere, although it is a little early.

Mr. Hnatyshyn: Here comes the Minister of Finance.

Mr. Nowlan: Here is the Minister of Finance.

Some Hon. Members: Hear, hear!

Mr. Nowlan: I wish that I could welcome the Minister in Gaelic, but my question really was to be directed to the Minister of Energy, Mines and Resources. In light of his absence, I would like to ask the Prime Minister a very short simple question which will hopefully invoke a very short reply. As world prices come down, why do Canadian prices go up?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member has not understood what has been happening in the past ten years. We have always had prices below world prices. World prices are tending to come down, but ours were so far below world prices that they could still continue to rise and still be below world prices. It is very simple, but the Hon. Member seems not to have understood.

Some Hon. Members: Hear, hear!

Mr. Nowlan: Madam Speaker, I am very glad to have had an economic lesson from the Prime Minister, so I will now turn to the Minister of Finance.

GASOLINE TAXES

Mr. Pat Nowlan (Annapolis Valley-Hants): Since the Minister of Energy, Mines and Resources is apparently to negotiate the price of crude, which is one-eighth the cost of a gallon at the pump, is the Minister of Finance prepared to take care of the taxes which amount to two-thirds of the cost of a gallon at the pump, in his forthcoming budget?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, as the Hon. Member knows, depending on the Province, a large share of that difference is under provincial control—

Mr. Hnatyshyn: How about Saskatchewan?

Mr. Lalonde: —either in the form of royalties for the Government of Alberta or provincial sales tax, such as in my own Province of Quebec, which is about 40 per cent; and it is quite substantial in the Province of Nova Scotia as well. Surely he knows that there is nothing I can do about that.

As far as the federal taxes are concerned, I will examine this issue in the context of the budget, and I would be very happy to hear the Hon. Member's views.

FUEL IMPORT COMPENSATION TAX

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, having set up the two preliminary questions, I now come to the crunch.

Some Hon. Members: Oh, oh!

Mr. Nowlan: This is completely within the control of the Minister of Finance. Has the Minister received representations from his colleague, the Minister of Transport, to eliminate the fuel compensation tax which was imposed to stop Americans from coming to Canada to top off here and going back to the States, because our gas was a little cheaper than it is now? Does he intend to do something about that fuel compensation tax, which is solely federal, in his forthcoming budget, or even in Bill C-139? I am sure that with discussion between House leaders we would agree to eliminate that facet of Bill C-139 so that those involved in the aviation industry and the marine industry would not be at an unfair disadvantage with regard to their competitors, who are basically American.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, considering the type of so-called co-operation by the Opposition on Bill C-139, I would not expect too much from any discussions with regard to that matter. However, I can tell the Hon. Member that I always listen very carefully to the representations of my colleague, the Minister of Transport. I can assure him that any representations he may have made, and even those coming from the Hon. Member, will be very carefully examined.

PRICE OF GASOLINE

Mr. Mel Gass (Malpeque): Madam Speaker, my question is directed to the Minister of Energy, Mines and Resources. During the 1980 election campaign the Government ridiculed a tax of 18 cents per gallon. Today the federal Government tax amounts to 67 cents per gallon. Tourism in Canada has suffered because of the high price of gasoline. Canadians were advised that, as the world price of gas went up, the price in Canada must go up. Now that the world price is coming down, why is the price in Canada not coming down?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, we have an agreement with the producing Provinces and have fixed the price as of January 1. We will have another decision to make in July, a determination of the price for the second part of the year. I am glad to see that the Conservative Party does not agree with Premier Lougheed to the effect that we should not roll back the prices. I will take the opinion of the Official Opposition into consideration when I make my views known.

REQUEST FOR REDUCTION IN FEDERAL TAX

Mr. Mel Gass (Malpeque): My supplementary question is directed to the same Minister. The Minister of Finance said that part of the tax on gasoline, and the reason for the high cost of gasoline, are because of provincial taxation. We all know that the provincial tax is an ad valorem tax which is based on the price of gasoline as determined by the federal Government. If the federal Government wants to reduce the provincial tax the first thing it should do is reduce its own tax, and the provincial tax will automatically go down.

• (1420)

Some Hon. Members: Hear, hear!

Mr. Gass: When is the Government going to take the first step to reduce the price of gasoline in Canada to Canadians by reducing the tax it has on gasoline, so that the Provinces will automatically follow with a lower tax?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I think the Hon. Member should know that these ad valorem taxes that were put in place were put in place after there was an agreement between the producing Provinces and the federal Government to make sure that Canadian consumers were to have prices lower than the international prices. The break that the agreement was providing for the consumers was not given to the consumer because the Provinces stepped in, put an ad valorem tax on, and did not give the break to the consumers provided for in the energy agreement.

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THE ECONOMY

REPORTED REQUEST FOR STIMULATION

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister who met recently with the Premiers of the Provinces to discuss the economy. Data released just the other day from Statistics Canada indicated that investment intentions in Canada for the coming year are going to be down some $2.5 billion compared to last year. That means the loss of thousands of jobs.

My question concerns the expression of concern that came to the Prime Minister from the Premiers of at least three parts of Canada, Atlantic Canada, central Canada, and western Canada, which all had Premiers who urged the Prime Minister to bring in stimulus now to create some badly needed jobs in the Canadian economy.

I want to ask the Prime Minister, following urging of that kind from this Party on this side of the House in recent months, having just heard from Premiers from three parts of Canada, will he indicate that he is serious about job creation, and promise major stimulus?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member is a victim of somebody's complete fabrication. Nothing of that nature was discussed.

DISCUSSIONS AT FIRST MINISTERS' CONFERENCE

Hon. Edward Broadbent (Oshawa): Madam Speaker, I want to say bluntly to the Prime Minister, either he is misinforming the House, or two Premiers in direct conversations with me in terms of positions they took—

Some Hon. Members: Oh, oh!

Mr. Broadbent: —are misinforming. To be perfectly blunt, given what has taken place in recent days in this House, I will put my faith on the side of the Premiers.

Some Hon. Members: Oh, oh!

Mr. Broadbent: I would like the Prime Minister to clarify that. Is he telling the House that no Premiers at the meeting that he had with them recently urged the Government of Canada to bring forward some major stimulus in the economy to produce jobs?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as usual, some of the Provinces were asking the federal Government to give them money so they could spend it. That is the extent of their urging for the federal Government to spend more money to create jobs.

I told them that since the last budget, and I tell the Hon. Member, that since the last June budget we have put more than $2 billion into programs to create jobs. We do not have to give it to the Provinces so that they can spend it. They can spend their own money. They have their own taxes. Even the two Premiers whom the Hon. Member talked to should know that, and the Hon. Member should have told them, if they do not.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Madam Speaker, we have seen that remarkable demonstration of the Prime Minister's sensitivity to the truth. In that last answer, no Premiers did it. In the second answer, he is now saying that some Premiers did it.

Some Hon. Members: Oh, oh!

Mr. Broadbent: Quiet over there on the backbench side.

Mr. Chrétien: All in your head.

Mr. Broadbent: I will put it quietly but clearly. I would like to ask the Prime Minister to make a vow this year that, for the rest of 1983, he will do his best to tell the truth in the House of Commons.

Some Hon. Members: Oh, oh!

Mr. Broadbent: The sooner the better for the—

Some Hon. Members: Oh, oh!

Madam Speaker: Order.

PLEA FOR STIMULUS

Hon. Edward Broadbent (Oshawa): Madam Speaker, I would like to direct another question to the Prime Minister. I repeat, Premiers from western Canada, from central Canada and from the Atlantic region are sensitive to the human cares of Canadians. For example, for the first time in its history, the city of Toronto is going to have to respond with an emergency food depot because of concern for unemployment. The Premiers are concerned. I want to ask the Prime Minister will he promise us there will be stimulus of the economy to give Canadians what they want, which is jobs, not welfare.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think the Leader of the New Democratic Party is engaging in a political game of the nature in which he always engages. The Premiers were here; we spent about three hours talking about the economy. He is not quoting what the Premiers said publicly about the meeting or, indeed, what I said publicly about it. He is talking about some secret information that the Premiers gave to him—

Mr. Broadbent: It is not secret; they said it publicly.

Mr. Trudeau: —of matters that did not take place. If the Hon. Member wants to quote the Premiers, I would suggest that the Premiers can talk for themselves. If he has a case to make, he should be able to make it in the House without inventing things that did not happen at our economic discussion.

The Hon. Member suggests that I make vows to the end of 1983. Let him make a vow to stick a little closer to the truth, not to fabricate, not until the end of 1983—we do not ask that—but just until the end of Lent.

Some Hon. Members: Hear, hear!

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MINES AND MINING

CYPRUS ANVIL MINE IN YUKON

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in the absence of the Minister for Indian Affairs and Northern Development my question will be directed to the Minister of Finance. The people of Yukon have been waiting for almost six months for a decision by the Government which would salvage the economy of Yukon. Would the Minister tell this House and the people of Yukon whether the cabinet has made a decision on the detailed proposal for saving the Cyprus Anvil Mine, a proposal which was presented to him and his colleagues on March 2 by a widely representative group from the Yukon? Has a decision been reached, and what is it?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, various meetings were held on this issue among representatives of the organizations concerned, the unions, the company and spokesmen for the Yukon authorities. There have been multilateral and bilateral meetings. However, no decision has been made yet, and the proposals are still being considered, and I am referring particularly to those that are the responsibility of my colleague, the Minister of Indian Affairs and Northern Development.

[*English*]

GOVERNMENT POSITION

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, the delegation from Yukon presented a carefully prepared proposal and told the Minister that this proposal offered the final hope for the Cyprus Anvil Mine and the town of Faro. Is the Minister telling the House today that the Government is prepared to witness the death of this important northern mine, which contributes 40 per cent to the Yukon economy, and watch that town and that community close down permanently, with the railway to Skagway already being shut down at great cost? If not, what assistance plan does the Minister find acceptable? Will he at least consider assisting work on the restoration and the improvement of infra-structure, railway and power projects, so that the mine can be restored to economic viability and be able once again to compete on world markets?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I indicated that as soon as decisions were made by the Government in this respect, they would be duly announced, but in any case, I have pointed out to the parties concerned that both the company and the bank had responsibilities, that it was wrong to assume that the Federal Government was alone in having a role to play and that both the company and the bank had to do their share and discharge their responsibilities.

* * *

[*English*]

TRANSPORT

MAISLIN INDUSTRIES—OBSERVANCE OF LOAN GUARANTEE AGREEMENT

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. I am seeking clarification with respect to questions asked earlier this week. Last summer the Government bailed out Maislin Transport with an unprecedented $34 million loan guarantee. Can the Minister tell the House whether or not all the terms of the loan agreement have been met to the satisfaction of the Government and, specifically, the term in the agreement which stated that the shareholders would have to

provide $2.5 million of fresh money? Was that fresh shareholder's equity actually provided, or did Maislin simply sell off the pension fund of Gateway Transport and use those funds as the supposed fresh money?

• (1430)

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, if I am not mistaken, all but one of the conditions was undertaken by Maislin. The other condition was the requirement of the Government to find a suitable director to sit on the board. That is the only condition that has not been fulfilled to date, and, yes, the infusion of money came from the liquidation of Gateway's pension plan in the United States.

NATURE OF INVESTMENT MONEY

Mr. Doug Lewis (Simcoe North): Madam Speaker, if Maislin owned Gateway Transport it would seem to make sense that they owned all the assets of Gateway Transport, including the right to sell off the pension fund. If they in fact sold off the pension fund, how can that be fresh money provided by shareholders of Maislin, rather than just simply the sale of an asset owned by a subsidiary of Maislin?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the undertaking was that they would provide an infusion of capital. How that infusion of equity was going to be obtained was a decision made by the company. That was a decision for them to take. I reiterate, it was a pension fund in the United States that liquidated, not one in Canada.

APPLICATION OF LOAN GUIDELINES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I wish to direct a supplementary question to the same Minister. When the President of the Treasury Board held the portfolio now encompassing his responsibilities, he enlarged the guidelines for loans made to bail out industrial producers to include operations such as Maislin in order to accommodate the Government decision on that $34 million loan. Is the Minister still following those enlarged guidelines so as to accommodate other similar applications, such as that of Maislin?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, perhaps the Leader of the Opposition could be more explicit with regard to the enlargement of the guidelines. I am not aware of any enlarging of the guidelines that was to be undertaken with respect to that particular industry.

INQUIRY RESPECTING FUTURE FUNDING FOR MAISLIN

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the Minister was sitting in the House at the same time I was, when the now President of the Treasury Board declared in this House that those guidelines would be enlarged to accommodate such loans. Since he is unprepared to be specific in his answer as to whether or not he is continuing to follow those enlarged guidelines, perhaps he will inform the House whether he has any information that Maislin will require any additional funds in order to continue to be viable up to and following June of this year?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the new president will be preparing a revised set of financial statements which I imagine will be ready by the end of March or the first of April. At the present time I have no indication from the Company whether additional capital will be required. Thus, at this point in time I have no recommendations for my colleagues in this regard.

Madam Speaker: The Hon. Member for Kindersley-Lloydminster.

Mr. Forrestall: We know who has favour around here, don't we?

Some Hon. Members: Hear, hear!

Mr. McKnight: It is the day, Madam Speaker.

REQUIREMENT THAT COMPANY SUBMIT FIVE-YEAR BUSINESS PLAN

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce. It is supplementary to the question asked by the Leader of the Opposition. The Minister stated that all criteria for supporting the $34 million loan guarantee given by the Government had been met. Was the criterion that a five-year business plan be submitted by December 31, 1982, met, and in that plan was it indicated that Maislin would continue to lose in excess of $1 million a month in operating costs alone?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): In response to the teacher's pet, as my colleague says, yes, there was a five-year plan presented by December 31, but upon taking office the new president of the company did not feel that that five-year plan was adequate. He is now in the process of preparing another one for the Government officials to have a look at.

COMPANY LOSSES

Mr. Bill McKnight (Kindersley-Lloydminster): I will ask the question again, Madam Speaker. In the five-year plan presented by Maislin to the Government, if it was presented, did it indicate that Maislin would continue to lose in excess of $1 million a month in operating costs?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, that was three months ago. I am sorry, I cannot remember the specific details. I will look into it and get back to the Hon. Member.

RELATIONSHIP OF MAISLIN AND GATEWAY COMPANIES

Hon. Bill Jarvis (Perth): Madam Speaker, my question is for the same Minster. What is, or was the relationship between Gateway and Maislin? Was Gateway in fact a subsidiary, an associate company and, if not, what if any relationship existed between the two companies?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): If I am not mistaken, Madam Speaker, I think that it was a subsidiary company, but I will check the details and get back to the Hon. Member.

Mr. Nielsen: You had better brief yourself for tomorrow.

NATURE OF INVESTMENT OF CAPITAL

Hon. Bill Jarvis (Perth): Madam Speaker, will the Minister explain how on earth anyone could consider the sale or disposal of a subsidiary's asset as an infusion of fresh capital into the parent company under any accounting or moral principle whatsoever?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, perhaps the Hon. Member would like to address that question to the company. What we required from the company was an additional infusion of equity capital, which the company provided.

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ENERGY

REQUEST FOR OIL PRICE ROLLBACK

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, yesterday the Minister of Energy, Mines and Resources indicated that he wanted to talk to the Premier of Alberta prior to considering an energy rollback. In fact he admitted that the energy policy was in a state of chaos and that he would like to talk to all the provincial Premiers. We would like to know when this hamburger Government is going to recognize that its energy policy is in complete chaos? Does the Minister realize that we deserve a break today, and that the Canadian economy needs the kind of stimulus that would come from a rollback in the price of energy?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I am not impressed with the argument of the Hon. Member. When we have a problem with the Provinces, the thing to do is talk to the Provinces. If I were to act alone today, tomorrow the Hon. Member would be on his feet asking why I did not consult. I will do the right thing. I will consult. I will not bother too much with the Hon. Member.

BENEFICIARIES OF CURRENT PRICES

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I guess we are going to leave it to Macdonald to fix up this beaten economy, and the hamburger helper will straighten it out later with Lougheed. Does the Minister recognize that if we do not roll back the price of oil in this country, the beneficiaries will be Imperial Oil and Texaco? Imperial controls one billion barrels of conventional crude and Texaco one half billion barrels. Will the Minister admit to this House that the only beneficiaries of not rolling back the price of oil will be the multinationals?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): No, Madam Speaker, I do not accept that at all. When a barrel of oil is sold, about 40 per cent goes to the producers. The majority of the balance goes to the provincial Governments and the rest to the federal Government.

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EMPLOYMENT

HIGH-TECHNOLOGY TRAINING PROGRAM

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, my question is for the Minister of Employment and Immigration and relates to the National Training Act. For some time now negotiations have been going on between his Department and several high-technology firms in the Ottawa area. Can the Minister confirm that he recently approved a grant of $10,000 to a non-profit computer consortium to develop and implement an industrial training program within the high-technology industry?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I can verify that we have been working very closely with representatives of a number of hi-tech firms in the Ottawa area to undertake an innovative approach toward the development of new training programs in that very vital industry. We have now gone ahead and developed an agreement with them so that they could put forward a proposal under the Skills Growth Fund to establish an industry-sponsored training centre to allow their employees to develop unique and special skills in the hi-tech area. I believe that this really is a definition of a very good example of how we can change the whole training program in this country to respond to hi-tech needs.

[*Translation*]

TRANSPORT

NEW GRAIN TRANSPORTATION POLICY—GUARANTEES DEMANDED BY QUEBEC COALITION MOVEMENT

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Agriculture. The Minister must be aware of the fierce opposition of the sectors concerned to the grain transportation policy announced recently by the Minister of Transport. The changes it contains are a major source of concern to the agricultural industry and some financial sectors in Quebec. Since the coalition movement is convinced that studies of the consequences of this new policy have been clearly inadequate, could the Minister, who is surely seeking a fair solution for all Provinces as far as agriculture is concerned, could the Minister inform the House that he will ask his colleague to put this project on hold, until such time as the guarantees demanded by the Quebec coalition movement are announced?

• (1440)

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am sure the Hon. Member is aware of what I said in the House before, that I support my colleague, the Minister of Transport, in the proposal which he has put forward to this country on the Crowsnest Pass rate, the recommendations and changes in an obsolete type of legislation. It is to be changed. We know there is going to be some resentment. We never said there would not be some rejection of what the Crowsnest Pass rates are going to do. I would ask the Hon. Member to read the documentation which we have prepared. If he would like any more information or any more studies, we can show him that, for instance, it is going to be for the betterment of agriculture in Canada, not for its detriment.

[*Translation*]

Mr. La Salle: Madam Speaker, it is clear from the Minister's answer that the agricultural industry in Quebec does not have much to expect from the Minister, and especially not his sympathy. Would the Minister perhaps care to explain why he decided to spend $350,000 to shove this plan down our throats before consideration by Parliament and before it is implemented, and does the Minister expect Quebecers to trust him if he has to spend $350,000 to explain a policy on which not enough information is available and not enough studies have been done?

[*English*]

Mr. Whelan: Madam Speaker, I will try with even more purpose, because it is such a great day, March 17, St. Patrick's Day, to be as nice as I can to the Hon. Member, through you, Madam Speaker. He knows very well why the ads were put in the papers. It was especially because of the ads which the Government of Quebec put in which we thought were misleading, wrong, and false. We put these ads in to state the facts as they should be stated. The Hon. Member only dreams that he, even as a native of Quebec, would have the respect of the farmers that I do in the Province of Quebec. He would love to have that kind of respect.

Some Hon. Members: Hear, hear!

Mr. Whelan: I say to him, Madam Speaker, study the facts, study what we are doing, and study the past history of this Minister of Agriculture and of this Government, and if he finds it has not been beneficial for agriculture, I would be very surprised, because the agricultural industry in Canada is the healthiest agricultural industry probably in the whole world. And that is not because of what we have not done, Madam Speaker. It is because of what we have done.

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ENVIRONMENTAL AFFAIRS

PROPOSAL TO PHASE OUT LEADED GASOLINE

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, my question is directed to the Minister of the Environment. The Minister has recently given us the indication that he may phase out the use of lead in gasoline and that people who are objecting to this proposal have only 60 days to respond, and must respond to his particular Department. I wonder if the Minister would consider having an independent tribunal make this determination because, after all we are dealing here with one expert opinion on the one side, and expert opinions on the other. It would seem to me to be a little fairer to have someone other than environmental officials make this determination.

Hon. John Roberts (Minister of the Environment): Madam Speaker, while I appreciate the concern of the Hon. Member and would like to salute his concerns and the energy which he has displayed in relation to this question, I must say that we are acting on the basis of the recommendations which come from the medical experts in the Department of National Health and Welfare. I do not believe there is any reason to doubt their objectivity in the matter, nor do I have any reason to doubt that my own officials will bring an objective disposition to it. Therefore, I would not, unfortunately be able to accede to his suggestion that we proceed with some sort of inquiry or review outside of the presently envisaged arrangement.

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MARINE TRANSPORT

FUEL COMPENSATION TAX—REQUEST FOR ABOLITION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, my question is supplementary to a question asked earlier today by the Hon. Member for Annapolis Valley-Hants. Last year the Great Lakes Shipping Association was down about 30 per cent in its capacity. That involves some 300

to 400 men collecting benefits at current rates of unemployment insurance. The money which will be collected from that iniquitous fuel compensation tax will be used up within a month. Would the Minister not reconsider now, before the Seaway opens, and before he comes down with his budget, declare that iniquitous tax redundant and abolish it?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am very pleased to receive a representation from the Hon. Member in this regard. I said to his colleague that I would study whatever representations may be made by the Minister of Transport, whatever representations he may have made. As far as the substance of the question is concerned, however, I would like to point out to the Hon. Member that this tax only brings the cost of fuel in line with the cost which the lakers have to pay for American fuel. Also, in effect, the Canadian lakers are operating under a substantial advantage as compared to the American lakers since their wage rates are in Canadian dollars and, right from the start, they have a 20 per cent advantage over American wage settlements. In terms of competition versus American lake companies, the decline in lake shipping has been the result of a general decline in the North American economy and the lack of trade, particularly with regard to iron ore, over the last year. Obviously these factors have nothing to do with any particular tax.

POSITION OF CANADIAN INDUSTRY

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, my question is a little less general than that. We have already lost 2,000 to 3,000 jobs in that industry because the Seaway is too expensive for our American neighbours to the south to use. The moneys which are paid out alone in unemployment insurance are used up within a week in terms of the amount of money which is recovered. Drop your fuel tax and you might very well put another 1,000 Canadian seamen back to work and recoup the loss. The Government is not going to make any money out of it, in any event, but it is putting them at a competitive disadvantage.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member will have to explain why eliminating the tax will convince lake shipowners to travel without any cargo.

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INCOME TAX

FILING OF RETURNS BY SENIOR CITIZENS

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is directed to the Minister of National Revenue. Senior citizens across the country are asking if they have to file income tax returns. Will the Minister please tell the House if the recipients of Old Age Security pensions, Guaranteed Income Supplement and Canada Pension Plan benefits must file an income tax return?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, all Canadian citizens who have an income must file an income tax return. Although in the case of Canadians who are sixty-five or over, deductions are much higher than for other workers, nevertheless, anyone who has an income, whatever the source, must report it and file an income tax return.

[*English*]

COMPLEXITY OF FORMS

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my supplementary question is directed to the same Minister. Many senior citizens have been penalized for not paying income tax quarterly. When will the Minister put out an income tax form which is understandable to our senior citizens, and mail it to all of those who are in receipt of old age pensions, the Guaranteed Income Supplement and Canada Pension Plan benefits? Please, Mr. Minister, send them something which they can understand and have knowledge of!

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I agree with the Hon. Member and many other Members of this House that there may be a problem in this respect for some senior citizens—first of all in connection with quarterly payments of income tax, that is, if their income is above the minimum amount, and second, the income tax form itself. It is a problem that must be given consideration, and I can assure the Hon. Member and other Members of the this House that I will be giving special attention to this point.

* * *

[*English*]

MEDICAL CARE

STATUS OF PROPOSED CANADA HEALTH ACT

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, my question is directed to the Minister of National Health and Welfare. The Minister will know that this month has been declared National Save Medicare Month by the Canadian Health Coalition. She will also know that many people are writing to their Members of Parliament concerning the Canada Health Act and their desire that any Act which might be forthcoming should reinforce, clarify, and strengthen the five basic principles of medicare.

• (1450)

Will the Minister bring the House up to date on the status of the Canada Health Act? Can we expect that she will soon be going back to the provincial Ministers of Health with a proposal regarding extra billing better than the one she went with the last time? Will she be tabling a proposal in the House of Commons? Will she be putting before the Canadian people something they can relate to other than the mystery document

around which the Canadian Medical Association is conducting its campaign? I think it would be very helpful if we could have some update from the Minister on this matter.

Hon. Monique Bégin (Minister of National Health and Welfare): Can I first say on this special day, Madam Speaker, that my counterpart in the NDP is obviously far more elegant than the CMA. I am talking, of course, about his appearance.

It is a fact that the CMA has launched quite a questionable campaign on medicare, and I really appreciate the work done by many groups in the country toward saving medicare. The Member wants to know if we are working on this. The Department of Justice is drafting a document, the purpose of which is to strengthen the medicare we have always known, which is so liked and has so well served Canadians. I cannot say as much as I would like in the few minutes I have to answer in the House, but I will present that draft first to the provincial Ministers, of course, and there will be, as usual, ample opportunity for discussion. The purpose of the Act is to strengthen medicare, not to change the basic rules of the game as we have always known them. In that respect, the fears being spread around are not founded at all.

DRAFTING OF LEGISLATION

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, the groups who are writing to Members of Parliament and the Minister are doing their job to save medicare. However, we have the continuing problem of extra billing. Because of unemployment we have people losing their health insurance, particularly in Ontario where they still charge premiums. We still have portability problems. Can the Minister give us some kind of deadline as to when she will be going to the provincial Ministers of Health? When does she expect that Canadians will be able to respond to an actual draft of the Canada Health Act? It is getting urgent because we have had this crisis in medicare on our hands for four or five years.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I said yesterday, and I will repeat it, that you do not lightly go about regulating $8.5 billion, which is the federal share of medicare paid to the Provinces. I think it is important to take the time needed to get an Act better than the one we have. The consensus around this House is that we want to strengthen the Act and clarify, once and for all, the problem of extra billing in particular. It is not true, however, that extra billing is increasing. We are monitoring that constantly and it is at a stable level right now.

I have never heard that people in Ontario were losing their medicare because they cannot afford their premiums. If a Member knows of even one case of that happening, they should report it to me and I will be immediately in contact with Larry Grossman, my Ontario counterpart.

HAZARDOUS PRODUCTS

EPIDEMIC OF INFANT WALKER ACCIDENTS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is for the Minister of Consumer and Corporate Affairs, notice of which I gave him about two months ago. The Minister will know that pediatricians across the country are alarmed about an epidemic of serious accidents happening to children who wander around in little doughnut-shaped walkers. They are falling down stairs and being paralysed. Because of their new-found height, they eat plants, pull pots of scalding water down on themselves, and so on. It is hard to imagine finding your kid at the bottom of the stairs half paralysed, but that is what happened just recently in Ottawa.

What method can the Minister's hazardous products division use to make young parents aware that they cannot leave children unattended in these walkers, in effect using them as babysitters, and giving freedom to a child which he or she is incapable of handling?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I want to thank the Hon. Member for giving me notice of his question well in advance, which means that I was able to make enquiries. In fact, my own Department, in collaboration with the American Consumer Product Safety Commission and the American Society for Testing of Materials, is now working on performance criteria for these walkers, in order to correct manufacturing defects and design problems that are a hazard to child safety. I believe that tests carried out by hospitals in recent months have clearly demonstrated that a hazard does exist for children, and the manufacturers, in consultation with the Canadian and American authorities, are prepared to correct the manufacturing defects of these walkers.

[*English*]

WARNING TO PARENTS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, I am aware of the very real value of getting the manufacturers, in particular, to co-operate, but I really wonder whether they are going to mess up a nicely coloured product by stamping on it some sort of ominous warning to parents. Will the Minister consider authorizing the funding of filmstrips or videotapes which could be distributed to pre-natal classes and hospitals to warn young mothers about safeguarding their children against these walkers and other hazards?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the Hon. Member is aware that my Department's advertising budget is very limited. However, I shall certainly find out what can be done. I am very pleased to hear a Member of the Official Opposition urging us to do some

advertising. More often than not, Opposition Members complain when the Government uses television or newspaper ads to inform the public.

* * *

[*English*]

ENERGY

REQUEST FOR GASOLINE TAX REDUCTION

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is for the Minister of Energy who should know, and he should tell the House and the people of Canada, that domestic crude oil is being provided to the refiner at a level of 75 per cent or less of the world price, while at the same time the retail price exceeds the world level. This is primarily because of the onerous federal tax of 14.4 cents per litre, or about 65 cents a gallon. The price of gasoline to the consumer could come down if the federal Government reduced its take. Why does the Minister not get in step with world reality and recommend to his Cabinet colleagues a reduction in the onerous federal taxes on the price of energy so that consumers in Canada will get a break?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I made that argument many times. In our agreement with the Government of Alberta in September, 1981, it was provided that Canadians were to have a price lower than the world price. That was the agreement, and the goal the Government was seeking at that time.

After we had an agreement with the Government of Alberta and the producing Provinces, the provincial Governments stepped in to add on a very big ad valorem tax which took away the advantage the energy program was to provide to Canadian consumers. I say publicly that I have a lot of sympathy for the argument of Premier Lougheed because, at that time, he made an agreement between the federal Government, the producing Provinces, and the provincial Governments on the take from a barrel of oil. But later on, the consuming Provinces added a very big ad valorem tax, so big in Quebec that the Quebec provincial Government is getting much more money from oil coming from Alberta than the Government of Alberta. There is a valid point there and I want to discuss that with Mr. Lougheed. But at the same time the agreement provided for increases and decreases in prices according to the world market price, and that is the point we are debating at this time with Alberta.

• (1500)

GOVERNMENT POSITION

Hon. Don Mazankowski (Vegreville): Madam Speaker, the Minister of Energy, Mines and Resources is refusing to recognize that the federal Government is getting about 65 cents per gallon in the form of taxes and, therefore, the consumer of oil and gasoline in Canada is not receiving the benefit of the oil pricing arrangement with the Province of Alberta. Why does the Minister not come clean and explain to the Canadian people why the Government refuses to reduce the federal tax to be commensurate with the world market place?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, for every litre of gasoline sold in Ontario at the present time the federal Government receives about 21 per cent of the price; 30 per cent goes to the Government of Ontario; some goes to the Government of Alberta; some to the producer, and a good part of it goes to the distributor and refiner. So 21 per cent of the cost of a litre of gasoline in Ontario goes to the federal Government; that is 9 per cent less that goes to the provincial Government of Ontario which has nothing to do with this agreement.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, this being Thursday, I would ask the Government House Leader to give us some indication of the business of the House for the balance of the week and for next week.

Mr. Pinard: First of all, Madam Speaker, to deal with tomorrow, under the Electoral Boundaries Readjustment Act, Section 20, we have to start debate within a certain period of time on objections to reports made by different commissions. Tomorrow we have no choice but to allow that to happen. The first item of business tomorrow will be to take up the consideration of the four objections that appear on the Order Paper, as I indicated to my colleagues yesterday, for a maximum of one hour. At the end of one hour, if debate has not been completed, we on this side will agree to continue debate at a further date which will be determined later.

You will recall that in 1976 there was agreement among the Parties to start debate for five minutes and then adjourn it until later, but failing such an accord this year we have no choice but to start debate. We want that debate to last one hour and then at the end of the hour debate will be adjourned until a later time that will be agreed between the Parties.

At the expiry of that hour we will call a Bill which is to be introduced today and which we hope to get through all stages, the Small Businesses Loans Act which will allow small business to get loans after March 30. If we approve that Bill before the end of the day, the back-up Bill will be Bill C-136 at report stage, which is a budget Bill.

[*Translation*]

Madam Speaker, as far as the business of the House next week is concerned, I may point out that Monday will be an Opposition day—the last day in this supply period. This is in response to the wishes of the Parliamentary House Leader of the Progressive Conservative Party who did not want it to be next Friday. I am certainly willing to accommodate him, as a courtesy, and thus designate Monday as an Opposition day. In addition, there will be one or more votes at the end of the day

on Monday. On Tuesday, we shall consider the report stage of Bill C-143, which is to be reported back to the House in a few moments, and which concerns the borrowing authority requested by the Government. Wednesday, as usual, will be reserved for Private Members' Business. Thursday, we shall resume debate on Bill C-139 concerning the Income Tax Act, to consider the third reading stage, and if we do not finish on Thursday, I hope we shall be able to do so on Friday of next week. All of this is of course subject to change on reasonable notice.

[*English*]

Mr. Lewis: Madam Speaker, I should like to thank the Government House Leader for listening to our objections with respect to allotted days.

With respect to the reports of the Electoral Boundaries Commission, has the Government sought legal advice on the suggestion that all three reports be considered at one time? On this side we feel that the Government may be in violation of the letter of the law, if not the spirit of the law, in not allowing full debate to take place under Section 20 of the Act.

We suggest the purpose of the deadline set out in the Act is that the House and Members may consider the report and the objection and then they may be dealt with by way of a motion and sent back to the Electoral Boundaries Commission. Then they can be dealt with in each Province finally, and at a time when views on the Electoral Boundaries Commission are current, and there can be a final disposition made of the boundaries in each Province. Has the Minister sought that legal advice?

Mr. Pinard: Madam Speaker, my understanding of Section 20 of the Electoral Boundaries Readjustment Act is that we have to start debate on the objections within 15 days following the 30 days in which notice of the objection must be given. There is nothing in Section 20 that says that debate has to be completed within 15 days, however; that is not clear at all. That is why in 1976 the House Leaders thought it wise to come to an agreement. We were not able to come to such an agreement this time and so we have at least to start debate during the 15 days. Tomorrow is the first day within the 15 days following the 30 days in which the four objections have been made. That is why tomorrow can be used to start debate on the four objections.

What I am saying is not that we will limit debate to one hour on four objections; I am saying we will start debate and we will want to resume debate, if necessary, at a later time that we will agree to together later on.

Mr. Hawkes: Madam Speaker, on House business I would like to indicate to the Government House Leader that the Minister of National Health and Welfare, in a press interview and in Question Period today, signalled the fact that the Government no longer intends to bring in a Canada Health Act in a big hurry. Does that indicate that the Governement is prepared to refer the subject matter to the standing committee so that we might call witnesses and engage Canadians in the dialogue about health care before the Act is actually written? If it has not yet been written and circulated, is it the Government's intention to use the parliamentary committee in that fashion?

Mr. Pinard: Madam Speaker, I will consider the request of the Hon. Member and most likely raise it with the Minister of National Health and Welfare.

Mr. Murphy: Madam Speaker, my question is also directed to the Government House Leader. Yesterday the Prime Minister, along with nine Premiers and the Leaders of the Aboriginal People, signed an Accord. Will the Government House Leader be setting aside time for the Prime Minister to make a statement in the House? It is my understanding that a number of Premiers will be returning to their provincial legislatures to explain what happened in the last two days and the positions of their provincial Governments. Will the Government of Canada make a statement in the House explaining its position and its future plans?

Mr. Pinard: Madam Speaker, I intend to table in a few minutes the documents and the Accord to which the Hon. Member refers. Following that tabling and after he has read them, if there is something he does not understand, I am sure we will be pleased to try to explain it to him.

* * *

PRIVILEGE

MR. MACKASEY—PAID LOBBYIST ALLEGATION IN MONTREAL "GAZETTE"

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, yesterday the Hon. Member for Lincoln (Mr. Mackasey) raised a question of privilege. At that time I said I wanted 24 hours to consider the matter and to respond.

We started from the basic premise that when a Member raises a question of privilege based upon what that Member considers to be an infringement of his personal privileges, he should be given every opportunity to obtain redress through the House or its Committees in a proper and normal fashion. I have considered this and obtained advice with respect to the three areas of concern that I expressed yesterday. I must say at the outset the Hon. Member for Lincoln has been kind enough to assist me in obtaining the facts and I have also received other advice.

I think the Chair has some problems here. In one area there are the civil proceedings that may be taken and there are certain limitations in the Province of Quebec that may affect the commencement of those proceedings, and consequently the life of any work that the Standing Committee may undertake, should the Chair find a question of privilege present and should the motion be accepted by the House, may be affected.

The second area of concern is the ongoing bankruptcy proceedings. My advice, which the Hon. Member for Lincoln has co-operated in obtaining for me, is that these proceedings

are ongoing. I understand that they are proceedings under the Bankruptcy Act, that they are judicial proceedings and, in effect, court proceedings. That involves precedents with respect to the propriety of this House or any of its Committees taking proceedings parallel to any matter that is before the courts. That is a consideration that the Chair has to come to grips with.

The final area of concern is whether there are any other investigations which might be ongoing and which might be prejudiced by the work of the Standing Committee, should the matter reach that stage.

Those concerns are still outstanding. We not only still have them but they have become perhaps more emphasized. We believe this is a matter for the Chair to consider, and after obtaining advice, and quite apart from the decision on the question of privilege, determine whether at this point the House has the capacity at all to make the reference requested by the Hon. Member.

• (1510)

We would like to assist in his desire, but I think we would also have a primary responsibility with respect to the House and its committees operating within established traditions and practices and certainly within established precedents. There are those problems; we point them out now. We are certainly prepared to abide by the decision of the Chair after considering the matter.

We suggest that while our own inquiries and considerations have been confined to the time lapse between yesterday and now, it may well require more in-depth research and consideration, perhaps even to the extent of carrying the matter over the weekend until the Chair comes to a correct conclusion.

MR. BROADBENT—NOTICE OF POSSIBLE QUESTION TO BE RAISED

Hon. Edward Broadbent (Oshawa): Madam Speaker, I rise on a question of privilege. Our House Leader will deal with the matter that has just been discussed, but I am pressed by time and I hope the House will listen briefly to the matter of privilege to which I want to refer.

The "blues" have not yet been sent to Hon. Members, but I want to serve notice that in light of what the Prime Minister (Mr. Trudeau) said in the House earlier today, and subject to checking the "blues", I will quite possibly be raising a question of privilege later.

ROUTINE PROCEEDINGS

[*Translation*]

FINANCE, TRADE AND ECONOMIC AFFAIRS

PRESENTATION OF TWENTIETH REPORT OF STANDING COMMITTEE

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I have the honour of tabling the Twentieth Report of the Standing Committee on Finance, Trade and Economic Affairs.

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

[*English*]

Mr. Lambert: Madam Speaker, I rise on a point of order. If this is the report dealing with Bill C-143, I would ask whether it includes a transcript of all evidence taken by the Committee to date. There is no way that the House can accept a report which is deficient in the evidence that was taken. Otherwise the report is meaningless. Amendments in the House must be based upon evidence. Unless it is included in this package, it is out of order for the Vice-Chairman of the Committee to file that report.

Mr. Peterson: Madam Speaker, I would humbly suggest to the Hon. Member for Edmonton West (Mr. Lambert), that there is ample precedent in the Chamber. I could refer to the matter at length should it be a matter of dispute. Therefore, I do not accept the premise he stated, but I would like to say that I have been informed that the entire evidence has been placed before the House. I must say that this has been at great expense to the people who have done the work. That Committee sat until two o'clock on Wednesday morning. It sat again this morning for an hour and a half. We all owe a great debt of thanks to those people who worked expeditiously to ensure that this evidence was before the House.

Madam Speaker: In answer to that point of order, I advise the House that we have had the statement of the Hon. Member for Willowdale (Mr. Peterson). I may say that the House is simply receiving the report. Unless the Hon. Member for Willowdale presents the complete evidence that must accompany the report, the Chair has no way of knowing that the report is complete. I point out to the Hon. Member for Edmonton West (Mr. Lambert) that the House is simply receiving the report. I believe the objection of the Hon. Member refers to proceeding with a Bill without all the evidence being produced so that Members may consult it. But certainly the House may receive the report; I see no objection to receiving it today.

Mr. Lambert: Madam Speaker, I have ascertained that in so far as obtaining printed copies of Committee hearings are concerned, they are taking anywhere from four or five days to seven days to reach Hon. Members. In this particular case, the report having been filed now, it would be within our power to

start the business on Monday; but if the evidence is not within the hands of Hon. Members, I would say that the administration is delinquent in not providing it for Members—

Some Hon. Members: Oh, oh!

Mr. Lambert: —or the proceedings are meaningless. I say to the Chair that when these timetables were worked out, the clear indication was that Hon. Members would have all material available to them so that they could avail themselves of the 24 hours requirement to file any amendments at report stage.

I am dealing here with a report-back on a Bill which has been referred to Committee. If Hon. members do not have that evidence before them—other than having to go scurrying downstairs to the Journals branch to obtain photocopies and that sort of thing—it is not good enough. It is up to the administration either to ascertain that the evidence will be available almost immediately, whatever steps it may take, or for the Chair to assure itself that Members have the material. Otherwise it is a pure contempt of the rights of Members to proceed with legislation.

Madam Speaker: If the administration were delinquent, I would say that it was contempt. I want to tell the Hon. Member that the administration is good enough and that we have not been in neglect of producing the documents necessary to proceed with the Bill. If the Bill is proceeded with on Monday, I assure the Hon. Member that the documentation in question will be printed and ready for Hon. Members to consult. At the present time the Hon. Member may consult these documents since they have been tabled.

Documents have always been ready on time. In the time I have been here I have only heard of one occasion where the documents, although ready at the back of the chair, were not produced several hours ahead of time. The administration is not delinquent. I would be grateful if the Hon. Member would wait until the administration is delinquent before accusing it of being delinquent.

Mr. Peterson: Madam Speaker, I rise on a point of order. I take tremendous exception to the remarks of the Hon. Member for Edmonton West. The people on that Committee worked right through the night. They were working on a five-minute basis in order to have those documents here. I hope the Hon. Member will take home those pages and read every one of them; there are six inches of them. We owe a great debt of thanks for the work our Committee personnel have done.

* * *

• (1520)

ABORIGINAL RIGHTS

TABLING OF 1983 CONSTITUTIONAL ACCORD

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, pursuant to the provisions of Standing Order 41(2), I wish to table copies in both official languages of the 1983 Constitutional Accord on Aboriginal Rights reached at the First Ministers' Conference on Aboriginal constitutional matters in Ottawa, March 15 and 16, 1983.

* * *

PETITIONS

MR. NEIL—RETENTION OF CROWSNEST PASS RATES

Mr. Doug Neil (Moose Jaw): Madam Speaker, I have the honour to present to the Honourable the House of Commons in Parliament assembled a petition pursuant to the provision of Standing Order 71, which in brief prays that this House reject the Pepin proposal and retain the present Crow rate. The petition attached bears the signatures of 141 electors and was sent to me in my capacity as Member of Parliament for Moose Jaw for transmittal to the honourable the House of Commons in Parliament assembled. If the petition is found to be in order, Madam Speaker, I pray it will be referred to an appropriate committee of the House of Commons.

MR. MITGES—MAINTENANCE OF INSURANCE INDUSTRY COURIER SERVICE

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, I have to present a petition from concerned insurance brokers from my riding who are very upset regarding the present definition of a "letter" and how this definition is detrimental to the welfare of their business and to the public which they serve. According to the brokers, the public interest requires the insurance industry to maintain fast and dependable service to their clients to deliver correspondence within the insurance industry, and the only way this can be maintained is to retain the use of couriers to deliver its internal mailings. This service provides speedy, reliable delivery of time-sensitive items at minimum cost. The insurance industry would like to maintain this system which has proved so efficient.

* * *

SMALL BUSINESSES LOANS ACT (NO. 4)

AMENDMENT TO EXTEND TERMINATION DATE FOR LOANS

Hon. William Rompkey (for the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion) moved for leave to introduce Bill C-144, an Act to amend the Small Businesses Loans Act (No. 4).

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, the following questions will be answered today: Nos. 4,662 and 4,669.

[*Text*]

CIVILIAN SECURITY AGENCY

Question No. 4,652—**Mr. MacKay:**

1. Is the new civilian security agency now engaged in hiring staff?

2. Is it the policy of the agency to hire staff from among unsolicited applicants and, if so, what precautions are taken to protect the Agency from penetration by foreign agents?

3. Is it the policy of the agency to administer so-called lie detector tests to all employees of the agency?

4. On what date will the new agency become operational?

Hon. Bob Kaplan (Solicitor General of Canada): 1. Since the new agency does not yet exist, no action is being taken to hire staff. Applications for employment with the agency, once established, are being acknowledged by the Security Intelligence Transitional Group.

When in a position to hire, the agency will endeavour to seek qualified personnel from inside and outside of Government. It will, through exacting security screening and staffing procedures, ensure to the greatest degree possible, that the agency is staffed by individuals whose loyalty to Canada is beyond doubt.

3. There is no policy to administer lie detector tests to agency employees. However, the use of such tests is being studied so that decisions may be taken on whether to incorporate it as part of the over-all agency security screening process.

4. A date has yet to be fixed for the new agency to become operational.

EM & R—SURVEY OF ENERGY CONSUMPTION

Question No. 4,669—**Mr. Mazankowski:**

Was a survey to determine the energy consumption of various commercial, industrial and institutional buildings in Canada conducted for the Department of Energy, Mines and Resources and, if so (a) how many buildings were included in the survey (b) was a comparison done between government-owned or occupied buildings and privately-run buildings (c) what was the cost of the study and what were the major expense items (d) who performed the study?

Mr. Dave Dingwall (Parliamentary Secretary to Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: No. (a)—(d) Not applicable.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

Madam Speaker: Pursuant to the provisions of Standing Order 58, I do now leave the chair for the House to go into Committee of the Whole.

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration in Committee of Bill C-139, to amend the statute law relating to income tax (No. 2)—Mr. Lalonde—Mr. Blaker in the chair.

On Clauses 8, 9 and 128(12):

Mr. Cosgrove: Mr. Chairman, I rise on a point of order to request whether there is unanimous consent of Members to permit notaries in the Province of Quebec to be added as exempt professions from the requirement of reporting work in progress. I am advised that this will be met with agreement by the profession.

The Deputy Chairman: The Committee has heard the proposal made by the Minister of State (Finance) seeking unanimous consent for the suggestion to which he has referred. Is there unanimous consent?

Mr. Blenkarn: Mr. Chairman, there will be ample time for this Parliament to deal with the amendment required. Therefore, at this time—

The Deputy Chairman: Order, please. There is only one issue and that is whether or not there is unanimous consent.

Mr. Blenkarn: At this point, Mr. Chairman, there is not unanimous consent. There will be ample time in this Parliament to deal with that matter.

The Deputy Chairman: The Hon. Member for Calgary West had the floor prior to the luncheon break.

Mr. Hawkes: Mr. Chairman, I thank the Hon. Member for Mississauga South for trying to keep this Bill on track and Members on the subject.

Prior to lunch I had asked the Minister a question. Unfortunately, there was not enough time for a response, so I will repeat it. If we were to put $2 billion into Small Business Development Bonds, or put $2 billion into the survival type bonds with which we are dealing today, or put $2 billion into Petro-Canada, which of these three types of public expenditure would lead to the most tax revenue for the Government of Canada?

Mr. Cosgrove: Mr. Chairman, if I accept the Hon. Member's admonishment, with which he began his remarks,

that we should confine the business before this House to the Clauses which are before us, his question, of course, is not in order.

Mr. Hawkes: Mr. Chairman, I am quite willing to submit that question for your adjudication as to whether it is right on for the Bill. As I understand this piece of legislation, the Minister intends to get rid of the Development Bond and replace it with a survival bond. He tells us at the same time that it is because there is a limited amount of money. Right at the heart of this Bill lies the issue as to whether or not the money is better spent on development or on survival. One way of adjudicating that is whether or not the Development Bond produces increased revenue for the Government compared to the survival bond. Which way of spending this money, the old way or the new way which the Minister is proposing, produces maximum revenue for the Government of Canada? It is right central to this issue.

Mr. Cosgrove: Mr. Chairman, the Hon. Member has not repeated his request for information about Petro-Canada. It is that aspect of his original question which I thought was somewhat incongruous in light of the legislation before the House.

I would remind the Hon. Member of the response of the Parliamentary Secretary before the break. The legislation before the House accomplishes two things. It expands the amount of income that is available to be treated under this Clause. On the one hand, it addresses the issue of economic expansion—increased economic activity—through the small business sector and at the same time it also addresses those most in need by targeting assistance under the amendment to those firms in serious financial difficulty.

Moreover, I would remind the Hon. Member that the description of the bond has not changed. The Government, in taking a look at the Small Business Development Bond, was quite impressed with its performance for the first few months of operation. The Government will continue to monitor the Section to see what impact it has on the small business sector and whether it is conceivable to have adjustments or alternatives in the operation of these two Sections in the future.

• (1530)

Mr. Hawkes: The Minister has not answered my question. Is that because the Government does not have that information?

Mr. Cosgrove: I am sorry, Mr. Chairman, but I thought I had answered the question.

Mr. Hawkes: I think the "blues" will show that perhaps the Minister did not. In any case, if the Minister did, would he repeat the ansewr? Which way of spending the money, either on development bonds or on survival-type bonds, produces the most tax revenue for the Government of Canada?

Mr. Cosgrove: Mr. Chairman, I indicated that the provisions of Section 8 and 9 do both. I indicated before the break at lunch that it is not possible, without going into very hypothetical economic performance assumptions, to come up with a very meaningful analysis of the question raised by the Hon. Member.

Mr. Hawkes: Can I take it then that the Government has not done such an analysis, and that that is why we do not receive the information?

Mr. Cosgrove: No, Mr. Chairman. The answer could, I suppose, be analyzed by considering the Government's studies in terms of economic performance over the last two years. Depending on what assumptions are made, I suppose, conclusions could be drawn from such analyses. The analyses are done. What I am saying is that one would have to make an awful lot of assumptions. They would be purely hypothetical studies. The information is there, but the officials advised that they would be strictly that, hypothetical analyses, and based on assumptions which would probably vary from economist to economist.

Mr. Hawkes: I believe the Minister is now saying that the studies have been done but that he will not share them with us. If they will not be before the House, will we as Members be able to receive written copies of those analyses which have been done?

Mr. Cosgrove: No, Mr. Chairman, what I am saying is that the information which is available to the Department of Finance and the Government is probably the same information that is being used by the firm of chartered accountants which is advising the Hon. Member in his preparation for questions. It is information on the economic performance of the Canadian economy which is available to all Canadians.

What I am saying is that the conclusions of the analyses are not too meaningful when one attempts to address the narrow issue which the Hon. Member has addressed.

Mr. Hawkes: The Minister will be aware that the Canadian Federation of Independent Business conducted such an analysis and indicated that money spent on Small Business Development Bonds produced more revenue than it cost. Could the Minister comment on the validity of that study? Is it accepted by his officials?

Mr. Cosgrove: It is one opinion, Mr. Chairman, which was made available to the Department, as I have indicated.

Mr. Hawkes: If the Government were to accept it, would that not indicate that it might be a wise expenditure of public funds? If it produces more than it costs, in private sector terms, it makes a profit. Does the Minister reject the notion of making a profit in this fashion, or does the Minister quarrel with the methodology or the conclusion of the study?

Mr. Cosgrove: What I am saying is that it is only one opinion and one study on the subject.

Mr. Hawkes: May I refer to the simpler part? Does the Minister believe in a tax policy which would produce more revenue than it costs? Is that a good idea for the taxpayer?

Mr. Cosgrove: That would be a major thesis, Mr. Chairman, for the Government providing any stimulus in the economy. Probably the best example of which I am aware, in terms of ministerial responsibility, concerned some of the housing programs which returned almost three to one, in terms of what was put into the economy and what we saw generated directly and indirectly as a result of the expenditures of funds. Government employs that theory in many of its programs.

Mr. Hawkes: If the Government employs that theory, and uses it, I must then conclude that the study done by the Canadian Federation of Independent Business is not being followed through as a piece of advice because the Minister has contrary advice. May I ask the Minister whether the contrary advice is coming from his Department of Finance officials?

Mr. Cosgrove: Mr. Chairman, I should probably add that the study done, for example, by the Canadian Federation of Independent Business did not assume that any of the activity which occurred would have occurred without the bonds. That is the point I raised before the break at lunch. I do not know how economists or even practical business people can make those kinds of assumptions or, conversely, how figures can be determined as to what percentage of economic activity did result from the bonds or from the initiative taken by the Government. We know that tax programs have leakages. We know from practical experience that some things which would have been done by small businessmen would have been done by people taking advantage of programs of the Government, but we cannot quantify it.

Mr. Hawkes: What is the data base on which the Minister is making the decision to transfer the money from development to survival? If it is not rational choice, if it is not based on data, does it amount to darts in a dartboard? Is it political judgment? On what basis is money being taken away from development and directed over to the side of survival? Do we have any idea as to whether it will help or hurt the Canadian economy, the one kind of expenditure versus the other?

The Deputy Chairman: This will be a final exchange, if I may indicate, because the time allotted to the Hon. Member for Calgary West has now expired.

Mr. Cosgrove: Mr. Chairman, as I have indicated, it is not an "either or" proposition.

Mr. Hawkes: It is. The Bill is "either or".

Mr. Cosgrove: The effect of clause 9 is to expand the operation of the clause to unincorporated small business persons. In addition, it is to target it toward people who are in specific and very desperate need of this type of assistance. Therefore, the provision is, first, expansionary, second, it is sensitive, I thought, to the plight of small businessmen. Certainly Hon. Members on this side of the House have been alerted. We have received representtion that this type of assistance would be welcome to people in very difficult circumstances.

I think for example of the representations made by colleagues of the Hon. Member addressing the plight of farmers, for example. There has been a request for Government action to assist that community. We know that the bond, as amended, has been used by the farming community in the majority of cases. What we are attempting to do, not only as politicians but as people sensitive to the plight of other Canadians as well, is to help and direct that assistance to Canadians who need help.

I do not know why the Hon. Member would disagree with the Government when his own colleagues feel that the farming community is deserving of this type of help.

Mr. Riis: Mr. Chairman, I wanted to raise a few last questions with regard to the Small Business Bond and Small Business Development Bond and then, hopefully, to move on to other Clauses shortly.

I want to clarify two or three points which have been made. One was raised by the Parliamentary Secretary to the Minister of Finance just before we broke for lunch, when he was speaking at some length about the great gift given by the federal Government to small business by increasing the maximum of accumulated earnings which would enable a small business to qualify for the small business tax rate, moving from $750,000 up to $1 million, as though this was some great gift. It must be stated that this was simply a recognition that the upward ceiling has not been altered over the last number of years and, with inflation carrying it, it was only sensible that this should be increased to recognize the realities of inflation in Canada in the last few years. On the other hand, he also went on at some length to try to say that the Government was trying to assist small businesses in their efforts by this bail-out bond, that was in the best interests of Canada, and that he did not understand why various Members opposite were going on about the money that the Government could find to assist Dome Petroleum, Chrysler, Maislin and Massey-Ferguson, and so on, when we could not find any money for small business. The Hon. Member went on to say that the Government has had a number of representations from the small business community saying that this was a good, progressive step that was going to assist Canadians. I would agree that a strong case can be made that way, but it need not be one or the other. What we are saying, Mr. Chairman, through you to the Minister, is that if we are prepared to go out on a limb for hundreds of millions of dollars for some large corporations, why are we not prepared to do the same for small businesses across Canada, farms, small ranches and fishermen, that kind of entrepreneurial endeavour? There seems to be a bias in the choice of those whom we assist and those whom we do not.

• (1540)

If the Minister believes, as he sits here today and reacts to the questions that Hon. Members have put forth, that the Small Business Bond is in force and is being used by all kinds of small businesses across Canada, that is simply not true, in my estimation.

I want to address this question to the Minister. Is he aware of any particular regional breakdown of the use of the SBBs? The question I am putting is whether there is not a regional bias in the granting of the Small Business Bond. When I made an inquiry to a number of the smaller branches of Canada's chartered banks, I find bank managers who say that they are not prepared to consider the Small Business Bond at this time, that they are not using it and that it is not part of their operation. That is either because they do not know anything about it, or because it is simply bank policy not to pursue this.

I have read statements, in fact, where bankers have said that the Small Business Bond is not a program that they are actively supporting at this time. I am wondering whether the Small Business Bond Program has found its use perhaps in some of the larger metropolitan centres, whereas some of the smaller communities or the rural areas of Canada have been left out of this bond program. Could the Minister clarify whether there is any truth to that assumption?

Mr. Fisher: Mr. Chairman, I am in an unusual spot; I was down here talking to the Chair when the question came along.

I would like to make a couple of comments to the Hon. Member about his preamble. I understand this morning that there were some facts given to the House about the split on the Small Business Bond between farms, unincorporated and incorporated businesses. I would hope that our officials could get these facts again for us so we can pass them along. That at least would indicate to the Hon. Member that not all of these bonds have been used in large metropolitan areas, as he says. A good portion of them have been used by farms. The Hon. Member will recall that the bonds themselves have been changed in this Bill in order to take into account the requests of people in agriculture who have wanted to have access to those bonds, and who have enjoyed considerable use of them since the measure was introduced.

I again object to the negative description of the bonds provided by the Hon. Member. He says that it is a bail-out bond. Let us remember that that negative description is his, not ours. It may be easy to scorn people who need help, who are in difficulty. Perhaps in his position, with all the resources of a wealthy Parliamentarian, he does not understand the needs of people who are trying to rescue their businesses and working hard trying to keep themselves afloat. Those people, I am sure, appreciate the help, whether he calls it a bail-out or some other negative name. I reject that.

I also point out to him that there is indeed a considerable amount of development money left in the hands of small businesses as a consequence of the increase in the ceilings of retained profit and of annual profit.

Finally, I would reiterate to him that assistance to companies like Chrysler is also assistance to hundreds and hundreds of small businesses in the form of suppliers, dealers and other small businesses involved with such a large organization. I think that we have no need to apologize to small business for having helped one large corporation. The collapse of a large corporation would inevitably drag down hundreds of people in smaller outfits who would not thank the Hon. Member for opposing this kind of help.

The Deputy Chairman: Before I recognize the Hon. Member for Kamloops-Shuswap again, I think it is a proper courtesy to the Hon. Member for Mississauga South to indicate to him that it is his amendment which is on the floor for debate. I think I would want to recognize the Hon. Member for Mississauga South at any time that he indicated that he would want to bring the matter to a vote. I think perhaps the Chair is well off in leaving that in the hands of the Hon. Member to indicate his preferences in that regard.

Mr. Riis: Mr. Chairman, as the Parliamentary Secretary to the Minister of Finance indicated that he was speaking to you when I was making my delivery, it became very obvious, in his reaction, because he obviously did not hear a thing that I said.

I said that indeed I agreed with the support given to some of the major corporations. There was an obvious, positive ripple effect to the small business sector of Canada. I stated that. I cannot imagine how on earth else I could say it. I could try to simplify it for him, but I do not think that he needs that.

I also said that indeed it was a bail-out bond, and I am prepared to stick by that. I would say that I could provide a list of hundreds of small businesses in Canada that have been turned down by the chartered banks, because the chartered banks are simply not offering Small Business Bonds any longer. I stand by that. There might be the old isolated case, but by and large that is not the information I have.

As the Hon. Member for Mississauga South has indicated, the only time that the banks are enthusiastic about the Small Business Bond is when they have to save their own necks. They are not interested in the particular small business involved, but when a small business comes to them that is obviously going bankrupt, and perhaps the bank has not totally covered itself in terms of its security, they can then bring in the loan and renegotiate it under the Small Business Bond in an effort to save the bank's money, not so much to save the small business.

I think it has been a real oversight that the Government has put so much faith into the banks in terms of their willingness and enthusiasm to implement this program. As I stated at the beginning of today's session, the only reason that the banks will support this program is that there may be a tax incentive for them to do so, but we have given the banks so many tax incentives that now they are not interested in pursuing this Small Business Development Bond Program.

I want to direct a question to the Minister regarding the definition of the Small Business Bond Program. It is called the Small Business Development Bond or the Small Business Bond. I want to ask the Parliamentary Secretary to the Minister of Finance to respond to this. The question is why $1 million has been identified as the ceiling, after which the small business becomes a large business. It becomes a large business when its retained earnings are in excess of $1 million, and automatically it jumps from the small business tax bracket to the corporation tax bracket.

Will the Parliamentary Secretary explain why this particular figure was selected? Is it totally arbitrary or is there some rationale behind it?

Mr. Cosgrove: Mr. Chairman, I suppose anything in the Income Tax Act is discretionary, but that is the amount that is used throughout the Act in relation to a number of other provisions that apply to small business. An example is the low rate for small businesses and the amount that can be used for retained earnings. There can be many arguments, but that amount was used because it was thought to be reasonable and that it related to a good cross-section of small businesses. It was moved up to $1 million in this Clause as well.

• (1550)

Mr. Riis: I thank the Minister for that explanation. I now want to ask him a question regarding taxable dividends. Over the years they allowed a small business to develop an equity base so that the small-business person would not have to go to the banks or other financial institutions to borrow money at very high interest rates. That has now been removed from the small entrepreneur. Can the Minister explain why?

Mr. Cosgrove: Mr. Chairman, I believe the Hon. Member's question pertains to Clause 109. At this point we are not even addressing Clause 9. We are addressing amendments introduced by the Hon. Member for Mississauga South. I think the Hon. Member has strayed quite a bit.

Mr. Riis: Mr. Chairman, I will direct a question that deals directly with the amendment introduced by the Hon. Member for Mississauga South. It goes back essentially to the meaning of development of a Small Business Development Bond. I remind the Minister of what he said to the Committee earlier today. He said that it cost the Government of Canada $125 million to provide $2 billion of borrowing to the small business sector as a result of the bond program. As the Minister will know, these investments under the Small Business Development Bond were intended for new plant, equipment, buildings, expansion purposes. In other words, when a business was thriving and there was an opportunity to expand, the Government saw fit to enable that entrepreneur to borrow under the Small Business Development Bond program, which I applaud. It was a positive step. It was a good program until it was gutted. By definition, the small business person could expand his or her operation.

Surely when a business expands with a new plant, new facilities or a new line of product, that results in increased sales tax for the federal Government, increased personal taxes as a result of employees added to the operation, and as a result of increased salaries or returns to the federal Government in terms of revenues from corporate taxes resulting from the expansion.

Can the Minister provide the Committee with the net cost to the federal Government as a result of the $25 million paid out after the additional funds have found their way back into federal Government coffers? If these figures are not available, will the Minister hazard a ballpark guess, or will he simply indicate there is no way to determine the net return to the federal Government as a result of moneys invested in the bond program?

Mr. Cosgrove: Mr. Chairman, that is a repetition of a question asked before the lunch break. I indicated that it is very difficult for the Government to give a hard and fast figure with regard to returns to Government coffers. I made the general observation that the $2 billion addressed to this sector of the economy would improve that sector. I said that if the Government was going to be assisted by that expenditure of $2 billion, it would have been assisted in managing its debt portfolio with that perceived income coming in, but the fact is that it did not. Government revenues did not increase. That is the major reason why the Minister of Finance indicated, when he introduced Bill C-143, that the Government had to seek further borrowing authority. The revenues were not there.

Another general way of testing that is the lack of performance as reflected in the poor numbers in terms of failures in this sector. That has not been very encouraging. I do not have a specific number, but the general activity in the economy, either in the health of the sector or the returns to Government, might have reflected all of those increased revenues coming to the Government. However, they have not materialized.

Mr. Riis: Mr. Chairman, just for clarification, is the Minister saying that that $2 billion of investment in the small business sector in terms of productive capacity resulted in absolutely no tax return to the federal Government in terms of sales, personal or corporate taxes?

Mr. Cosgrove: No, Mr. Chairman, I am saying it did not result in a remarkable bulge, that is, in economic activity. That would lead to the conclusion that it was a very successful way of stimulating the economy. My officials remind me that one of the reasons is that some people in the private small business sector who took advantage of the bond may have already been planning those kinds of expansion, purchases and economic activity. What we did was assist them in the financing of those operations. Those plans may have been on the shelf for that sector in any event.

Mr. Riis: I agree wholeheartedly with the Minister. I do not think that because of the Small Business Development Bond many small businesses decided at that point to expand. I suspect it was part of their corporate decision making. That comes as no surprise.

The logic that the Minister is using is open to some question. He is saying that because there was no appreciable corporate tax return increase, no significant increase in personal or sales tax return to the federal Government, that $2 billion stimulus to the small business sector was questionable in terms of value. Presumably the Minister has not been able to factor out the impact of this stimulus to the small business sector. Earlier today he said it cost the Government $125 million for this program. When the Hon. Member for Mississauga South introduced his amendment, he said that his information

indicated there was a trade-off, that while the federal Government invested $125 million, the returns as a result of that investment offset it. In a sense the Minister was not providing us with the full picture. Will he agree that the $125 million for these two programs which it cost the taxpayers of Canada to implement resulted in some return as well, and that the $125 million cost would be reduced as a result of that net return?

Mr. Cosgrove: There would have been some improvement, some trade-off, that is revenues generated as a result of the plan. We are not as optimistic as the Hon. Member for Mississauga South that the trade-off is equal or, as he intimated, that the bond became an investment and there is, in a sense, a profit. We do not accept that. Nothing in our experience would lead us to be that optimistic.

The other point, and I am repeating it from this morning's session, is that for some period of time, at least two years, there have been extra claims on Government revenues, such as our automatic social programs and the Unemployment Insurance program. They require significant infusion by the Government of resources toward automatic social stabilizers. As a result of this pressure on the total Government financial position, the Government, for example, has come to Parliament and asked for increases in authority to borrow. The Government is under extreme pressure because of that very poor experience in the economy in the last two years. Faced with that prospect, and the prospect of searching for even additional funds to serve social programs which are necessary, we find that we cannot offer the same kind of funding to serve expansion. At the present time we feel that under the circumstances our first obligation should be to those people who need help the most. That is the rationale behind that part of the amendment which directs the funds, first of all, to those corporations which are on the brink of very difficult financial positions.

• (1600)

The Deputy Chairman: I should advise the Hon. Member for Kamloops-Shuswap that his time has expired. Of course, he can come back after a further intervention by another Hon. Member.

Mr. Collenette: Mr. Chairman, I really have one question and I believe this is an appropriate Clause in which to raise the question to the Minister. In discussion of the Small Business Bonds, the matter of interest rates on these bonds and other Government-related issues comes into play. It is my understanding that the Small Business Bond, and the interest rate thereon, and other interest rates, are based on something which is known as a prescribed rate, and since January 1982, this prescribed rate has been calculated quarterly in order to keep people up to date with the fluctuations in the interest rate market. It seems to me, however, that with the wide fluctuations of interest rates, especially in the last year, a quarterly revision does not seem to be appropriate enough. Businessmen have come to me asking for my explanation of the Government's calculation of this prescribed interest rate for these bonds. Other constituents have also come to me similarly concerned about other calculations based on the prescribed rate. I will give you an example of this, Mr. Speaker. As you know, employees of chartered banks, who are given a preferential mortgage interest rate by the banks, are now liable, I understand, to have the difference between their subsidized mortgage interest rate and the prescribed Government of Canada rate taxable at their marginal income tax rate.

I certainly support this provision in the 1981 budget, but I am curious about the benchmark, because if we look at the last three months of 1982, the prescribed rate was 16 per cent while comparable mortgage rates were around 13.5 per cent. The prime rate, of course, was somewhat lower.

Mr. Riis: I rise on a point of order, Mr. Chairman. I have been listening very carefully to the Hon. Member make his presentation. I do not see how it relates to Clauses 8 or 9 of the Bill. Perhaps he could explain now.

Mr. Collenette: Mr. Chairman, if the Hon. Member had been listening carefully he would heard my explanation. I was very carefuly not to stray too far from the Clause at hand. May I continue, Mr. Chairman, since you obviously were satisfied with my line of questioning? In this particular case, my constituent bought a house in November, 1982 and received a 3 per cent mortgage from a bank. He is now to be taxed on the difference between 3 per cent and the prescribed rate of 16 per cent. This in effect will mean he will be penalized more than if he had gone to any other chartered bank where he could have got, perhaps, a five-year mortgage at 13.5 per cent.

Mr. Riis: Mr. Chairman, I rise on a point of order. We are anxious to deal with this Bill and to move on to other Clauses. I realize that by not stopping the Hon. Member, you presumably have agreed that this has direct relevance, but I must register my concern, as one who wants to see this Bill proceeded with as quickly as possible, that I must listen to what I consider to be an irrelevant discussion on this particular Clause. I believe it is quite out of order.

The Deputy Chairman: It is rather difficult for the Chair because the complexity of the Bill is such that it is very demanding to attempt to determine relevance. This is the second time that the Hon. Member for Kamloops-Shuswap has raised the point of relevance, and it is the duty of the Chair to examine that issue. In the circumstances, I believe the best way to proceed is to ask the Hon. Member for York East to continue, and the Chair will pay the attention which is required in order to determine whether or not the Hon. Member's remarks are in fact relevant.

Mr. Collenette: Mr. Chairman, I thank you for your generosity. I must say that the Hon. Member for Kamloops-Shuswap is dealing in tautologies in that he answered his own objection by saying that the Chair did not correct me earlier because obviously it was satisfied with my line of approach.

I have already made my point, Mr. Chairman, and it relates directly to the Clause at hand, in terms of the interest rates on the Small Business Bond and the prescribed Government of

Canada rates. In any event, Mr. Chairman, I would not want to upset my friend from the New Democratic Party. I understand that he has been a participant in this debate and has himself used a lot of time, and I am sure he would not want to deny me, a humble backbencher on the Government side, a few minutes of redress to approach one of our Hon. Ministers. I thank the Hon. Member for not objecting even further after the Chair had supported me in my line of questioning. I have made my point and I welcome the Minister's answer.

Mr. Cosgrove: Perhaps, Mr. Chairman, I could respond by observing that the rate is not set. The rate is negotiated between the bank and the small businessman. It is really something which flows from the application by the small businessman to the bank. I am having difficulty, Mr. Chairman, concentrating on my recollection of the question before the Hon. Member was interrupted by the Hon. Member for Kamloops-Shuswap. But in so far as the setting of the general bank rate is concerned, Mr. Chairman, as you know, since January, 1982 this rate is revised quarterly and takes into account fluctuations in interest rates on the capital markets. The rate used for a given quarter is obtained by taking the arithmetic mean of the accepted weekly three-month Treasury bill tender rates for the first month of the preceding quarter. Consequently, for example, the prescribed rate of 16 per cent, which applied in October to December, 1982, was based on July, 1982, data.

I will conclude by saying, on the other hand, in the case of dropping interest rates, the prescribed rate is slightly higher than it should be. The opposite occurs when these rates go up. The recent drop in interest rates has lowered the prescribed interest rate, which is 12 per cent for the present quarter of 1983.

Mr. Collenette: Mr. Chairman, as you can see, the Hon. Member for Kamloops-Shuswap has come over to me for further clarification and we are discussing this matter. I am very glad that he now understands my position fully. I would like to ask the Minister in conclusion, given his answer, would the Government, in view of these fluctuations, help small businessmen and bank employees such as I have described by perhaps being a bit more flexible on the compilation of this rate? The argument that it takes three months to gear up computers and inform people in the field as to changes in the rate, is certainly a hard one to accept, given the great efficiency of Government organization in general, and especially of Revenue Canada.

Mr. Cosgrove: In conclusion, Mr. Chairman, the experience prior to the last six months was of interest rates climbing. I am advised by my officials that the quarterly averaging device has assisted small business and its customers in that situation. Now, since interest rates have been dropping—and of course they have gone down a lot faster than they went up—possibly the averaging may not have been quite so attractive. But it was a device which was of great help to people, such as in the small business sector, who were borrowing money during that period of time.

• (1610)

Mr. Rose: Mr. Chairman, I was very interested in what the Minister had to say about how the money from the Small Business Development Bond went directly to the banks rather than back to the Government, because that is a view I hold. If I have not paraphrased him properly, I apologize. But I think he did say, in response to the Hon. Member for Mississauga South, that it was not offsetting, not reciprocal, and the fact is that the effective interest rates were larger for small companies than they were for large companies. I think what we need to do is not to look at the tax rates themselves but rather at the real, effective interest rates.

Has the Minister any current figures on the effective interest rates as applied to different classifications of people? If you have an inflation rate of, say, 12 per cent and an interest rate somewhere in excess of 20 per cent—I know we are not there now, but I wonder if he has any up-to-date figures. The real after-tax interest rates discriminate against small companies, which the Government, through its Small Business Bond, is attempting to help. Consequently, the people who get the help, the stimulus, are not in fact the small businesses, or the Government in terms of revenue, but the people who are lending the money and charging the interest rates.

I will just give you the figures I have from about a year ago. The effective after-tax interest rates for homeowners is 9.5 per cent; for small manufacturers, 4.7 per cent; and for large manufacturers, 3 per cent. I would like to know from the Minister whether or not this has changed. We have found that in the personal income tax system we are really loading the system against the poor and low income groups. Is the same thing true where we are loading the corporate tax system against small-businessmen instead of the large retailer and manufacturer? Does he have any up-to-date figures on the real after-tax cost, because the tax rate is frequently meaningless?

Mr. Cosgrove: Mr. Chairman, the tax system generally in the corporate sector is the exact opposite of what the Hon. Member has just said to the House. For example, I think the small business manfuacturer has a rate somewhere around 10 per cent as compared to the larger corporation which pays around 35 per cent, 36 per cent. So the Act is tilted or biased, as the Hon. Member says, in exactly the opposite way from what he has just indicated. Now, there may be some lending practices involving the rate that a bank charges different customers or different classifications in the business sector, but that has nothing to do with the Income Tax where we have biased our rates toward the small business sector. That has been traditional and I think well known. This section, I think, is just a further example of that. How can the Hon. Member say that we are not biased in favour of the small businesss person, incorporated or unincorporated, when the effective rate of a person taking advantage of this bond is half prime plus 2 per cent to 3 per cent? This is available to small business, not to the giant corporation.

Mr. Rose: Mr. Chairman, the point I was making is that while the tax system is biased in favour of the small-business-

man, the real after-tax cost of borrowing, assuming a uniform interest rate, is biased in favour of the large retailer and manufacturer. It is asserted by some that we should index the interest income and expenses so that in fact the system would not be loaded against the homeowner and small manufacturer who do not have the same provisions to write off their debt charges.

Mr. Cosgrove: Mr. Chairman, I can do nothing further than repeat that the effect of the bond and the provision we are looking at, which I am reminded is the pertinent business before the House, is to provide a bias in favour of those people who would qualify for the bond. This is a remarkable advantage and, we think number one, an incentive, and number two, assistance to those small business people, incorporated or sole proprietorships, who want to take advantage of this preferred rate.

Mr. Rose: The point I was making is that your efforts will be ineffective if the real interest rate on debt charges is biased against the small borrower, the small-businessman, the homeowner. That is the assertion I make.

Mr. Cosgrove: I think I understand now the Hon. Member's point, but surely that bias is not offered in this legislation, which is one half prime. I agree there may be some difference in the way in which banks treat different categories of borrowers, but not to the extent of the interest rate reduction offered through this bond.

Mr. Blenkarn: Mr. Chairman, reference was made by my colleague with respect to a study done for the Federation of Independent Business. That study indicates that there was a very positive effect on Government revenues because of the Small Business Development Bond. In fact, the figures indicate that Government revenues increased over the time of the bond by $120 million, and Government revenues will increase over expenditures in the period 1980 to 1984 by another $75 million. That study went over the net cost to the Government. I went over the incremental problem because obviously some people who would have borrowed anyway took advantage of the Small Business Development Bond and the tax break therein. There were studies done on the matter here in Ottawa, and I am wondering what studies the Minister did, bearing in mind that the report was tabled in February of 1981. Are those studies available? If so, why have they not been released to the public? Can the Minister explain what is wrong with this particular study? Why has the Small Business Development Bond been gutted, bearing in mind that, according to all of the information we have, it yielded a positive tax return to the Government?

● (1620)

Mr. Cosgrove: Mr. Chairman, I dealt with this question earlier. It is quite useful to have these economic models like Informetrica. It is quite useful to have set pieces theoretically gauge what has or has not happened in the economy. The difficulty lies in the interpretation of those studies. Our officials did not agree with the assumptions which are used to identify the surpluses that the Hon. Member has referred to, for example.

Mr. Blenkarn: If the people of Canada have paid for these studies, why are they not available? Will the Minister produce them now? The study was made at the expense of the Canadian Federation of Independent Business. It was produced by Don R. Allen and Associates Consultants Limited and indicated that the Small Business Development Bond Program actually had a positive cash return in terms of tax. The Government has said that it studied the report but that it made false assumptions. If the Government has studied the report, where is its study? We have paid for it and would like to know where it is.

Mr. Cosgrove: The Hon. Member is asking me to produce a study that he is reading from. Of course we have copies of it, Mr. Chairman, but our interpretation is not the same as his. In his statement on September 27, 1982 the Minister indicated that he had looked at the same period and the same performance in the economy. Informetrica would have been just one of the things the Minister would have examined in coming to his conclusions about the performance of the economy and whether we could accept that the performance was as set out in the Informetrica report.

Mr. Blenkarn: The Minister has not understood this particular study at all. This is the first time reference has been made to the study in the House of Commons. It is brought up now because we are dealing with the Small Business Development Bond Program. The Government says it has looked at the Allen study and has concluded that Mr. Allen is wrong.

Let us see how the Government comes to that conclusion. Will the Government release its own finance studies to indicate where Don R. Allen and Associates is wrong? The business community believes that this was a first-class program and that the Government made a profit on it. If the study is not correct, we would like to see the data to indicate that.

Mr. Cosgrove: Mr. Chairman, the answer would be that it is in the many other studies the Government has looked at that cover the same period of time; the advice that officials in the Department have given to the Minister; the interpretation that the officials have made of that particular document, and finally, the performance of the Government's bank account. I am not sure what amount the Hon. Member for Mississauga South says the Government has benefited by, but we believe that the performance of the accounts receivable sections of the Government of Canada do not reflect the generation of that kind of economic activity.

Mr. Blenkarn: Mr. Chairman, the Government's economic performance has been abysmal. In the November, 1981 budget, the Government forecast for the current fiscal year that it would receive $80.3 billion in revenue. It will receive $66 billion, so revenues are off by 17 per cent. A good deal of that is due to the inept financial performance of the Government, and to tax laws that bleed the country dry and drive

business out. One good program was the Small Business Development Bond, but it was thrown out because it did not comply with the Government concept of paternalism. It worked. It gave a positive tax return and economic growth, but it did not comply with socialism.

We are ready to vote, Mr. Chairman.

Mr. Cosgrove: Apart from the rhetoric of the Hon. Member for Mississauga South, Mr. Chairman, the figures he has used make the point that I have hit upon. The original projections were for revenue of $80.3 billion; the actual performance turned out to be $66 billion. That is my point. The performance in the economy does not reflect the receipt of increased revenues which the report that the Hon. Member is flashing around claims. He cannot see the logic of that because he is using rhetoric. We do not accept the amendments of the Hon. Member. They do not support the thesis. We are ready to vote on them.

The Deputy Chairman: Is the House ready for the question? Is the Hon. Member for Winnipeg North rising to speak in the debate?

Mr. Orlikow: Yes, Mr. Chairman. I should like to take a few moments to speak. In spite of the Hon. Member for Mississauga South saying that he was ready to vote, he did not speak for me.

I should like to raise again a matter which I raised in debate last week. I was in committee this morning and could not be here. The point has been raised before by the Canadian Federation of Independent Business, that the change from the Small Business Development Bond to the Small Business Bond was a big mistake and has been a deterrent to small business. This view has not just cropped up after the change. The point was made when the Bill was brought to the House by the Minister. An article in the *Financial Post* on January 30, 1981 carries the heading "Small firms say new bond just won't do", and I should like to read a few paragraphs from that article as follows:

—the Small Business Bond, is drawing fire from small businessmen and lenders and may be short lived.

The consensus, in short, is that Ottawa's bond program has changed from a useful job-creation and business expansion tool in a period of high interest rates to one that offers only restricted stop-gap financial aid.

● (1630)

When the Small Business Development Bond . . . program began in 1980, a small-business corporation could get low-interest loans for new fixed-asset acquisition, research and development or in the case of financial hardship.

It continued by indicating that in the November 12, 1981 budget:

—the development aspect of the program was dropped and SBDBs became simply Small Business Bonds—

Then it went on to indicate:

—after January 31, when the SBDB program ends, the new SBBs become available only in narrowly defined cases of financial difficulty.

Also it indicated:

—potential borrowers with strong expansion plans will be barred from the program. In addition, the new financial-hardship guidelines may prove so restrictive that few ailing firms will qualify for the bonds.

I will not take the time of the House to quote a spokesman of the Canadian Imperial Bank of Commerce or Philip Walton, regional vice-president of RoyNat, who said the same thing.

We attempted to obtain some figures from the Minister last week. He indicated that he did not have them and that the argument in any case was invalid. We have some figures which I would like to put on the record. They come from the Canadian Bankers' Association and indicate that as of December 31, 1982, measuring from the start of the program, $2,966 million had been authorized under both the Small Business Development Bond and the Small Business Bond. Also they indicate that in the last year since the development aspect was dropped, only $578 million was lent, in comparison with the $2,388 million lent in the previous year and a half. In other words, when the Government got rid of the Small Business Development Bond and switched to the Small Business Bond, loans dropped to a third or a quarter of what they had been previously.

What we were saying last week and what other Members have been saying today was not only true after the fact. The result was predicted a long time ago, when the Government first brought forward the proposal to take the development aspect out of the Small Business Development Bond and to restrict it to companies with extreme financial difficulties.

I could go on, but that is the situation as we see it. We know, following the lead of organizations such as the Canadian Federation of Independent Business, that the Government made a very serious mistake making the change incorporated in these amendments.

Mr. Cosgrove: If there was anything new in the position of the Hon. Member, I would be motivated to try to add to the debate with the Government's response to his two points. The fact of the matter is that he has really repeated the submissions made by the House Leader of his Party earlier today on a couple of occasions. Also he repeated the position put by the Hon. Member for Mississauga South. If the Government had buckets full of money and did not have the deficit it is managing now because of a general downturn in revenues and increased expenditures for committed social programs such as Unemployment Insurance, it would be wonderful to provide expansionary benefits to all sectors of the economy.

We cannot do that, especially when Hon. Members opposite criticize the Government when it comes to the House to indicate its present deficit position. We are subject to criticism by Hon. Members opposite that the deficit is too high, even with programs targeted toward people in need.

I am sure Canadian taxpayers who are looking for refunds of some $6 billion must be frustrated when this afternoon the Hon. Member's House Leader berated this side for taking the time of the House. We asked for a vote, and the Hon. Member

rose and repeated a question which had been answered four times in the House. Is that ever frustrating! It must be frustrating for Canadians who are looking for refunds when they look at the nonsense which has been going on in the House this afternoon.

Mr. Riis: On that side.

Mr. Orlikow: I do not want to prolong the debate, but I do not appreciate a lecture from the Minister when I have probably taken in this entire debate 15 minutes last week and five or ten minutes today. First I say to the Minister that Hon. Members of my Party have not criticized and will not criticize the Government because the deficit is too large. If the deficit is used to improve production and to provide employment, we will not say that it is too large.

Second, just because the Minister answered the point put forward by us with an argument that we do not accept does not mean that if he repeats it once, twice, four times or 20 times we will accept it.

Finally, if the Minister says that he cannot do more because of the deficit, I find it a very strange argument. When the loans went to companies that wanted to expand their production or to develop new projects, these firms were succeeding and would pay back their loans. I do not think we have to worry about a larger deficit by lending money to such companies. When we lend money to companies which are in real financial difficulty—and I am not saying we should not—in all likelihood a substantial percentage of them will not succeed even with the loans. In that event there is a very good chance that the Government will lose money, that loans will not be repaid, and that indeed the deficit will be larger. I do not understand the Minister at all and I am sure that small-businessmen who need assistance by way of Development Bonds do not understand him either.

Mr. Cosgrove: Question, Mr. Chairman.

Mr. Riis: Mr. Chairman, I have two quick questions. The Hon. Minister should be less prone to tirades about how terrible the Opposition criticism is. However, we do not find it surprising because if this Bill were brought in by anyone, it would receive the same criticism. What supportive correspondence did the Minister receive from tax accountants and tax lawyers indicating that the Bill was needed at this time and that it was a good Bill? I would be surprised if he received much mail of that nature. My question is really twofold. Has the Minister or his departmental officials conducted any analysis to indicate who are the major beneficiaries of the Small Business Development Bond Program in terms of who benefits most from the tax holiday and from assistance going directly to small business?

My understanding is that once interest rates reach a particular level, the main beneficiaries unquestionably are banks in terms of tax advantages accruing from the bond. Can the Minister confirm or deny that?

Mr. Cosgrove: Our analysis is different, Mr. Chairman. Our analysis is that it is the borrower under the new Clause or the amendment before us, by and large the take-up has been used 60 per cent by farmers and fishermen and the balance has been used by the small-business sector. Any interest rate projections done by the Department show that the borrower is the greater beneficiary.

Mr. Riis: My last question to the Minister is: of the $2 billion lent out under the Small Business Development Bond Program, what was the financial gain to the banks of Canada in terms of the taxes they were not required to pay as a result of the bond?

• (1640)

Mr. Cosgrove: Mr. Chairman, I am advised it is not a large amount.

Mr. Riis: Mr. Chairman, in closing I want to register a very strong concern about a program which obviously benefits the chartered banks of Canada, either to a greater or a lesser degree, depending on what one wants to admit or what one wants to calculate, and for the Minister to say there are no figures available with regard to a Government program subsidized by the taxpayers of Canada, that he has no idea to what extent the banks of Canada have benefited by this program, I think indicates some very, very loose fiscal practices. It is certainly the kind of question the taxpayers of Canada would want to know, that is, to what extent are they subsidizing the chartered banks?

Mr. Cosgrove: Mr. Chairman, I have indicated that I do not have those figures at hand. I would make them available to the Hon. Member, but who are we kidding? We know the Hon. Member is sore at banks. We know the Hon. Member's Party would not participate in an analysis of the banks and their profits last year, which was conducted by the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Young: That is not correct.

Mr. Cosgrove: Representatives of the Hon. Member's Party left during the study. We know where the Hon. Member comes from. I can provide him with those figures. I can indicate to the Hon. Member that the main beneficiary under the analysis was the user. I will give him the figures as to what advantages the banks did enjoy. But it was only part of the larger study done by Hon. Members, except for those in his Party who left. I will make those figures available.

Mr. Riis: Mr. Chairman, I want to make it perfectly clear to the Minister that he did not participate in any aspects of the inquiry into bank profits while Members of the New Democratic Party participated throughout the entire analysis. It was just when the final report was being drafted that it became perfectly clear that Members of the Progressive Conservative Party and Members of the Liberal Party, acting literally as spokespersons for the banks of Canada, were prepared to engage in a complete and total whitewash, and what we said

was going to happen has now happened. The banks said their profits were an anomaly, they were an error, that the profits were a little blip on the progress screen of the banks. For the first quarter of 1983 when every single sector of our economy is being hammered, we notice that one sector's profits are up 41 per cent, that of the banks. In other words, the whitewash, the scam, that we could call that inquiry, turned out to be just that. If the Minister is to cast any aspersions on this side, maybe he should reflect on where he was when that inquiry was taking place and get his facts straight before he starts levying any criticisms.

Some Hon. Members: Question.

The Deputy Chairman: The question is on the amendment to Subclauses 8(3), (4), (5) and Subclause 9(3).

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Yea.

Some Hon. Members: Nay.

The Deputy Chairman: In my opinion the nays have it.

Some Hon. Members: On division.

The Deputy Chairman: I declare the amendment negatived.

If no other Member seeks the floor I will put a group of Clauses, which the Committee decided to put together for purposes of debate, namely Clauses 8, 9 and 128(12).

Shall Clauses 8, 9 and 128(12) carry? All those in favour will please say yea.

Some Hon. Members: Yea.

The Deputy Chairman: All those opposed will please say nay.

Some Hon. Members: Nay.

The Deputy Chairman: In my opinion the nays have it.

And more than five Members having risen:

Clauses 8, 9 and 128(12) agreed to: Yeas, 27; Nays, 11.

The Deputy Chairman: I declare the Clauses agreed to.

Clause 10 has already been carried. Unless Members want to group some Clauses together, I will proceed to put the question on Clause 11.

Mr. Blenkarn: Mr. Chairman, we would be prepared to carry Clause 11(1), (2), (3). We have some difficulty with Subclause (4) which deals with soft costs.

Mr. Cosgrove: Mr. Chairman, I rise on a point of order. For our part we are willing to accept Subclauses (1), (2) and (3) as carried.

The Assistant Deputy Chairman: Agreed and so ordered.

Clause 11(1), (2) and (3) agreed to.

On Clause 11(4)—*Costs relating to construction of building or ownership of land*

Miss Carney: Mr. Chairman, Clause 11, Subclause (4), as has already been indicated, deals with the subject of soft costs, which has caused the construction industry many problems. Basically, it means that soft costs incurred in the construction, renovation or alteration of buildings and respective ownership of land will be capitalized rather than deducted on a current basis. This has proved to be very injurious to the construction industry. As a matter of fact, one of the first effects of the 1981 budget, if I could have the Minister's attention, in the original changes in soft costs was to close down construction on much on-site work in progress and caused the immediate lay-offs of many people. While some changes have been made in this area, there is still very clear concern about the effect of the soft costs. I have some questions for the Minister relating to specific parts of the Clause. First, the Bill does not make any differentiation between investor taxpayers and persons who construct buildings said to be used for their own personal operation. Since one of the original purposes of this measure was to encourage investor taxpayers in this area, can the Minister explain why there is no differentiation?

Mr. Cosgrove: Mr. Chairman, the officials advise me that the intention of the Section initially did not distinguish between people or the motivations of people or categorization of people who took advantage of this provision. No doubt it would be used by people for different reasons, perhaps investors. Some people would have taken very generous advantage of the Section for their own financial portfolio, presumably for retirement, assistance or estate purposes. But the Income Tax Act by itself does not distinguish between the reasons why people would use a Section in a particular way. For example, I do know, in connection with the housing industry, that the original provisions were of course part and parcel of the MURB Program.

The Government, for different reasons, that is reasons having to do with objectives addressed to the provision of housing of different types—to market such required affordable housing—decided to approach those kinds of needs. Admittedly, they were originally served by this provision. However, they should be approached using a different financing vehicle. For example, even though the Government removed the MURB provision and, as well, this general provision affecting soft costs, requiring the costs to be capitalized, it was done for a particular social reason, being the provision of certain kinds of housing directed toward a certain sector of the population looking for housing at a moderate cost. The Governement allocated up-front money. As I recall, in the 1981 budget, $300 million was directed toward serving that need.

• (1650)

What I am saying is that, yes, the original purposes of the Section did assist with the provision of housing, for example. The Government decided that there were other ways in which it could go about meeting those objectives. It felt, as a general

rule, that it was more appropriate that the soft costs be capitalized and carried over a number of years.

Miss Carney: Mr. Chairman, I followed the rationale, without necessarily accepting it, with regard to the particular soft costs which affected the MURBs. I know that in many urban areas, and my own riding is an example, the result of that provision has been that there are still large holes in the ground. Projects were not completed and cannot be completed even with the changes which have been introduced. However, we are also concerned with the effect of this measure on large capital projects.

For instance, we have been advised that major construction projects, such as the construction of a large pulp and paper mill or a hydro dam, projects of that magnitude, the capitalization of soft costs will be a major cost item. Since there are other measures in the various budgets, such as the measures relating to the CCAs, which have adversely affected the construction industry, could he explain how this measure will impact on the cost structure of large capital projects?

Mr. Blenkarn: It increases the price by 25 per cent. That's how it will impact.

Mr. Cosgrove: Mr. Chairman, some of the representations or examples given by the Hon. Member involve public projects. Hydro projects would not be private sector developments. Therefore, I would submit that the Section is really not pertinent insofar as—

Mr. Blenkarn: The tar sands plant might be an example.

Mr. Cosgrove: —they are concerned. The Hon. Member has made the statement that projects have been stopped because of this provision. We would be happy to hear any specific examples of which the Hon. Member is aware, because our information is that that is not the case, and that the drop, the remarkable reduction in interest rates over the last half year, has permitted construction to carry on in a number of areas.

We have been told by the Edmonton Construction Association, in reference to large firms, and the Hon. Member was referring to large projects, not very small ones, that they have the financial ability to move their accounting procedures to take into account the capitalization of the interest, rather than the reduction which was previously available under the designation of soft costs.

Miss Carney: Mr. Chairman, the Minister raises a number of points in that answer. I will try to deal with them one at a time. His suggestion that the provision relating to soft costs on the MURBs did not have adverse results and did not result in the cancellation of projects is truly absurd, since these holes in the ground and the impact of those measures were widely publicized. There were pictures in every newspaper of blocks of holes in the ground filled with water which had to be fenced off. There were cities which had to pass bylaws to force people to put up protective fences. For the Minister to suggest that this impact did not occur indicates that he and his officials are wildly out of touch with reality when they propose such measures.

However, specifically in relation to the construction of private projects, "private" meaning pulp and paper mills, mines, et cetera, which are not financed with public money, does the Minister agree that capitalizing the soft costs for these private projects is more expensive than expensing them out?

Mr. Cosgrove: Mr. Chairman, of course the theory behind the capitalization of the interest is that it is interest on an investment which is an improvement to a capital project. The pulp mill example used by the Hon. Member is an enhancement of a capital asset, and the Government has taken the position that the reduction in interest rate—

Mr. Blenkarn: The interest isn't deductible.

Mr. Cosgrove: —is really a method of contributing toward the expansion, the enlargement, of the capital assets of the pulp company. Therefore, the whole transaction, the whole project, results in a capital feature which is enjoyed by the company over a period of years. For that reason, the Government felt that all of the cost, including interest charged on financing of that project, is properly set off against the asset resulting from the project development by a particular company.

Returning to the Hon. Member's first comments, I agree with her. Yes, there were some projects which were stopped within days of the initial announcement of the budget in November, but—

Mr. Blenkarn: Hours.

Mr. Cosgrove: —because of the amendments, that is, the provision that if the projects were commenced by the end of the year, which was extended to April, and finally, with the indication that there had to be evidence of intention, to proceed, the result was that people went back to work on projects. I believe that was the reference of the Hon. Member when she mentioned pictures in the paper. That probably would have occurred in November or December of 1981.

Yes, I know that there are some projects which have not proceeded, particularly in the residential construction area. Again, if the Hon. Member checks, I think she will find that, by and large, the complaints arose as a result of the introduction of this Section in relation to large residential projects. The Hon. Member must remember that vacancy rates for these large condominiums or rental projects in many of the major metropolitan areas have dramatically changed in the last nine months. As a matter of fact, I believe the Hon. Member for Calgary South indicated this morning that in his city the vacancy rates had changed in that period from less than 1 per cent to somewhere around 12 per cent.

Obviously, people are motivated to proceed with some of these projects based on whether they can market their product, whether they can put people in these projects and whether they will derive any income. Similarly I would say, insofar as mines

or pulp mills are concerned, there are other factors of which I believe Hon. Members are all too painfully aware, and that is the lack of market for some of these major industries. That as well has an impact on finance decisions, not just the method under which companies contemplating expansion can finance those expansions.

• (1700)

Miss Carney: Mr. Chairman, I again would ask the Minister to address very simply the question I put to him. We have 1.5 million unemployed in this country. We have every investment survey being done indicating that investment intentions have plunged. We have companies all over the country whose biggest problem is cash flow and who are not in a position to finance necessary expansion or renovations which are required in order to create new job opportunities. We have the last few budget measures which have brought in measures related to the CCAs which have made it less attractive to invest in new capital equipment. I ask him, given all of these adverse factors, given the economic climate today, and given the need to promote new building, new construction, new expansion and renovation and new productivity measures, I ask him a very simple question: does this measure which forces companies to capitalize soft costs create a greater burden on those private companies than the previous measure whereby they could be deducted and expensed out? Is this measure going to create an added financial burden on the very companies to which we are looking to create new job opportunities by new investment?

Mr. Cosgrove: Mr. Chairman, the officials have brought to my attention that there is a grammatical error in Subclause 11(4) which is specifically the one that we are dealing with. I would like to move the following amendment to correct it. It is:

That subclause 11(4) of Bill C-139 be amended by striking out line 10 on page 38 and substituting the following:

"or a cost incurred during that period"

As regards the question put by the Hon. Member, in isolation, in a narrow sense, one would be tempted to be simplistic and to answer it by a yes or no. But we know that we are looking at a Bill that has 139 Clauses and that has relieving sections. For example, it has a section that reduces the general tax rate for certain people under the tax schedule. For example, for people who have children, it offers a tax benefit by increasing the $50 per child benefit.

There are many Clauses in this section, some of which would be more burdensome to some sectors in the economy and some which would lighten the financial problems faced by other sectors, and the Government has to balance those. If there is no balance the Government also has to take into account other programs that it has under other legislation such as programs under the Minister responsible for Regional Economic Expansion. There the Government is spending billions of dollars on grants toward, for example, some of the industries that the Hon. Member referred to, such as the pulp and paper industry.

The Government has to look at the question in terms of its total resources, what advantages it offers to these industries, what are the total advantages that it offers to the industry, and it has to weigh what is the impact of this section.

We are dealing with the Income Tax Act. We thought that logic and fairness indicated a rationale that is defendable. The rationale is that the interest costs, because they are in association with development or enhancement of a capital item, should be capitalized together with all of the costs for that enlargement.

Miss Carney: Mr. Chairman, I would like to address to the Minister something which he may have addressed in his amendment, but in the 1982 draft legislation it was proposed to deny a deduction for soft costs relating to construction, renovations or alteration of a building or to the ownership of land. This Bill proposes a different test and denies deductibility wherever a cost is incurred during the period of construction, renovation or alteration of a building, provided it relates thereto.

We do not understand what the reason for this change is. It may be that it is designed to permit minor repairs to a building to be continued to be fully deductible. It may be that the intent is to allow minor repairs to be fully deductible. Could the Minister explain the apparent discrepancy in the wording, or whether his proposed amendment clarifies that?

Mr. Cosgrove: Mr. Chairman, the officials advise me that it was an attempt to clarify rather than to change, that it related to costs in association with land only during the time of construction.

The Assistant Deputy Chairman: Order. Earlier in the debate the Minister moved an amendment. Is it the pleasure of the House to adopt the amendment?

Some Hon. Members: Agreed.

Amendment (Mr. Cosgrove) agreed to.

Mr. King: Mr. Chairman, I have seen my hon. friend for Mississauga North stand up and fulminate and fumigate and really say nothing. Then we get the Minister from Grand Falls-White Bay-Labrador standing up and criticizing the Opposition for failure to pass legislation that has not yet been presented to the House.

An Hon. Member: Fisher's speech was brilliant.

Mr. King: That is right. Fisher's speech was brilliant—which Fisher was that? Anyway, I missed the brilliant speech he made but I note that a great deal of time of the House has been occupied that could have been spent in valued debate, so I thought I should add something of value to make up for the time that has been spent by the Hon. Member for Mississauga North.

I want to talk a little bit about soft costs because I am confused by the whole matter of this tax Bill. We have heard much said in the House about the incomprehensibility of the tax Act. It seems to me that this Clause 11 dealing with soft costs adds a degree of confusion that we could well do without.

The Hon. Member for Vancouver Centre, who just preceded me asked a number of questions that I thought should have been asked and that I would have liked to have asked myself, but as one who, 25 years ago, had trouble completing my income tax form when the Income Tax Act was reasonably prepared, by someone with sanity, I have a great deal of trouble with the new one, with some of these new inclusions.

• (1710)

We are told that Subclause 18(3)(1) requires soft costs incurred during the period of construction, renovation or alteration of a building to be capitalized rather than deducted on a current basis. We did not get a reasonable explanation as to why this was being done, at least not one that I could understand. I thought the most obvious answer would be that it would produce more revenue for the Government. That has been the reason for most changes in the tax law in the short time I have been here.

Interpretation Bulletin IT-3-41R stated that you can avoid most of the impact of this Clause if you plan your expenditures properly. What is the value of creating a concentrated confusion if at the same time you state that you can get around this if you plan properly? Will this not be an added burden for those we rely upon to help us get out of the present economic circumstance? We should not be adding burdens or creating burdens for them.

Why do we say on one hand that people should capitalize these soft costs, and then send out an interpretation bulletin stating that they can get around most of them if they plan properly?

Mr. Fisher: Mr. Chairman, when the Hon. Member was referring to a crummy speech by the Hon. Member for Mississauga North, he was confused. It was the Hon. Member for Mississauga South who gave the crummy speech. When speeches come from the North, they are good; when they are crummy, they come from the South.

I must say that the Hon. Member was far too modest about his activities 25 years ago. I had occasion today to climb four fligths of stairs with him. It is obvious that 25 years ago he worked pretty hard because he is still fit after all that exercise. Therefore, we take his modesty about 25 years ago with a grain of salt. He is obviously a hard-working guy.

The Hon. Member asked why we created this confusion. I refer him to the working session in the Finance Committee over the September period when there was quite a bit of discussion about this. When the Hon. Member looks at that report, he will know that one of the concerns that developed there was the opening of a new and unjustifiable tax shelter for many people.

The amount of tax being avoided was getting rather high. It was not related to genuine activity. There was a real incentive to add on more and more costs and call them soft costs. Our officials were there and they can correct me, but we heard examples of people able to get up to 30 per cent of their project called soft costs. Obviously that was not the intention. If 30 per cent of a massive project can be called a soft cost and written off so quickly, it is a real benefit that is not construction-related but rather is tax-related. The rest of us must pay for them. We are asking whether these are activities that are genuinely construction-related. If they are construction-related, they should be treated like all the other construction-related costs. If they are not construction-related, if you plan ahead and you find that you have some unusual costs, then perhaps it should be a deduction rather than a capital cost. I ask the Hon. Member to bear in mind our concern that perhaps the soft-cost category can become more of a tax shelter than a construction activity. As such, we have to be alert and try to deal with it.

Our good friend from York East raised an important question, and I would like to take the opportunity to answer it very quickly. He indicated that if somebody has an employer mortgage at 3 per cent and the deemed rate is 16 per cent, is the individual taxpayer stuck with a permanent 13 per cent benefit or a floating benefit that is adjusted whenever the prescribed rate floats? I would answer him that the taxpayer is not stuck with a permanent benefit. Rather, when the prescribed rate drops, the amount of the benefit will drop as well.

I refer the Hon. Member to the Income Tax Act, particularly subsections 8(4)(1) and (6), which indicate that when the prescribed rate goes up, the benefit does not go up, but when the prescribed rate goes down, the benefit does come down. We relieve taxes, but do not add on. All of this is described in lurid detail on page 74 of the explanatory notes published by the Minister.

Mr. King: Mr. Chairman, I guess that is a good example of what I was talking about previously, a man using up half my time to answer someone else's question. I hope that will be charged to the time of the Hon. Member for Winnipeg North.

I want to pursue this a little further. There is a definition of when construction is completed, but no guidance as to when construction commences. Can the Minister explain in simple terms when costs commence, such as in land preparation or soil testing? At what point does construction commence under the definition of soft cost capitalization? We know when it ends, but when does it start?

Mr. Fisher: Mr. Chairman, the soft costs start when the charges start. For example, one of the largest costs usually categorized as a soft cost is interest. When you incur interest, you obviously incur a cost. For example, interest charges on concrete are incurred when you buy the concrete and owe the bill. Most of these costs in construction are very clearly defined by the people involved.

Mr. King: Mr. Chairman, what about soil testing for construction purposes, and compaction tests? Do you take those into consideration? This might be done a year before the engineering, planning and when the architect begins his work.

Mr. Fisher: Mr. Chairman, I am sure the Hon. Member could give me a list of such expenses. I would be happy to pass them on to Revenue Canada for an interpretation. I do not

think it would be responsible for us to sit here now and try to define some of the activities of a construction project. We can assume that people on these projects know the difference and know when they incur soft costs. Revenue Canada will also be able to help out here.

• (1720)

Mr. King: Mr. Chairman, I believe it is important because defining that period is the all-important part of the Clause about which we are talking. I have been advised that soft cost capitalization can create an undepreciated capital cost in excess of the actual market value, or the actual value, of the asset. Thus it could, theoretically, at least, contribute to a terminal loss situation for which one-half of the loss only could be used in a tax calculation. In this instance, the taxpayer would have been penalized at the beginning and at the end in the terminal loss situation. Is this correct?

Mr. Fisher: Mr. Chairman, I would like to know what kind of a businessman would deliberately set out to build a loser. What sort of an experience do we have here where someone incurs more expense than he can conceivably charge for? Can the Hon. Member give us some idea of where these builders live? I would like them to come and have a good time in my riding, too. We could cut the costs.

Mr. King: I do not believe that there was any attempt by any entrepreneur or enterprise to reach this situation, but there has certainly been many of them pushed into this situation by the policies of the Government the Hon. Member represents, and it has created an economic circumstance in which it is impossible for the industrious person to create something of value and something that can sustain itself. Maybe the Hon. Member would like to comment on that? I believe the Government itself has created the circumstances where this can become a possibility. Nevertheless, I could talk for several days on soft fruit, but I have a little difficulty on soft costs, and I will turn the floor over to someone else.

Mr. Fisher: Mr. Chairman, the Hon. Member will know that if a builder or a contractor has a couple of years where he can get his depreciation, then he will not really be in a terminal loss situation. I would like to point out, and remind the Hon. Member, that what we have done here is to slow down the rate at which people can write off these costs. We have not disallowed the costs altogether. We are simply asking them to be treated in a separate category. People have previously shown us that these fast write-offs have been a temptation, and too much has been loaded into that category because of the temptation. We are simply trying to balance that out a bit. To say that this category now must as a whole be treated in a slower write-off fashion, that is the principle of what we are doing here. I take seriously the Hon. Member's concern about creating more expense and having a building which costs more than you can sell it for.

I would urge the Hon. Member to look particularly in the rental housing area, at some of the other programs which the Government has introduced to alleviate such a situation. The Minister of State for Finance, when he was responsible for CMHC, introduced many of these programs in recognition of such difficulties, particularly the difficulties for people building apartments for rental use. The Hon. Minister could probably take a couple of hours quite legitimately to describe to us the beneficial programs which he introduced when he was Minister responsible for CHMC.

Mr. Clarke: Mr. Chairman, I do not know much about soft fruit, nor do I know an awful lot about soft costs, but I would like to ask the Minister about soft principles. I would like to know if the drafters of the legislation before us considered the generally acceptable accounting principles which would require that the interest which he is talking about disallowing as a write-off be capitalized, anyway, during construction by individuals who are constructing capital projects? Was consideration given to that principle?

Mr. Cosgrove: Mr. Chairman, the officials advise me that, yes, that was considered. Arguments were made on the point made by the Hon. Member, but I am told that the principle employed here, to relate the interest charges to the capital projects, is what is done in the majority of cases, even under established accounting practices.

Mr. Clarke: I agree with the Minister, Mr. Chairman, and that was the thrust of my question. In other words, previously, tax accounting and generally accepted accounting principles, had required the capitalization of interest during construction of the capital project. The MURB rules have changed that and allowed the interest to be written off so that the generally accepted principle was changed to accommodate the construction, or to encourage the construction of residential real estate. I believe that principle was applauded by most people. As far as I know it was a fairly successful program. Perhaps the Minister would like to comment on the success of the program. If so, I would like to hear it, but in the meantime that brings me to another soft principle, I call it: why then, in changing back to the proper accounting principles, that is forcing the investor to capitalize the interest incurred during construction, do they have one principle for individuals and some corporations, and yet exempt corporations whose principle business is the construction, development and leasing of real estate?

Mr. Cosgrove: Mr. Chairman, the answer to the last part of the question, in the example given by the Hon. Member, is that the asset is inventory rather than a capital asset. Therefore, the rules are different when you are looking at something that is retained for capital purposes or something that is rolled over. In so far as the application of soft costs is concerned as it pertains to the MURB program generally, I believe there is no question that the use of the Income Tax Act in conjunction with, or as a means of, assisting construction of multiple unit buildings, whether rental or condominium, was successful in generating construction of a lot of buildings. The difficulty was that the Government was not only concerned with the aspect of the generation of construction which carries with it employment for people, and also, obviously, living accommodation for certain types of people, but was under pressure at the same

time to ensure that certain kinds of living accommodation was available to people. The Government is also under pressure, of course, to provide affordable accommodation.

The Minister responsible for Canada Mortgage and Housing in the last few days in Parliament has been under question by Hon. Members opposite about, for example, the non-profit program, which is a way of providing affordable accommodation to a certain income sector in the economy. That program is very expensive. It is a pay-down to 2 per cent. I do not believe there is a country in the world which can afford to provide living accommodation at the interest rate of 2 per cent for the general population. Therefore, the MURB program did generate construction, did generate housing, but it was by and large expensive, and there was a good part of it which was condominium, which did not address the rental sector and did not address those markets where the rental picture was very weak, where the vacancy rates were very low, and even though the MURB provision was in force, investors or builders were not taking advantage of it. For whatever their reasons, they did not want to build where there were demands. For that reason, of course, the Government supported the construction of modest rental accommodation by providing an up-front grant, which gave the Government the opportunity of selecting the location for these buildings and some control over the price, hence the rental charge. I must confess, Mr. Chairman, it was a trade-off.

• (1730)

As I have indicated, the MURB Program was really an adaptation of this portion of the Act by people involved in the construction of multiple units. A debate raged, and this Government was of two minds on some occasions. I submit that the Government of the Hon. Member, when it was in office, was also of two minds, because my recollection is that this provision was not continued for MURBs during the budget presentation of the Conservative Minister of Finance. It was a difficult issue. It depended on what the objectives were at the particular time and how the Government weighted those objectives.

Mr. Clarke: Mr. Chairman, I cannot help but smile when the Minister tells me that the Government was against the removal of the interest deduction in December, 1979, and now he is in favour of its removal.

Mr. Cosgrove: I could say the same thing about you.

Mr. Clarke: The Minister talked about inventory. I suggest that he look at page 39 of this Bill. Beside the word "Exceptions", it says:

(3.4) Subsection (3.1) does not apply to prohibit a deduction in a taxation year by

(*a*) a corporation whose principal business was throughout the year the leasing, rental or sale, or the development for lease, rental or sale, or any combination thereof, of real property owned by it to or for a person with whom the corporation was dealing at arm's length;

I do not think I need to go beyond that to illustrate my point. Any corporation, or individual for that matter, who is developing for lease any real estate does not enjoy an inventory position on the money he is investing or the property he is developing. It would be a depreciable asset in the hands of the corporation. I submit to the Minister and ask him to explain to the Committee how it would be that a corporation, whose principal business was such, should be differentiated from an individual whose principal business was such? Why do we have such contrary principles in a so-called tax Act?

Mr. Cosgrove: I think my response to that is that we are never quite sure, at the initiation of construction of a project, whether it is going to be used for condominium purposes or whether it is going to be rental. Some developers try to keep their options open as they go along. For example, in making submissions through the planning process developers will indicate that the project could be a free-hold project or it could be a rental project. I am not sure of all the factors that would go into that kind of decision, but obviously part of it depends on what market conditions are and whether the developer thinks he can sell or whether he should retain and rent. They do not make that decision right away. So they have a choice of retaining it for ownership purposes and sale at a later time, or maintaining it in a portfolio as an income-producing asset.

Mr. Clarke: Mr. Chairman, I would like to illustrate my problem and my complaint about this dual principle to the Minister. Let us take a corporation which has never sold any real estate. It has a long history, maybe ten or 20 years, of investing in real estate for rental or lease. Therefore, there can be no doubt under this Clause that its principal business throughout the year was the leasing of real property owned by it. Now, when it comes to a new project for leasing it will be allowed to deduct the interest cost incurred. However, if we take an identically situated individual in the same circumstances who comes along in 1983 to develop a property for lease, that individual will be denied the deduction of his interest costs during construction.

I would like to know how the tax Act can differentiate in that way between an individual and a corporation, both of whom are conducting exactly the same business?

Mr. Cosgrove: Mr. Chairman, my officials advise me that an analysis of those who applied to take advantage of this Section will show that the person or corporation who would qualify under Subclause 3(4) will have real estate as a principal business. They are not using the provision as a tax shelter. There are legitimate firms who are not looking to this Section as a tax dodge or tax relief provision, but are legitimately in that business. It is their only business, they have no other economic activities against which this deduction can be offset.

Mr. Clarke: Mr. Chairman, I hear the Minister explaining it again, but I am still not satisfied. I do not think I will pursue it with any further benefit to myself or the Committee, but I hear the Minister saying that an individual is being discriminated against because he is not a corporation even though he might be doing exactly the same thing. I say again that this is an example of soft principles on the part of the Government.

It has been for many decades a principle that any expense incurred in order to produce revenue was tax deductible. In this case an individual is denied the deductibility of interest. Can the Minister tell the Committee what the statistics are on the deduction of soft costs? On average, what did the Government envisage as the deduction from the cost of development of residential rental housing? How did that percentage meet the Government's expectations?

• (1740)

Mr. Cosgrove: Mr. Chairman, I do not have the tables showing the different levels of different activities where developers used this soft cost provision. The Parliamentary Secretary to the Minister of Finance has indicated that in some cases it was as high as 33 per cent of the total cost of the project. That led officials and fair-minded people to the conclusion that the provision was being used as a tax haven. People using the Section were motivated to construct buildings or the like as a way to shelter other areas of their portfolio. They were marshalling all the costs they could possibly get, into that project. It really did not reflect the original intention of the Section, which was to be of some assistance to people legitimately engaged in real estate development.

Mr. Clarke: That would lead one to ask the Minister whether following the rules resulted in an undesirable tax shelter. Is the Minister going to change the capital cost allowance rules in the next round? Compared to the 33 per cent of actual development cost, what level did the Government deem to be an acceptable deduction under the MURB program?

Mr. Cosgrove: I cannot say that the officials started out with a hard number. I am advised that we are talking about a provision to provide relief in the area of 5 per cent, rather than a one-third write-off of the project.

Mr. Clarke: I presume the Minister is referring to a 5 per cent write-off of soft cost. I suggest that officials were indicating to taxpayers that 20 per cent would have been acceptable. I understand the Government is now conducting a MURB hunt and is seeking to disallow many soft costs which were granted under the provisions of the original MURB rules. Does the Minister have any knowledge of that?

Mr. Cosgrove: Mr. Chairman, I am told that the whole application of soft costs in the real estate area, that is a joinder of MURB with capital cost allowance, was not something that the officials who were familiar with the Act felt had been done specifically. It was a way that enterprising tax specialists found of supporting a tax haven in conjunction with capital cost allowance and—

The Assistant Deputy Chairman: Order, please. It being 5.45 p.m. pursuant to order made Tuesday, March 15, 1983, it is my duty to interrupt the proceedings and put forthwith without further debate or amendment, every question to dispose of the Committee of the Whole stage of the Bill now before the Committee.

Mr. Blenkarn: Mr. Chairman, I rise on a point of order. It appears that we have covered a great number of Clauses in this Bill. Had we had an opportunity for reasonable time, we would probably have disposed of them all in proper fashion. The order of the House is that all Clauses now be put. I therefore suggest, in line with the suggestion we made earlier to the Minister, that all of the Clauses that have not yet been passed, be grouped in one vote for consideration at this point.

Mr. Deans: Mr. Chairman, that sounds reasonable, surprising though it is. I am certainly prepared to say, on behalf of my colleagues, that we would agree to that.

[*Translation*]

Mr. Pinard: Yes, Mr. Speaker, I think we can agree with this procedure. In fact, it was suggested to me by the House Leader for the Progressive Conservative Party (Mr. Lewis), which is certainly to his credit. However, I would like to make it quite clear that the vote that will be taken on all clauses that have not yet been passed will serve as the basis for the vote on each clause, so that at the end of the debate it can be said that each clause was approved separately under an agreement, with the same division applying to both individual clauses and grouped clauses.

[*English*]

Mr. Cosgrove: Mr. Chairman, earlier this afternoon the Hon. Member for Mississauga South indicated that, in regard to the amendment I had proposed with respect to notaries in Quebec, it would be dealt with later in Parliament. I am anxious to know whether he is agreeable to including that amendment in the omnibus vote. He knows the Government's intention with respect to either Clause 16 or Clause 125.

Mr. Blenkarn: I am in your hands, Mr. Chairman. I should like to accept it but you appreciate that we are under a House order that was imposed by closure. We would be delighted if the Government would withdraw closure, and in that case we would be prepared to carry on. We do not want this iniquitous Bill that is being imposed on the people of Canada and forced down our throats—

The Assistant Deputy Chairman: Order, please. Would the Hon. Member please resume his seat. This is no time for debate. There not being unanimous consent, we will not consider the Minister's proposal.

Mr. Blenkarn: Mr. Chairman, it is not a question of consent, it is a question of the House order. I would point out to the Minister that Parliament does not exist entirely in the House of Commons; there is another House of Parliament, another branch of this Parliament, which is the Senate of Canada. The Government has ample opportunity to present the other amendments at the next reading of the Bill as it proceeds through Parliament.

Income Tax

● (1750)

The Assistant Deputy Chairman: The House has heard the proposal made earlier. The Chair will now seek unanimous consent to proceed with that proposal. Is there unanimous consent?

Some Hon. Members: Agreed.

The Assistant Deputy Chairman: Shall all remaining Clauses carry?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Clause 11 (as amended) agreed to.

Clauses 12 to 15 inclusive agreed to.

Clauses 17 to 46 inclusive agreed to.

Clause 48 to 65 inclusive agreed to.

Clauses 67 to 109 inclusive agreed to.

Clauses 111 to 134 inclusive agreed to.

Title agreed to.

Bill reported (with amendments).

Mr. Cosgrove (for the Minister of Finance) moved that the Bill be concurred in.

The Acting Speaker (Mr. Corbin): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Corbin): All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Corbin): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion, the yeas have it.

And more than five Members having risen:

The Acting Speaker (Mr. Corbin): Call in the Members.

The House divided on the motion (Mr. Cosgrove) which was agreed to on the following division:

(*Division No. 303*)

YEAS

Messrs.

Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Chénier
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Tardif
Tessier
Tousignant
Trudeau
Turner
Watson
Weatherhead
Whelan—132.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Benjamin
Blaikie
Blenkarn
Cardiff
Carney (Miss)
Clarke (Vancouver Quadra)
Coates
Cook
Cooper
Cossitt (Mrs.)
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
de Jong
Elzinga
Epp
Forrestall
Fretz
Friesen
Gass
Gilchrist
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Howie
Huntington
Jarvis
Kempling
King
Knowles
Korchinski
Kristiansen
Kushner
La Salle
Lawrence
Lewis
Lewycky
MacDougall
MacKay
Mazankowski
McCain
McDermid
McKinnon
McKnight
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nowlan
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Reid (St. Catharines)
Riis
Roche
Rose
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Skelly
Thacker
Towers
Wenman
Young—85.

• (1820)

Madam Speaker: The motion is carried.

When shall the Bill be read for the third time? At the next sitting of the House?

Some Hon. Members: Agreed.

[*Translation*]

Madam Speaker: It being 6.22 p.m., this House stands adjourned until eleven o'clock tomorrow morning, pursuant to Standing Order.

At 6.22 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, March 18, 1983

The House met at 11 a.m.

• (1105)

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

ENERGY

HUGE COST OF GASOLINE IN QUEBEC

Mr. Gaston Gourde (Lévis): Madam Speaker, yesterday, my colleague from Lac-Saint-Jean (Mr. Gimaïel) indicated that he was very upset about the exorbitant price of gas per gallon in the Province of Quebec. Perhaps I may recall a few facts for the benefit of Canadians and Quebec residents. At the end of 1982, the price of gas per litre was a few cents higher in Canada than in the United States. It was, however, 22 cents less than in West Germany, 30 cents less than in the United Kingdom and France and 48 cents less than in Italy.

In Canada, in January 1983, Quebecers were paying 16.4 cents per litre in taxes to the Government of Quebec, in other words, 40 per cent of the total price. Quebec has the highest gas prices in Canada owing to Mr. Parizeau's sales tax, and this means Quebecers are paying at least 13 cents per litre over and above the average price in Canada. Today, people in Saskatchewan can buy a litre of regular gas for around 33 cents. That is certainly not the case in Quebec.

The Canadian Government has guaranteed security of supply for Canadians, and now stringent measures will have to be taken to guarantee oil prices, in order to prevent the Provinces, and especially Quebec, from taking the consumer hostage.

* * *

[*English*]

ANTI-DUMPING TRIBUNAL

COMPETITION FROM IMPORTED WINES

Mr. Joe Reid (St. Catharines): Madam Speaker, the Canadian wine industry is a growing, developing industry, satisfied that, based on fair competition, it can compete in terms of both price and quality. The Canadian wine industry is, however, experiencing other than fair competition from low-priced import wines, notably Italian products.

Canada continues to categorize its wine industry as part of the larger alcoholic beverage industry, while European producers benefit from a system of support subsidies and incentives. Documents and materials were filed with the Department of National Revenue in 1981 showing how Italian wineries have benefited very significantly from such subsidies, and the adverse effect that unrestricted imports of such products will have on the Canadian market.

Since 1981 the officials of the Canadian Wine Institute have been in constant touch with Revenue Canada, the Department of Finance, and the Department of Agriculture. The time has now come for more positive action. The Minister of National Revenue (Mr. Bussières) should move the application forward so that the allegations and submissions made might be heard by the Anti-Dumping Tribunal.

* * *

THE ADMINISTRATION

CONFLICT OF INTEREST GUIDELINES—CALL FOR COMMITTEE EXAMINATION

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I want to return to the Cafik affair and make it clear that what I was saying was not that Norman Cafik had breached the guidelines. He did not breach the guidelines. As a former Minister he was dealing with a different Department, unlike Alastair Gillespie. I acknowledge that a former Minister is entitled to full rights, including the right to deal with Government. Former Ministers should not be paupers, as the Prime Minister (Mr. Trudeau) once said.

The fact is that Mr. Cafik did lobby. He used his expertise to get a Government grant that was stuck in the process. I quoted his own words as evidence; I did not get this second hand. I saw it via satellite, using a new satellite dish, as Mr. Cafik was on the Webster show in Vancouver. He said that. Cafik said that he met with the President of the Treasury Board (Mr. Gray). It raises questions about the guidelines as they apply to the former Minister, the present Minister responsible for the Treasury Board and formerly Minister of Industry, Trade and Commerce.

Our problem in the House is that we cannot ask any questions of the former Minister, and we cannot get the matter before a Committee. In other words, there is no means of public scrutiny in these matters. That is the fault. The matter is still unresolved. The public is very cynical about former Ministers dealing with Cabinet. I plead with the Government to let us have an open system of Government in Canada. Let us have a Committee to examine these matters and examine

the proper guidelines. That is in the interest of the governed and in the interest of the governors too.

* * *

SCIENCE AND TECHNOLOGY

FUNDING OF UNIVERSITY PROJECTS

Mr. Jack Burghardt (Parliamentary Secretary to Minister of Communications): Madam Speaker, I would like to bring to your attention the nature of direct federal support of research and development performed in Canada's universities. Earlier this month the Minister of Science and Technology (Mr. Johnston) released a summary of anticipated 1983-84 federal spending on science and technology. Among the highlights was an impressive 27 per cent increase in the amount of federal funding of industrial R and D. An increase in funding of that magnitude should be acknowledged and applauded, and I certainly do that. Regrettably, however, any delight I might feel has to be tempered by the recognition that federal funding of university R and D will increase by 6 to 7 per cent for the same period.

At a time when universities are strapped for funds, due primarily to provincial diversion of federal transfers, when the rate of inflation in research specifically is approximately 20 per cent, and at a time when economic recovery and growth hinge on innovation, I do not believe that increases for funding of university R and D, that barely allow research to remain at last year's levels, are enough.

Currently at the University of Western Ontario in London, two researchers are finalizing development of a pesticide sprayer that will use static electricity to spray crops more effectively. This important example of university level R and D will generate cost savings, which agriculture needs, and will substantially lessen environmental contamination. It is this important work, yielding tangible results, that the federal Government should be supporting to the maximum level.

* * *

• (1110)

FINANCE

FORECAST SIZE OF GOVERNMENT DEFICIT

Mr. Gordon Towers (Red Deer): Madam Speaker, the cavalier statement by the Minister of Finance (Mr. Lalonde) that the federal deficit may climb above $30 billion next year, on top of the $27 billion this year, is distressing news and unacceptable to those of us on this side of the House. The Government is bereft of ideas and policies to rejuvenate and stimulate the economy and, instead of attempting to build a bigger and better productivity pie, it is attempting merely to reassign the slices. This is not good enough. If the only policy this Government has is to push Canada further and further in the red with its reckless deficit spending, then it is time for Canadians to say, "Go. In the name of goodness, go!"

NATIONAL DEFENCE

CALL FOR MINISTER'S RESIGNATION

Mr. Neil Young (Beaches): Madam Speaker, yesterday, in the Standing Committee on External Affairs and National Defence, the Minister responsible for National Defence stated that the Cruise missile, which the Canadian Government is planning to test on behalf of the United States Government, " . . . is not a weapon, is not dangerous, . . . and is just a vehicle." The Minister also continues to tell Canadians, who are opposed to the testing of this weapons system over their territory, that they are either ignorant or they are misguided.

Since there appears to be some confusion, perhaps even profound ignorance, in the mind of the Minister of National Defence (Mr. Lamontagne) as to what constitutes a weapon, I would like to propose on behalf of all Canadians that the Minister of National Defence resign and hand over his ministry to someone who will stop blaming Canadians for the ignorance which he himself displays.

* * *

ENVIRONMENTAL AFFAIRS

NEWSPAPER COMMENT ON PROPOSAL TO BAN LEADED GASOLINE

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I would like to call to the attention of the House an article published in the Sarnia *Observer,* which reads:

> The federal government has taken a curious stance in its latest attempt to clean up the Canadian atmosphere.
>
> In an announcement last week, Environment Minister John Roberts said lead in gasoline will be restricted and possibly banned because of the health hazard associated with its use.
>
> The government plan would have met with much more support if it was designed to accomplish a reduction in an area of desperate need.
>
> But as it stands, the evidence used by Mr. Roberts to support the need for a ban has been questioned.
>
> There has been a steady and marked drop in the use of lead in fuels over the past decade in Canada.
>
> An official with Ethyl Canada says gasoline lead usage in Canada has dropped 51 per cent in the last decade. New autos have been increasingly tailored to run exclusively on unleaded gasoline.
>
> So why has the lead problem suddenly become so pressing.

* * *

ENVIRONMENTAL AFFAIRS

CHEMICAL DUMP SITES BORDERING NIAGARA RIVER

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, in order to control pollution and to safeguard the lives of people in communities bordering the Niagara River and Lake Ontario, we must, as a country, make strong representations to the Government of the United States to ensure that a very serious attempt will be made to clean up the chemical dump sites along the Niagara

River. These chemical dump sites are like a time bomb and could have dire consequences for the health and safety of Canadians, either through a massive chemical leak into the Niagara River and then into Lake Ontario, or through slow seepage into the water systems, which could reduce the quality of our drinking water and lead to long-term health effects.

The Government of Canada could help in the search for suitable toxic chemical controls. Presently, there is $2.5 million earmarked for toxic chemical control, which money has been frozen by the Treasury Board and which, therefore, might not be spent this year. Toxic chemical control and the need for additional, more frequent monitoring procedures, are crucial matters of concern, and these funds should therefore be made available.

I strongly urge the Government to recommend to the Treasury Board that these funds be released as soon as possible so that progress can be made toward the eventual resolution of chemical pollution into Lake Ontario and the Niagara River, especially in light of recent reports that the levels of possibly lethal chemicals in Lake Ontario are on the rise for the first time in several years.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

REQUEST FOR JOB-CREATION MEASURES

Miss Pat Carney (Vancouver Centre): Madam Speaker, my first question is directed to the Minister of Finance. The figures released today by Statistics Canada indicate that Canada's inflation rate dropped in February below the rate of a year ago, but prices are still rising much faster than the incomes of Canadians. As a matter of fact, at the end of 1982 disposable income was down about 4 per cent, and prices have increased almost a full percentage point in the last two months, so that Canadians are still net losers. When is the Government going to introduce measures which will put Canadians back to work and give those who are working an even shot at keeping up with price increases?

• (1115)

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am pleased to note, as the Hon. Member has, that the inflation rate has continued to decline. In effect Canada is experiencing its lowest rate of inflation in six years. This is the ninth consecutive month during which the inflation rate has moderated, so we are looking forward to a year in which the inflation rate in Canada will be still lower than what we have known in the past. Certainly the outlook for the cost of living in 1983 looks very encouraging today.

Obviously the unemployment and disposable income problems that the Hon. Member has raised are still very serious, and will remain serious for a while. I have indicated that the

Government has already taken a number of measures in the statement I made last October, and I am considering additional measures in my budget. But in the meantime the best way of helping to increase the disposable income of Canadians would be to very quickly pass the income tax amendments, which would ensure that we could shift $6 billion worth of refunds to Canadians. Canadians are waiting for that money, and will be very happy to spend it.

LEVEL OF UNEMPLOYMENT

Miss Pat Carney (Vancouver Centre): Madam Speaker, the rate of inflation may be the lowest in six years, but the unemployment rate is the highest in 50 years. The underlying reasons for the moderation of the inflation rate are the plants which have closed, the people who are unemployed, the people who had to take salary cuts last year, and the people who had to take part-time work. If the Minister is so anxious to take credit for the moderation in the inflation rate, when is he going to accept responsibility for the two million unemployed?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have indicated that a number of factors indeed have played a part in the reduction of the inflation rate. Government measures which have been taken have helped in that direction. I have also indicated to the hon. lady that I have announced a number of measures, including over $2 billion worth of direct employment funds, in order to try to alleviate the very serious unemployment problem we are facing. The hon. lady also knows that our competitors in other industrialized countries are experiencing a similar problem at the present time. As I indicated to her, let us pass the income tax amendments quickly, and that will ensure that Canadians receive $6 billion. That would be quite a significant stimulus to the economy in the next few months.

* * *

FINANCE

REQUEST FOR REMOVAL OF EXCISE TAX AFFECTING AGRICULTURE

Mr. Gordon Towers (Red Deer): Madam Speaker, if the Minister of Finance is honest he will recognize the reason the consumer price index is lower than it has been for some time is simply because of the fact that it has been done on the backs of agricultural producers. At the present time grain is selling in Canada at a dollar a bushel less than the cost of production, and the loss in hothouse products is running at about $7,000 an acre. All of these losses could be alleviated if the federal Government would remove the federal excise tax. That is my question to the Minister. Will he take away that tax which is creating this loss to agricultural producers in Canada?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I assume my hon. colleague is referring to the excise tax on

oil products. I can inform him that this tax is already refundable to farmers in Canada and has been for some years. Farmers across Canada have benefited from this provision for some time. I may say that farmers in the Prairie Provinces in particular have been benefiting very substantially. Earlier this week, I gave the House the figures for these refunds, according to province. I think that in Alberta, Saskatchewan and Manitoba, average refunds amounted to between three and four million dollars per year for the farmers concerned. Therefore, the excise tax is already refundable.

• (1120)

[*English*]

FERTILIZER TAX

Mr. Gordon Towers (Red Deer): Madam Speaker, the Minister of Finance is either misleading the House or does not understand the situation. Ninety dollars per ton on fertilizer, which is approximately one-third of the cost, is the result of the federal excise tax. If the Government would relieve the agricultural producers of that tax, then they could at least break even. At the present time they are losing money. What is the Minister of Finance going to do about it?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, it was interesting to hear the Progressive Conservatives who all want to cut taxes while at the same time complaining about the extent of the deficit. Not that I am very surprised at hearing Progressive Conservatives speak out of both sides of their mouths, but I do think they should co-ordinate their strategy in this respect.

The Hon. Member is aware that the Government levies taxes on all Canadians in order to finance Government programs that assist all Canadians. I think the Hon. Member is aware of the very substantial contributions made by the Canadian Government to agriculture, for the benefit of farmers in this country. If he looked at the figures, he would realize that the programs established by the Canadian Government have been very beneficial to farmers in this country, and I would ask him to look at the balance between the debit and credit side in this respect. He will see that the Government of Canada is giving very substantial assistance to farmers across Canada as it has done for years and will continue to do.

[*English*]

PETROLEUM COMPENSATION CHARGE

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is also directed to the Minister of Finance and refers to today's Statistics Canada figures. The good news is that the inflation rate is down. The bad news is that prices are up. A big component of that is Government administered prices, especially in the field of energy. Given that the gasoline price wars are over and that an increase in the price of oil coming through at the pumps on March 1 will probably show an even more significant month-to-month increase in the rise of inflation in March over February, can the Minister assure us that he will remove the petroleum compensation charge and give consumers a break at the gas pumps?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, under the agreement that we have with the Government of Alberta, the petroleum compensation charge is the amount that is necessary to cover the price of our imports compared to the lower price that we charge Canadians for oil in this country. That amount is required in order to finance the lower price of oil that is charged to Canadians. Under the agreement with Alberta we are not supposed to run a surplus on that account. The tax will be only the amount that is required to pay for the difference between the Canadian price and the international price. That tax has been provided for under the agreement with Alberta. If for any reason that tax were to generate a surplus, obviously there would be a reduction in that amount.

As long as the Canadian price for oil is lower than the international price, obviously there will be the necessity to pay for that compensation, and the petroleum compensation charge is raised for that purpose. As well, it helps Canadians to buy that oil at a lower price than the international price.

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THE ECONOMY

FEDERAL RESTRAINT PROGRAM—DISCUSSIONS BETWEEN FIRST MINISTERS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, I have a supplementary question for the Prime Minister on the very important subject of inflation. Did the Prime Minister discuss the long-term outlook for inflation with the Premiers when he met them this week? Given that if there is a recovery coming, it is going to be slow and steady but it has to be consumer-led recovery and that as people begin to feel better about inflation they may feel so good about it that they may slip back into the inflation soup again, did the Prime Minister discuss with the Premiers the termination date for the six and five program, or a more long-term possibility of price restraint?

• (1125)

Right Hon. P. E. Trudeau (Prime Minister): We discussed the subject, Madam Speaker, but from the point of view of the particular question the Hon. Member is asking there was no discussion of what happens after the six and five federally. I made it quite clear that our six and five had been applied, that the legislation had been passed, and that in fact we were down below six if we looked on an annualized basis at what happened since July 1 last year. We have been successful to that extent.

The concern we all expressed—I would think every Premier and myself—was that inflation could return if Canadians do not understand the danger of assuming that inflationary

psychology is gone forever in Canada. It is not. In that context I reminded the Premiers that our settlements within federal areas of jurisdiction were down at 8 per cent for 1982, that the private sector settlements were at 10.2 per cent for 1982, that provincial sector settlements were at 11 point something per cent, and that the municipal sector was almost 13 per cent. In other words, the federal Government had contributed more to bringing inflation down than the Provinces, the private sector, or the municipalities. For that reason I made it quite clear that it was not up to us to try to look at any measure beyond the six and five; that it was up to them to try to apply the six and five in their areas of jurisdiction.

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BANKS AND BANKING

RATE OF TAX APPLIED TO CHARTERED BANKS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, it is the time of year when Canadians have either filed their tax forms or are in the process of filling them out and questioning the whole matter of tax fairness. In response to the Hon. Member for Red Deer, the Minister of Finance said that all Canadians had taxes to pay. In the last few days we have just found out that the Royal Bank of Canada and the Bank of Montreal combined made profits in 1982 of $569 million and did not pay a single penny in income tax, yet obtained tax credits for this year to the tune of nearly $50 million.

If we consider that the big five paid an effective tax rate of 8 per cent, which is the same as a Canadian earning $7,500 per year, how long does the Minister of Finance plan to allow this unfair tax system to continue? Large profitable corporations do not pay a single cent in income tax, whereas Canadians on an individual basis, most of whom have their tax deducted at source, continue to pay obviously an unfair percentage.

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would like to point out to the Hon. Member that this is not a new issue. Actually, it is very easy to take a company's figures for one year and claim these are profits on which no tax has been paid. However, what we must realize is that alongside profits, there are also expenses which are deductible. For instance, investments have been made that are eligible for capital cost allowance and tax credits.

We are trying to create an environment in which the private sector will continue to invest and do so even more actively than it has in the past. These investments create jobs for Canadians, and if we want to succeed in bringing down inflation in this country, the private sector must be able to invest actively and thus stimulate the Canadian economy. In my view, the fact that there are profits is not in itself an indication that there is a kind of free-for-all going on in the private sector, within the Canadian economy. What we must realize is that these profits are being used for investments in Canada and for creating jobs.

If my hon. colleague believes, according to the socialist gospel, that by eliminating profits we will stimulate the Canadian economy, I wish him good luck in the Opposition, because that is where he is going to stay as the third party for quite some time.

[*English*]

Mr. Riis: Madam Speaker, that is a terrible reaction, quite frankly, when we consider they are trying to argue that it is quite legitimate for the banks to pay no tax at all and, in other words, look at that sector for stimulus, while the average working Canadian who is expecting to consume these days is unable to do so. I think it was a very inappropriate response.

• (1130)

LOBBY AGAINST BILL C-653

Mr. Nelson A. Riis (Kamloops-Shuswap): The Minister will have noticed the hallways of Parliament are blue-grey now that the bankers' lobby has brought out its biggest guns in an effort to shoot down Bill C-653. I notice in this morning's *The Globe and Mail* that the banks have their agricultural lackeys, the Canadian Cattlemen's Association, on their side in terms of mobilizing opposition to Bill C-653.

Because of the incredible banking lobby which has been launched in the last two days, is the Government reconsidering pursuing Bill C-653 in its present form, or is the Government backing off because of this incredible lobby?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I notice the main person who is dressed in blue and grey today is the Hon. Member.

Some Hon. Members: Oh, oh!

Mr. Lalonde: I can tell the Hon. Member that the Government has encouraged the passage of the Bill in question. It has had second reading and has been referred to a Committee. The Committee will of course, want to examine this Bill and reach its own conclusions. It is a Private Member's Bill, and I am happy to see that it is a Liberal Member who is sponsoring and pushing the Bill very aggressively. I congratulate the Hon. Member and Members of the Liberal caucus for their persistence in that regard.

Mr. Nielsen: They were dragged, kicking and screaming.

BANK'S TREATMENT OF MANITOBA FAMILY FARM

Mr. Rod Murphy (Churchill): Madam Speaker, my question also relates to the Royal Bank, and it is directed to the Prime Minister. Last October in his mini series on television, the Prime Minister asked the banks to reconsider their policy on foreclosure. To quote the Prime Minister, he said, "Take a chance on a Canadian." The Royal Bank must have taken the Prime Minister's advice to heart. The Royal Bank did not foreclose on the DeMings' family farm in Manitoba. The bank repossessed all their farm machinery. That did not work. The DeMings stayed on their farm. Last month the Royal Bank

sent a letter to the DeMings asking them to transfer their farm voluntarily to the Royal Bank to avoid messy foreclosure proceedings. That did not work, the DeMings stayed. So this month the Royal Bank has foreclosed on the DeMings family.

Will the Prime Minister have his officials talk to officials at the Royal Bank and consider some of the many options the people in that area have suggested in order to keep those farmers in their homes?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I shall certainly take note of the specific case mentioned by the Hon. Member and bring it to the attention of the Inspector General of Banks, who, I am sure, will want to pursue the matter with the bank in question. However, I may remind the Hon. Member that the Royal Bank has announced a program aimed at allowing farmers to remain on their farms even if they are unable to meet their payments. Furthermore, I would like to point out to the Hon. Member that spokesmen for the Canadian Federation of Agriculture have stated that the measure taken by the Royal Bank is a positive one in the present economic situation.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION FROM THE INUIT TAPIRISAT OF CANADA

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of a delegation from the Inuit Tapirisat of Canada.

Some Hon. Members: Hear, hear!

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TRANSPORT

TRUCKING FIRMS' APPLICATIONS FOR ASSISTANCE

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. Last summer the trucking industry was led to believe, as a result of the Maislin bail-out, that other trucking firms could apply for special assistance and receive that special assistance from the federal Government. Have any requests been granted? When will the Minister's office deal with the large number of requests from the trucking industry that we understand are in his office, and so end the uncertainty within the industry respecting further loans and assistance?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the Hon. Member asked a similar question yesterday.

Mr. Lewis: No, I didn't.

Mr. Lumley: My predecessor, after he announced assistance to the Maislin Corporation, indicated that we would take a very serious look at expanding the guidelines to include other industries in the service sector. While officials were looking at these possible changes, the Department was inundated with applications from the manufacturing and processing sector. As funds were limited at that time we made the decision not to proceed with service sector applications. Consequently, we are not looking at other applications of a similar nature.

An Hon. Member: This is really unreal.

Mr. Lewis: Madam Speaker, I did not ask any questions yesterday about criteria. Yesterday, the Minister made accounting history with his terminology of shareholders assistance.

MAISLIN INDUSTRIES—DELAY IN APPOINTMENT OF GOVERNMENT-NOMINATED DIRECTOR

Mr. Doug Lewis (Simcoe North): Madam Speaker, I have a further question for the Minister of Industry, Trade and Commerce. Yesterday he told the House the only condition of the loan agreement with Maislin that had not been met was for the federal Government to appoint a director, a watchdog for taxpayers. Can the Minister explain to the House why, in view of the $34 million exposure Canadian taxpayers have, it has taken the Government over seven months to appoint this particular individual? Will it perhaps be a short-term appointment?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as the Hon. Member knows, being a chartered accountant, when a director sits on a board, that director under the Corporations Act is responsible to the shareholders of the company, of which we are only one, through Government guarantees. We have made attempts to find somebody knowledgeable in the transportation sector who obviously would have no potential conflict, and to this point in time we have not been able to find a suitable candidate.

Some Hon. Members: Oh, oh!

QUERY RESPECTING NUMBER OF TRUCKING FIRMS RECEIVING ASSISTANCE

Hon. Bill Jarvis (Perth): Madam Speaker, may I direct a question to the Minister of Industry, Trade and Commerce? Are we to assume, therefore, that the only Canadian trucking company to be the beneficiary of government largesse is Maislin? Despite the fact that many other trucking companies, based on the suggestion by the minister's predecessor, have applied and would qualify under a particular program and its guidelines, are we now to assume that the only trucking company in Canada to benefit under this bail-out will be Maislin Trucking?

Mr. Baker (Nepean-Carleton): What a beautiful friendship.

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): I want to remind hon. colleagues that one of the reasons we had many trucking companies applying for assistance was as a result of action taken by the U.S. Government with respect to permits for the U.S. market. As a result of the very competent work accomplished by my colleague, the Minister of State for International Trade, in negotiations with the U.S. Trade Secretary, that problem was rectified during the sixty-day limit, and consequently many of the trucking companies did not need the assistance.

Some Hon. Members: Oh, oh!

Mr. Nowlan: You are off your tree. That has nothing to do with the question.

Madam Speaker: The Hon. Member for Perth. Does he have one supplementary or two?

Mr. Jarvis: One, Madam Speaker.

Madam Speaker: I just want to remind Hon. Members that when they are recognized, because they rise rapidly and say they have a question supplementary to whatever is going on, they need not expect to ask two.

Some Hon. Members: Why not?

Mr. Jarvis: I will take three or four supplementary questions if you are in the mood, Madam Speaker.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

ENTERPRISE DEVELOPMENT PROGRAM—ELIGIBILITY OF TRUCKING COMPANIES

Hon. Bill Jarvis (Perth): Madam Speaker, again I direct my question to the Minister of Industry, Trade and Commerce. The promise to the trucking industry was on the basis of a question put by the Minister's colleague, the Hon. Member for Northumberland-Miramichi, at which time the Minister's predecessor said he was looking at the Enterprise Development Program for other truckers. I want to be very clear about this. Do any truckers in Canada, except Maislin, qualify under the Enterprise Development Program or any other program for government largesse, or has Maislin got an exclusive monopoly on these bail-out funds?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as I indicated, the Enterprise Development Program at the present time, as well as six months ago, only applies to the manufacturing and processing sectors. Those guidelines have not changed.

Oral Questions

UNEMPLOYMENT INSURANCE

BENEFITS PAYABLE TO SEASONAL FARM WORKERS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is for the Minister of Employment and Immigration. On January 1, 1983, we finally got the discriminatory section of the UI regulations removed from the Unemployment Insurance Act. We on this side of the House applaud this move because there are over 100,000 seasonal farm workers in Canada, many of whom are immigrants and do not speak English very well. They do back-breaking, arduous, seasonal, and sometimes extremely dangerous work. I think it was an injustice that Section 16 was there in the first place which either denied these people access to unemployment insurance benefits or forced them, often against their will, into the arms of labour contractors.

Because of some farm lobby, we hear that the Minister is drafting a new set of regulations. We are concerned about this. Will the Minister acknowledge that this is a serious matter by guaranteeing to this House that there will be no change in the current regulations, which are fair to everyone, including seasonal workers, until at least representatives of those farm workers have met with the Minister?

• (1140)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am very pleased that the NDP caucus has now recognized the problems facing the agricultural workers that this Government recognized almost a year ago when it changed the regulations.

I do want to give the assurance to the Hon. Member that what we are concerned about in discussing amendments is the paperwork and administration that have been encountered as a result of the change of those regulations, and that all we are simply doing is having discussions and negotiations that would allow us to reduce any extra paperwork that would be required. The basic intent, purpose, and objective of limiting Section 16 will be maintained.

Mr. Rose: I put that question forward in all seriousness. I resent a sleezebag reply like that.

REQUEST THAT REGULATIONS NOT BE CHANGED WITHOUT CONSULTATION

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, when I raised this issue in the House a year ago, the Minister did not even know what we were talking about. Then he gets up and makes a political type of crass remark like that. I want him to assure the House that he will not make any move whatsoever without first coming back to the House to discuss it, and to discuss it with those people who are affected as well. What we now hear will happen is that he will put the same kind of regulations on the backs of these people and take away their rights and opportunity for a decent kind of unemployment insurance protection, and put them in the same category as circus workers.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Hon. Member should not be quite so defensive about his position.

Mr. Young: Answer the question.

Mr. Axworthy: There were a number of representations made by many people, particularly Members of this caucus, concerning the plight of agricultural workers. It was this Government that made the change to extend the privileges of full coverage of unemployment insurance to that group.

I would remind the Members of the New Democratic Party who are bellowing in the corner that we were the ones who made the decision to make the change in the first place, and the kind of commitment which we made will be maintained.

We also believe that we have a responsibility to ensure that it works with some efficiency and with some productive ability of the farmers to administer the program. Those are the kinds of discussions that we are providing for all groups because we do have discussions before decisions.

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LABOUR RELATIONS

APPOINTMENT OF MEDIATOR IN EASTERN PROVINCIAL AIRWAYS DISPUTE

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Labour. It concerns the unfortunate work stoppage and strike between EPA and its pilots which is affecting all of Atlantic Canada and other parts of the country.

Does the Minister appreciate that in yesterday's appointment of a mediator he is appointing a mediator who, in effect, acted for CALPA in the last strike situation against EPA in 1980? Does he consider that this practice of appointing a mediator who represented one of the parties in the previous labour problem will ensure the necessary good faith of the parties to settle this matter now, and which should be settled now?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, the Hon. Member is referring to a mediator who was appointed by Labour Canada a week ago. He is the Chairman of the Newfoundland Labour Relations Board. He is a highly respected mediator who is knowledgeable in labour matters.

He has indicated to me in a cable that the participation in the previous labour matter was that of a member of his law firm. The credentials of Mr. Easton are the highest and are respected by the employers in the Newfoundland community. He had a preliminary meeting yesterday with both parties. We hope that he will be able to conclude his assignment successfully.

Mr. Nowlan: I am not casting any aspersions upon the integrity, character, or competency of the gentleman in question, Mr. Easton.

POSSIBLE REACTION OF COMPANY

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question concerned the principle of having a person appointed, no matter how competent, whose law firm as well as himself acted for CALPA, the pilots, against the very company in question today during the last labour problem in 1980.

Does the Minister really expect, while the recognition of his competence by the employees is obvious, that the employers will be able to come to that mediation with the necessary good faith that is fundamental to resolving this issue?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, the Hon. Member is referring to the firm to which the mediator belongs. He is not referring to the mediator himself. As I said, the mediator himself has the highest credentials in labour relations in the industrial community. I would urge the Hon. Member to give Mr. Easton a chance to conclude his assignment.

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THE ADMINISTRATION

CONFLICT OF INTEREST GUIDELINES—IMPOSITION OF SANCTIONS

Mr. Howard Crosby (Halifax West): Madam Speaker, my question is for the Prime Minister. It concerns the status of the conflict of interest guidelines which he established in 1980. The Prime Minister admitted that he has some concern about the effectiveness of the existing guidelines, and his Deputy Prime Minister said that the prohibitions are not enforceable. His Deputy also said that the final sanction rests with the Prime Minister.

Can the Prime Minister tell us in clear terms what sanctions he would impose upon a Cabinet colleague or Government official who violated a prohibition under the current guidelines? I remind him that he created these guidelines and that surely he has some obligation to explain them to us and the Canadian public.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it is the privilege of the Prime Minister to give certain guidelines to his Ministers. He is the one who can decide what sanctions to take when those guidelines are not implemented. It can be done in various ways in discussions with the Ministers.

As far as former Ministers are concerned, they are, of course, not within the reach of the Prime Minister. I doubt, if he attempted to reach them, whether he would be allowed to do so within the Canadian Bill of Rights.

ROLE OF FORMER OFFICIAL IN IMMIGRATION CASE

Mr. Howard Crosby (Halifax West): Madam Speaker, let me put a case to the Prime Minister. Under the existing guidelines a Cabinet Minister must avoid any suspicion of

improper influence, privileged access or preferential treatment respecting former public officials.

The Toronto *Globe and Mail* reported that James Coutts, who held the important office of Principal Secretary to the Prime Minister, regularly calls Cabinet Ministers, and received help from the Minister of Employment and Immigration in a specific immigration case. Surely the Prime Minister has seen this report and recognizes that it is a clear violation of several provisions of the conflict of interest guidelines. What does the Prime Minister intend to do? He knows that there is no court of public opinion to which he can refer Mr. Coutts and his Minister.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would think that it is the duty of the Minister of Employment and Immigration to assist on any immigration case, no matter who refers the case to him. I would think that a referral from a former Minister or former adviser is just as valid as a referral from a member of the Opposition.

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NUCLEAR ARMAMENTS

TESTING OF CRUISE MISSILE—STATEMENT BY FORMER MINISTER IN APRIL, 1982

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of Justice. Last month, when the Minister was absent, there was considerable debate in the House on whether he had misled the House and committee concerning an agreement to test the Cruise missile. He had said on April 29, 1982, that the request "has been accepted by the Canadian Cabinet." The current Secretary of State for External Affairs denied this on February 14, this year. As reported at page 22852 of *Hansard* on February 15, the Prime Minister said, in answer to a question from the Member for New Westminster-Coquitlam:

> If she believes MacGuigan, we will wait until he enters the House and the Hon. Member can ask him her question.

The Hon. Minister is now in the House. Did he or did he not mislead the House on this matter on April 29, 1982?

Hon. Mark MacGuigan (Minister of Justice): Madam Speaker, due to the restrictions about answering questions related to my former portfolio, I think I should answer that question in this fashion: in my previous portfolio and in this one, I have always openly and forthrightly stated the policies of the Government exactly as I understood them. On one or two occasions when I found that I made an erroneous statement about government action or policy, as in one exchange with the Leader of the Opposition, I came into the House at the first opportunity to correct that.

Mr. Beatty: Translation please.

STATEMENTS ON CABINET DECISION

Hon. Allan B. McKinnon (Victoria): Madam Speaker, I would like to quote the Prime Minister when he was speaking on this matter. He said, as reported at page 22890 of *Hansard:*

> In that sense whether the former Secretary of State for External Affairs used exactly the right words or not, I am not prepared to say. I am anxious to hear his own explanation.

Having heard it, we are just as much in the dark as ever. Therefore my supplementary question is to the Prime Minister. On February 15 he said, as reported at page 22851 of *Hansard:*

> There has been no agreement to test the Cruise.

• (1150)

The Minister of Justice said on April 29, 1982, and I quote:

> —President Carter requested . . . that we allow . . . the Cruise missile system, to be tested in Canada. It is the Carter request, which . . . has been accepted by the Canadian cabinet.

I wonder if the Prime Minister would tell us which of these contradictory statements we should believe?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, things developed as I had said in the House. When the Minister returned I asked him about the quotes which had been put to me by a Member of one of the Opposition Parties. He referred me to the pages in *Hansard* where this matter was discussed by him. The Hon. Member will recall I had to deal with quotations just given verbally, in the same way as one has been given just now by the Hon. Member opposite. Therefore I was answering on the basis of these selective quotes, but having read the whole statement I am satisfied that the Minister was stating government policy and that government policy had been to consider testing the Cruise but that the actual decisions as they were eventually recorded in cabinet were to authorize the negotiation of an umbrella agreement under which the Cruise could or could not be tested, but that would be the subject of a different decision at a different time. I am satisfied, if the Hon. Member reads the entire statement of the Minister, that that is what he was saying.

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TRADE

EXPORT RESTRICTIONS ON BRANCH PLANTS—REQUEST FOR RELEASE OF DOCUMENTS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is directed to the Minister of International Trade. Last week I asked questions in the House about export restrictions on foreign-owned branch plants in Canada, and the Minister said he would be very happy to investigate some specific examples. Since then we have placed some classified ads and done some research, and this morning I have with me a licence agreement between a head office in the United States and a Canadian plant that was signed in the middle of 1982. In

Section 3 of this particular agreement it says, and I paraphrase, that plant cannot export without the specific consent in writing of the parent company.

In light of that, and in light of the request I also made last week, that the Minister make public several documents that talk about limitations on branch plants in Canada, I wonder if he can explain to the House why he is stonewalling in releasing those documents? Why will he not release those documents to me? What is the Government trying to hide? It released some of those documents to a professor, but it will not release them to the House of Commons. Why?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I thank the Hon. Member for Yorkton-Melville for a question on an important subject. I want to tell him that I do not intend to stonewall him; that is not my style. I intend to release those 20 year old documents to the Hon. Member. They were not released to a professor. A professor was given the opportunity to study them where they were but not to take them away, but I will release them to the Hon. Member and to anyone else who wants them.

I want to say that those studies showed that in the sixties there were practices by some American subsidiaries of not allowing exports from their branch plants in Canada.

While it is hard to tie down cause and effect, I suggest to the Hon. Member that those studies undertaken by the Government of that day may well have contributed very substantially to the development of FIRA. The Hon. Member will be aware that one of the criteria that FIRA looks at in allowing American investment in this country is the willingness of the new undertaking to participate fully in export markets. It also led to the establishment of such things as PEMD and the development of the Export Development Corporation and other facilities that have made Canada in the intervening years one of the great exporting countries of the world.

Some Hon. Members: Hear, hear!

ROLE OF UNITED STATES GOVERNMENT IN PROHIBITING EXPORTS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, the Minister asked for examples. I have an example here of a licence agreement in 1982. I realize we are not the MacDonald Commission and we cannot pay our researchers $800 a day, but we do have examples that we are going to give to the Minister right after Question Period.

In this particular case there is a clause on the restriction of trade that says shipments may be prohibited by the United States Government. It says it is understood that the head office power to give consent to such sales is limited by the United States Government and in some cases the head office will be forbidden to give such consent. This is a 1982 agreement between a head office in the United States and a Canadian firm.

Madam Speaker, I thought this was a sovereign nation, a sovereign country. Would the Minister not agree that this is an attack on sovereignty and on our nationhood? Can he explain, if in 1980 the Government across the way campaigned to strengthen FIRA to prevent this type of situation, and it was good enough in 1980, why is it not good enough in 1983?

Some Hon. Members: Hear, hear!

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, I will not reach conclusions on something that is quoted possibly out of context by the Hon. Member. I think he is contributing in a very solid and constructive way to the parliamentary process by bringing this information to my attention. I want to assure him that any examples he gives us, during or after the Question Period, I will investigate most thoroughly.

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ECONOMIC SUMMIT

FORTHCOMING MEETING IN WILLIAMSBURG, U.S.A.

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have a question for the Prime Minister, if he has completed obtaining explanations from his Minister of Justice.

Is there to be a follow up of the Montebello Summit and, if so, when, where, and will the same Heads of State be participating as participated at Montebello?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker. There was a follow up, as the Hon. Member knows, in Versailles last June, and there will be a second follow up which will take place in Williamsburg in the last days of May. I think it is May 28 and May 29, but I would have to check the exact dates. I believe it is the last weekend in May of this year.

Mr. Nielsen: Heads of State?

Mr. Trudeau: Heads of State and a few Heads of Government.

Mr. Nielsen: The Prime Minister might make it to the end of May.

FORMULATION OF AGENDA

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, may I ask the Prime Minister whether the views of Secretary Shultz, as I understand them, will be carried out and that the personal viewpoints of the Heads of State who will be attending will be requested for the purposes of framing an agenda? If that is the case, no doubt Canada is in the process of preparing such an agenda. Is it the intention of the Prime Minister to request the views of the Opposition here with respect to matters to be included on that agenda?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the dates of the Summit were of course set before the dates of the Tory Convention, but I understand that there was

some relief when the other members of the Summit realized that I would certainly be here until the beginning of June.

As to the more serious part of the question, the agendas are being discussed these very days by the personal representatives of the various summiteers who have been meeting in San Diego, after having met in various—

Mr. Beatty: That is similar to Mouseketeers.

Mr. Trudeau: —the Musketeers? Well, if we want to get knowledgable about it, those representatives are called sherpas, a sherpa being a person who leads a person to the summit.

Some Hon. Members: Hear, hear!

Mr. Trudeau: That is much more appropriate than Musketeer, or summiteer or whatever.

The agenda is being prepared. It is not in the hands of any one country, but naturally the host country is the decisive element in it. I would be happy to transfer to my sherpa for their next meeting any suggestions made by the Hon. Leader of the Opposition or members of his Party for adding to or subtracting from the agenda.

* * *

TRADE

LOW PRICE OF IMPORTED VEGETABLES

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Minister of Finance. Yesterday the potato growers in the Fraser Valley dropped the price of potatoes by $40 a ton to meet Washington competition. Three hours later the United States dropped their price by $5 or maybe $10 a ton. The price of B.C. onions has been dropped by $5 a hundredweight and they are selling below the cost of production.

It may be that the cost of living has gone down, but, if it has, it has gone down because the U.S. product can be dumped on the Canadian market below the cost of Canadian production.

The Minister refuses to put on a surtax in order to protect the Canadian farmer. Is it his intention that the Canadian farmer go out of business and that the Canadian consumer be abandoned to the corporate interests of the United States?

• (1200)

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, of course that is not the intention of the Government. The intention of the Government is to provide whatever assistance the Minister of Agriculture, for example, thinks is appropriate to help that sector of the agricultural economy.

Second, in looking at that problem and that particular area of the agriculture sector and the relationship with the producers on both sides of the Canada-United States border, the Government of Canada wants to ensure that the relationship is one that is conducted in accordance with international conventions and rules. There is a remedy for any complaints that the producers may have. There is a procedure and an investigation which can be followed under the due process under those conventions.

We would be happy to have representations. We would follow the normal course in seeing whether any undue advantage was taken by the procedures in the United States.

* * *

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the petitions presented by Hon. Members on Thursday, March 17, 1983, meet the requirements of the Standing Orders as to form.

* * *

[*English*]

BUSINESS OF THE HOUSE

DISPOSITION OF BILL C-653 AND BILL C-43

Mr. Deans: Madam Speaker, I have a question for the Government House Leader. On Wednesday last the House agreed to pass Bill C-653 and send it to the Standing Committee on Agriculture. It has become apparent, at least to me, that there are some problems in getting that Bill through. The Steering Committee of the Agriculture Committee has not yet met and will not meet until Tuesday next. The Bill is required to be dealt with in all stages here, go through the Senate and receive Royal Assent before we leave if we are to fulfil the obligation we have made to the farming community. Could the Government House Leader and the House Leader of the Official Opposition make it clear that it is the wish of the House of Commons that Bill C-653 be dealt with expeditiously, reported back as quickly as possible, at the very least in time for it to be dealt with here and to go through the various other stages necessary to make it law?

Mr. Pinard: Madam Speaker, we have agreed to send the Bill to Committee. It is the intention of the Government to see that this Bill is proceeded with expeditiously, but we do not want to meddle with the business of the Committee. The committees are master of their own procedure.

Some Hon. Members: Oh, oh!

Mr. Pinard: I understand there are some Tory Members on the Committee. The minute the Bill is reported by the Committee, I can assure the Hon. Member that it will be considered very seriously. Yes, we want this Bill to be considered very seriously, efficiently and as early as possible.

Mr. Deans: Madam Speaker, there are two additional matters I would raise. If it is apparent that the Committee to which the Bill is referred is not prepared to deal with it in time to allow it to pass through the House, the Senate and receive Royal Assent before we leave a week from next Wednesday, will the Government House Leader ask that that Bill be brought back and referred to another committee that has the time and the will to deal with it properly?

Mr. Pinard: Madam Speaker, as I have just indicated, we have never meddled with committee business. We do not intend to start now.

Mr. Baker (Nepean-Carleton): Madam Speaker, the President of the Treasury Board is in the House. As he knows, this House and the other place have approved Bill C-43 respecting freedom of information and privacy. He has indicated to the House that he intended to proclaim the Bill on April 1, 1983. This does bear on business because, as the hon. gentleman knows, this House will have to take a step in terms of the appointment of commissioners. I would ask the hon. gentleman if it is the intention of the Government still to proclaim that Bill on April 1.

[*Translation*]

Mr. Pinard: Madam Speaker, I discussed this with the Minister of Justice (Mr. MacGuigan), and I believe it would be preferable to appoint the Information Commissioner before royal assent is given. I also discussed the appointments, and the parties indicated that substantially, they agreed with the proposals but would still like to make representations and comment on this subject. Therefore, I would like to give the House the assurance that we shall proceed with the joint resolutions as our last item before the session is prorogued. As soon as the appointments are made, I believe the Minister of Justice (Mr. MacGuigan) would prefer to delay royal assent for thirty days until the Information Commissioner has had a chance to become acquainted with his new duties before he is to implement the legislation in question. The situation is therefore that first of all, we must appoint an Information Commissioner. When? At the end of this session. Second, when will this session end? The answer is up to the Opposition. Third, when will the legislation take effect? As things stand now, it will probably be thirty days after the appointments are made.

[*English*]

Mr. Baker (Nepean-Carleton): Madam Speaker, I guess that the decision as to when the session ends is in the hands of all of us, including the Government House Leader.

I have another question that relates to the Business of the House. One of the issues is the fees to be charged on applications, for duplication, for searches and all other things that are necessary with respect to the matter. Between now and the time when that Act is proclaimed into force, is it the intention of the Government to table in the House of Commons a statement, by Order in Council or otherwise, of fees that will apply in each particular case? Are we now at that stage? Also, will there be standard fees throughout the Government, or will those fees vary from Department to Department?

Mr. Gray: Madam Speaker, we are now working on the very issue that the Hon. Member has raised. We have not completed our consideration of it. I have been working with a view to being ready to proclaim the Act on April 1, but for the reasons the President of the Privy Council (Mr. Pinard) mentioned, it now seems sensible to wait for 30 days after the two commissioners are appointed. I will strive to get a decision on the schedule of fees so that I can make the information available before or at the time the Act is proclaimed.

Mr. Baker (Nepean-Carleton): Thank you.

Mr. Deans: Madam Speaker, I have one final point with regard to Bill C-653. I do not know whether I am misreading or misunderstanding what the mood is, but I believe I heard the Government House Leader say it is the hope of the Government that we will have dealt with the Bill in all stages and it will become law prior to a week this coming Wednesday. In the interest of having this matter dealt with as expeditiously as possible, will the Opposition House Leader tell us what his Party's view is, since I get the sense that there may be some problems?

Mr. Lewis: Madam Speaker, I am perfectly free to meet with the NDP House Leader and the Government House Leader at any time to discuss this matter, but I do not think we should do it on the floor of the House.

* * *

POINT OF ORDER

MR. ANDRE—PROVISIONS IN SUPPLEMENTARY ESTIMATE (C) 1982-83

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I rise on a point of order that is becoming kind of habitual. It has to do with the Estimates and whether in fact the Estimates are in order. As you are well aware, Madam Speaker, the issue of Estimates and the Appropriation Act flowing from the Estimates has been the subject of many points of order going back to 1971, I guess initiated as a result of the rule changes in 1969. I will not go over all the arguments. However, I want to quote from Your Honour's decision of June 12, 1981 wherein you quoted Mr. Speaker Jerome of March 1977 when he said:

> The Government receives from Parliament the authority to act through the passage of legislation and receives the money to finance such authorized action through the passage by Parliament of an Appropriation Act. A supply item in my opinion ought not, therefore, to be used to obtain authority which is the proper subject of legislation—

Madam Speaker then went on to say:

> In other words, the Government may not by the use of an Appropriation Act obtain authority that it does not have under existing legislation.

That is very clear, very precise. The Government is not to seek authority under an Appropriation Act which it does not have under existing legislation. In view of that very clear

ruling by Madam Speaker on June 12, 1981, I would refer the Chair to Vote L11c under the Fisheries and Oceans in Supplementary Estimates (C), fiscal year ending March 31, 1983. That Vote states:

● (1210)

Vote L11c—To extend the purposes of Environment Vote L30b, Appropriation Act No. 1, 1974—To increase the aggregate outstanding at any time of the amounts which may be borrowed from any bank upon the credit of the Freshwater Fish Marketing Corporation and the amounts loaned by the Minister of Finance under the authority of section 17 of the Freshwater Fish Marketing Act from $20,000,000 to $30,000,000

The Supplementary Estimate on that is for $1. Section 17(2) of the Freshwater Fish Marketing Act states this:

The aggregate outstanding at any time of

(a) the amounts borrowed by the Corporation pursuant to paragraph 7(g), and

(b) the amounts loaned by the Minister of Finance under this section,

shall not exceed five million dollars.

The legislation, therefore, the Act as passed by this Parliament in 1968-69, states that the amount outstanding shall never exceed $5 million. Vote L11c of Fisheries and Oceans seeks to raise that limit to $30 million. Now, granted, the limit had been raised from $5 million previously by other Appropriation Acts illegally and improperly, the last time being 1974, which was a period prior to the Speaker having made very clear, unequivocal decisions that this type of procedure of amending legislation through Appropriation Acts must stop. There must not be any attempts to amend legislation by Appropriation Acts, and this is clearly what this Vote attempts to do. This one dollar item attempts to amend the Freshwater Fish Marketing Act to raise the loan limit to $30 million. I submit, Mr. Speaker, that, in view of Madam Speaker's ruling of June 12, 1981, Mr. Speaker Jerome's rulings of March, 1977 and of December, 1977, it is abundantly clear that this Vote is out of order. It is simply out of order. It is not permissible to attempt to amend the legislation, the Freshwater Fish Marketing Act, by an Appropriation Act.

The second Vote, Mr. Speaker, which is out of order, in my view, and I believe it is pretty clear once it is explained, is Vote 10c of Industry, Trade and Commerce. That Vote is also for $1. It reads as follows:

Trade-Industrial—The grant listed in the Estimates and contributions—

The description of that grant is under the sub-title "Industry Development". It reads:

Payments under the Small Business Investment Grants Act (Funds were provided from the Treasury Board Contingencies Vote to pay for this item) 1,000,000

In other words, Mr. Speaker, what has happened is that a grant of $1 million has been paid out of a contingency fund, and here is a Supplementary Estimate for $1 to authorize spending retroactively. The House is again put in this insulting position of being asked to rubber-stamp retroactively money which has already been spent. But the real issue, Mr. Speaker, is that that grant was granted, as the Estimates say, under the Small Business Investment Grants Act, and that Act has never been passed by this Parliament. It is in the Order Paper as Government Order No. 136, which reads as follows:

Point of Order—Mr. Andre

November 23, 1982—Consideration of report stage of Bill C-136, Small Business Investment Grants Act, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs.

It is at report stage. It has never been passed by this House, by the Senate, nor has it received Royal Assent. Therefore, we have this absolutely immoral, disgusting situation where a Bill which has not been passed by the House has been used for justification to dip into contingency funds to make a grant which the Government is now coming forward to ask the authority of this House to legalize, based on legislation which has not yet been passed by the House. Talk about putting things backwards! First the Government spends the money, then it asks for authority of Parliament to spend the money, and then it passes the legislation legalizing the program upon which it spent the money. Any six-year old grade one student knows that if you are being proper and decent, you do it the other way around. You pass the law, then you requisition the money, and then you spend it. You do not spend the money, then requisition it, then pass the legislation to make the program legal.

I humbly submit, Mr. Speaker, that this should be tossed out immediately, the persons who put it in should be chastised by this House for insulting us in that fashion, and the officials who put it in should be fired.

Hon. Herb Gray (President of Treasury Board): Mr. Speaker, about halfway through the Question Period, my hon. friend sent me a note informing me that he was going to raise these points, and I thank him for doing so. I endeavoured to get some detailed explanation about these points and while I have some information, it is not in the detail which I had with me when I appeared before the Committee on Miscellaneous Estimates, expecting, perhaps, that the question of the $1 Votes would be raised. However, I will attempt to assist the House and the Chair by making some comments aimed at reassuring my hon. friend and the Chair that these items are consistent with the rulings of successive Speakers.

First of all, with respect to the item listed as Vote L11c on page 66 of the final Supplementary Estimates (C) with respect to the borrowing authority of the Freshwater Fish Marketing Corporation, I am informed that what we are talking about here does not involve a request to Parliament to spend moneys. It is not a budgetary item which will have to be voted on specifically by the House because it requires the expenditure of money, and in fact it involves the amendment of a previous Appropriation Act. I am informed that there are many precedents setting out the acceptability of the procedure with respect to Vote L11c, involving as it does not a request to authorize the Government to spend money, but simply to increase the level of borrowing authority. My hon. friend has already pointed out that Parliament has previously voted to increase the borrowing authority of the Freshwater Fish Marketing Corporation from the ceiling, I believe he said on a previous occasion, of $5 million, to $20 million, and now Parliament is simply being asked to follow the same procedure which, I submit, has been found acceptable by Speakers in the

past, to extend the borrowing authority to a ceiling of $30 million.

With respect to my hon. friend's second point, the request to Parliament that it adopt Vote 10c, a one dollar item to authorize payments of $1 million for the purpose of the Small Business Investment Grants Program, I am advised that this is simply a transfer of funds from one category to another. Here also the House is not being asked to authorize an additional expenditure of funds, but simply, as I have said, the transfer of funds from one Vote to another. This is the accepted procedure for doing so, a procedure which has been accepted by Speakers in the past.

• (1220)

My hon. friend expresses some concern that the Small Business Investment Grants Act has not yet been passed by the House, but I would remind him that the proposal was contained either in the economic statement of last October, or—and I think this is the correct place—it was found in the budget of last June. Certainly the House has conveyed its approval in principle at the very least of the program when it voted an expression of support for the budget last June. Also, I would like to think that my hon. friend and his colleagues support the early and prompt expenditure of funds aimed at reducing interest costs for small business in their purchase of depreciable property to expand and modernize. I would like to think that he is simply raising a technical point—and I appreciate the seriousness with which he does so—and is not opposing this very worthy program.

We all know that the disposition of business in this House does not always proceed with the timeliness that many of us would like. There are others on our side of the House who have commented on the pace of disposition of House business and expressed their view as to the reasons for that pace. We have argued that the Opposition bears some responsibility for this. While I do not think we want to reopen that debate at this point, I do not think it is unusual for Supplementary Estimates to be presented for Parliament's approval of something which is already under way.

So I would like to conclude by again thanking my hon. friend for giving me some notice of this point of order. It is a serious one which has been raised in similar circumstances in the past. I do not claim a deep expertise in these matters, although obviously I am attempting to learn as quickly as possible. But I have provided the House the explanation I was able to obtain in the short period after the Hon. Member gave me notice. I would like to think that this explanation will reassure the House and above all the Chair that these items are perfectly consistent with the rulings of the Chair on previous occasions.

Mr. Andre: Mr. Speaker, first let me say to the Hon. Minister that the reason I gave only a half hour notice is that I did not know until early this morning that in fact this would be the only day I would have the opportunity to raise this matter.

Mr. Gray: I am not complaining.

Mr. Andre: No, I recognize you were not. Normally I would have given more notice.

The Minister indicated, concerning the Vote in Industry, Trade and Commerce, that the one dollar item merely represented a transfer between spending under one category to spending under another category. I humbly submit that that in fact is not true. What has happened is that money has been spent out of a contingency fund based on legislation which has not in fact been passed by the House. I do not even know if the legislation was introduced when the money was spent.

So you have a situation where we are being asked to legalize expenditures under an Act which has not been passed by the House. This is clearly in contravention of decisions reached by Madam Speaker and her predecessor, Mr. Speaker Jerome, and indeed by Mr. Speaker Lamoureux who said that supply items are to seek appropriations to spend on programs authorized by Parliament. They have to be authorized by Parliament. The fact they have had second reading is immaterial. They are not law. There is no law for that program, and therefore the Government has no right to ask us for authority to spend on a program which is not law.

As to the question of whether it ought to be law, there has never been any question on that on our side. The legislation proceeded very quickly through all processes and was stopped on November 23, 1982, and the Government House Leader has to deal with that.

With respect to Vote L11C, under Fisheries and Oceans, the Minister indicated that it was merely the changing of an Appropriation Act which had been done in the past and therefore it is okay. I might say that Madam Speaker, on June 12, 1981, perhaps anticipated that kind of argument when she stated this:

> Finally, it seems clear that it is in order to extend the purposes of an item in an Appropriation Act by means of an item in the Estimates—

That was the Minister's argument. She then said:

> —provided that it does not amend any other legislation.

Clearly Vote L11C, under Fisheries and Oceans, amends the Freshwater Fish Marketing Act, Section 17(2). So in that instance the Minister's argument that it is merely changing an Appropriation Act has been anticipated by Madam Speaker's ruling of June 12, 1981, and I humbly submit that both Votes must be found out of order.

The Acting Speaker (Mr. Corbin): The Chair thanks Hon. Members for their contributions to the point of order. The matter will be taken under advisement and Madam Speaker will certainly want to rule on it at the next sitting of the House.

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the following questions will be answered today: No. 4,168.

[*Text*]

ESPIONAGE OFFENCES

Question No. 4,168—**Mr. MacKay:**

1. In the past 30 years, how many times was the Security Service of the RCMP penetrated by foreign powers, as mentioned in the August, 1981 McDonald Report, 2-2, p. 714 and, in each case (a) what was the (i) name of the foreign power (ii) date of apprehension (iii) rank of the RCMP officer or the classification of the RCMP civilian employee (b) what action was taken against employees of the RCMP who became agents of foreign powers?

2. Since World War II, how many persons were charged with espionage offences under the Official Secrets Act, as referred to in the October, 1979 McDonald Report, 1, p. 4 seq. and in the August, 1981 McDonald Report, 2-1, p. 65 and, in each case (a) on what date were the charges laid (b) what were the names of the persons charged (c) what was the disposition of the case?

3. Were any studies commissioned by the Planning and Transitional Group concerning Canada's Security Service, established in August, 1981 and, if so, in each case (a) what were the terms of reference (b) who were the contractual parties (c) what was the amount of money involved (d) what was the deadline for completion of the study?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Departments of Justice and the Solicitor General as follows:

1. It would not be in the public interest to elaborate on information provided in the McDonald Reports, concerning this matter, other than to confirm that the Government was advised in 1977 of a case involving foreign penetration of the RCMP Security Service. At the time, the Government was advised there was insufficient evidence to prosecute any person involved either under the provisions of the Official Secrets Act or the Criminal Code of Canada. In view of recent developments concerning this case, the original determination concerning prosecution is being reconsidered by officials of the Department of Justice.

2. Since World War II, 23 persons were charged with espionage offences under the Official Secrets Act.

(a) To provide information as to the dates of charges under the Official Secrets Act would require an inordinate amount of time and manpower.

(b) and (c)

Names of Persons	Disposition of Charges
Emma Woikin	Convicted—2½ years
Kathleen Mary Willsher	Convicted—3 years
Edward Wilfred Mazerall	Convicted—4 years
Harold Samuel Gerson	Convicted—4 years
James Scott Benning	Acquitted on Appeal

David Gordon Lunan	Convicted—5 years
William Pappin	Acquitted
Eric George Adams	Acquitted
Matt Simons Nightingale	Acquitted
Agatha Chapman	Acquitted
David Shugar	Acquitted
Philip Durnford Pemberton Smith	Convicted—5 years
Frederick Poland	Acquitted—1 charge Dismissed—1 charge
Israel Halperin	Acquitted
Henry Harris	Acquitted on appeal—2 charges
Fred Rose	Convicted—6 years
Raymond Boyer	Convicted—2 years
Sam Carr	Convicted—6 years
Freda Linton	Charges withdrawn
John Douglas Creighton	Charges dismissed
Peter Worthington	Charges dismissed
Bower E. Featherstone	Convicted—2½ years
Peter Alexander Treu	Acquitted on appeal

3. Yes, three.

(1) (a) As a consultant, to study and provide recommendations for the establishment of a professional audio-visual capacity with the new Service. (b) Department of the Solicitor General and G.E. Nixon. (c) Total amount for recommendations was $2,000. (d) This contract was in effect from May 26 until July 3, 1982.

(2) (a) As a consultant, to study and develop a model of an information management system for the new Service. (b) Department of Solicitor General and the Centre for Conflict Studies, University of Brunswick. (c) The total project was not to exceed $30,000. (d) This contract was in effect from April 28 until December 31, 1982.

(3) (a) As a consultant, to assist telecommunications task force in: (i) planning, policy and project co-ordination; (ii) conducting communications surveys; (iii) writing required procedures; and (iv) preparing study documentation for the Transitional Group. (b) Department of the Solicitor General and Melvin Henry Watson. (c) $130 per day for each day during which the consultant is involved providing services. Total amount will not exceed $20,000. To date, no services have been provided. (d) This contract is to be in effect from January 3 to October 31, 1983.

[*English*]

The Acting Speaker (Mr. Corbin): The question enumerated by the Parliamentary Secretary has been answered.

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

The Acting Speaker (Mr. Corbin): Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

Electoral Boundaries

ELECTORAL BOUNDARIES READJUSTMENT ACT

OBJECTIONS TO COMMISSIONS' REPORTS RESPECTING NEW BRUNSWICK, PRINCE EDWARD ISLAND AND MANITOBA

On the Order: Orders of the Day:

No. 1.

February 28, 1983—Consideration of an objection relating to the Province of New Brunswick.

No. 2.

February 28, 1983—Consideration of an objection relating to the Province of New Brunswick.

No. 3.

March 8, 1983—Consideration of an objection relating to the Province of Prince Edward Island.

No. 4.

March 9, 1983—Consideration of an objection relating to the Province of Manitoba.

Hon. Yvon Pinard (President of the Privy Council): I rise on a point of order, Mr. Speaker. Concerning consideration of those four objections to the reports of the Electoral Boundaries Commissions, I had discussions earlier today with my counterparts in the Opposition Parties and I would like to confirm that we have agreed to the following, and I stand to be corrected if it is not exact. First, that the maximum of one hour today will be devoted to the consideration of those objections. Second, at the conclusion of that one hour of debate, if there are still some Members who would like to participate and who are not here today, we have agreed to resume that debate at a later date, which will be chosen, as usual, by Government and, as usual, after consultation with the Opposition Parties. Third, if we do not debate this matter for one hour because of a lack of speakers, the agreement we have made to resume debate at a later date will still apply.

• (1230)

I think that is the essence of the agreement, Mr. Speaker. We would not like to see the Speaker send a report to the Commissions before the debate on the objections is completed. We do not think it will be possible to complete that debate today, whether we give it one hour or less. We have therefore agreed that when the debate expires today it will be resumed at a later date.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, the Government House Leader has outlined the essence of the agreement between the House Leaders, which is that we will move from this motion on to Government orders at the end of one hour or a lesser time if we run out of speakers due to the fact that Members on all sides have other commitments. We would not want this to be a precedent. It is being done by agreement rather than by a formal motion.

Mr. Rose: Mr. Speaker, I thank the Government House Leader for advising me of the agreement reached among House Leaders and the Acting House Leader for this Party. I take his word that that is what has been agreed to and it has been confirmed by the House Leader for the Official Opposition.

The Acting Speaker (Mr. Corbin): The House has heard the proposal put forward by the President of the Privy Council (Mr. Pinard). Is it agreed?

Some Hon. Members: Agreed.

Agreed and so ordered.

* * *

ELECTORAL BOUNDARIES READJUSTMENT ACT

OBJECTIONS TO COMMISSIONS' REPORTS RESPECTING NEW BRUNSWICK, PRINCE EDWARD ISLAND AND MANITOBA

The House proceeded to the consideration of objections to Reports of the Electoral Boundaries Commissions for The Provinces of New Brunswick, Prince Edward Island and Manitoba.

Hon. J. Robert Howie (York-Sunbury): Mr. Speaker, as one of New Brunswick's Members of Parliament, I join my colleagues today to express objections to the Report of the Electoral Boundaries Commission for my Province.

Among the guidelines the Commissioners had to follow in New Brunswick was the maintenance of an average of 69,540 voters per constituency. I realize that this was a difficult mandate to fulfil and I feel the Commissioners have done the best job they could within that mandate. However, in the process, almost inevitably community interest has suffered for the sake of population requirements.

For example, the northern portions of the Parishes of Douglas, St. Mary's Stanley and Maugerville in my constituency would be moved to the renamed constituency of Miramichi, creating a hardship for both the residents and their Member of Parliament. Residents of Maugerville must travel southwest to Fredericton to reach Route 8, which will take them northeast to their representative's constituency office in Newcastle.

Even residents of Taxis River which is located near Route 8 and on the existing boundary between York-Sunbury and Northumberland-Miramichi, have only about 80 kilometres to travel to my constituency office in Fredericton, but twice that distance to Newcastle. I consider that a disservice has been done to these citizens to effect a modest shift in population between the two constituencies.

I also feel that the community of interest provision was violated in the proposal to shift Southampton Parish to Carleton-Charlotte. While it is located, geographically, at an equal distance from the hubs of both constituencies, communities in Southampton have had longstanding social and economic ties with the Fredericton area.

A particularly striking example in New Brunswick of the population imperative taking precedence over both geographic and community considerations, is the proposed shift of Salisbury parish, from Moncton to Westmoreland-Kent. This idea completely ignores the parish's obvious ties to the City of Moncton, and its geographic link to Fundy-Royal.

I am not in favour of the recommendation that the name of my constituency be changed from York-Sunbury to simply Fredericton. The constituency of York-Sunbury was established under the Redistribution Act of 1914 and was an excellent choice of name since it reflected the amalgamation of the former constituencies of York, Sunbury and Queen's.

Organizations in the Fredericton area, such as the York-Sunbury Historical Society, have also taken this name to reflect the rich United Empire Loyalist tradition of the region.

Fredericton is, indeed, the largest population centre in the constituency, but to drop the name York-Sunbury is to ignore the importance of dozens of small communities surrounding the capital, which were established long before Confederation.

Perhaps the most wasteful provision of the Act is the amalgam method of determining the number of seats the House of Commons will have. It starts with a base of 75 seats for Quebec, adds four for each redistribution, then follows a most complicated formula to reach the allotment for the other Provinces.

The result will be the addition of 28 new constituencies in 1984. As a share of the tremendous Ottawa and constituencies administrative and logistic support structure, it will drain more than $14 million out of the public Treasury each year. I submit that we cannot afford to increase the number of seats, nor is it necessary to do so.

In the United States, Senators and Congressmen represent about 413,000 voters each, but their local and Washington offices are manned by much larger staffs. Since each of us represents an average of only 80,000 to 85,000 constituents, with no increase, or in some cases with a relatively modest increase, of staff and other support elements, we could serve our slowly increasing population as efficiently, and far less expensively than the alternative of a larger House.

We all know how difficult it is for middle and backbench MPs to be recognized during Question Period. Imagine the scene when 310 Members are competing for the Speaker's attention. Debates on major Bills will inevitably be slower, too, in order to give every Member who wishes to speak a chance to do so. We have a backlog of legislation to consider now, but the logjam can only grow if we must allow even more participants in each debate.

I would urge the Government and all Hon. Members to consider freezing the situation as it now is and referring the matter to a Parliamentary Committee for careful and thorough study before we proceed.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I appreciate the opportunity to participate in this debate today. This is one of those strange occasions when a Member on one side of the House finds himself in almost total agreement with what has been said by a Member on the other side of the House.

As you come from New Brunswick, Mr. Speaker, you will know that my constituency is adjacent to that of the Hon. Member for York-Sunbury (Mr. Howie). It is also adjacent to the constituencies of Gloucester, Westmorland, Kent, Fundy-Royal Restigouche, Madawaska-Victoria, and Bonaventure-Îles-de-la-Madeleine, as well as a couple of constituencies in Prince Edward Island. It is rather centrally located.

I concede immediately that the population of my constituency is considerably below the mean population. However, it is above the minimum population for constituencies in New Brunswick. The changes proposed by the Electoral Boundaries Commission, while adding many hundreds of square miles to the territory, would increase the population from 56,362 to 57,165. That means that for about 800 people, many square miles would be added to what is already the largest constituency, geographically, in New Brunswick and, I believe, the largest constituency, geographically, in the three Maritime Provinces.

• (1240)

Furthermore, the basic reason given by the Commission was to supplement the population of the electoral district of Northumberland-Miramichi, but only by about 800. Originally the Commission proposed that an additional parish from Kent County, the parish of St. Louis, be added to Northumberland-Miramichi. Because of representations made to the Commission by residents of the parish of St. Louis, the proposal has been dropped. This destroys the argument that they are making additions to increase the population.

As the Hon. Member for York-Sunbury said, the proposed additions to Northumberland-Miramichi include parts of the parishes of Douglas, Stanley and St. Mary's in York County and part of the parish of Maugerville in Sunbury County. That part of the parish of Maugerville which is proposed to be added is very sparsely populated. As the Hon. Member rightly pointed out, there is no direct access from Northumberland County to Sunbury County without first going to Fredericton and Oromocto. These people would have to travel very long distances to reach the constituency office in Northumberland-Miramichi. The representative, whoever he or she might be, would have to travel very long distances to reach what is now known as the riding of York-Sunbury. It makes no sense whatsoever. There can be no rationale for that kind of cosmetic change. In fact, it makes very poor cosmetics.

As far as those parts of the parishes of Douglas, Stanley and St. Mary's in York County are concerned, there can be no argument that they are not adjacent to the constituency of Northumberland-Miramichi, but I could make many arguments that the population of those parts of parishes does not in fact have a community of interest with the Miramichi. There is some community of interest, just as there is a community of interest between Edmundston and Nackawic or between Bathurst and Buctouche or between Saint John and St. Mary's.

Mr. Mazankowski: What about Ecum Secum?

Mr. Dionne (Northumberland-Miramichi): We will deal with Ecum Secum in another debate. The fact is that because we are all New Brunswickers we have a community of interest, but the fact also is that there is no commercial or professional

community of interest between those areas of York County and Northumberland County.

The orientation of the people who live in that part of York County is toward Fredericton. It is not toward the Chatham-Newcastle area, which is the commercial centre of the riding of Northumberland-Miramichi. I have discussed this privately with the Hon. Member for York-Sunbury before the debate today. We both agreed that it would be a mistake to change the boundary in the way the Commission proposed. The distances which those people would have to travel to visit the constituency office located in Newcastle are extreme in terms of New Brunswick. I agree that it does not always have to be located there, but it is the centre of the riding and that part of the riding where the largest possible number of people can telephone the riding office without being required to make long distance telephone calls. As I said, the distances these people would have to travel are extreme in terms of New Brunswick. They may not be extreme in terms of Labrador, the Northwest Territories, northern Ontario, the northern prairie Provinces or British Columbia, but we are not debating those circumstances. We are debating electoral boundary changes in New Brunswick. It seems to me that that is what the focus should be on and that is how the commissioners should have proceeded to do their job.

I do not know where they got the idea from that there is a community of interest between the areas they are proposing to add to Northumberland-Miramichi and the Miramichi area. That community of interest just does not exist. Of course there are interests in common. The ancestry of the people is a common interest. The life style of the various communities would be very common from those areas of York County to the parishes of Ludlow, Blissfield and Blackville in Northumberland County, but The Fact remains that their orientation is toward Fredericton, not toward Chatham-Newcastle.

To add that much territory to the constituency of Northumberland-Miramichi without a significant change in population makes no sense electorally, geographically, socially or commercially. Therefore, it should not be pursued. However, I agree with one suggestion of the Commission. At least, I will not protest it, that is, the name change of the constituency which I now have the honour to represent. If it is changed to Miramichi, that is fine with me. Miramichi encompasses more than Northumberland County itself. The Miramichi River system is probably the most diverse river system in New Brunswick. Of course it is famous the world over for its production of Atlantic salmon. No river in the world compares with it in that respect. Because it already has two parishes of Kent County in it, I favour the change of name if that is how it comes out in the final analysis. I am not proposing that change myself, but I will not protest it.

For those reasons, I wanted the opportunity today to protest. When the Commission held hearings, as usually happens in New Brunswick the Miramichi region was not on its list of areas in which to hold hearings. As usual, we were lumped in with either the Bathurst region or the Moncton region. We are a region unto ourselves, encompassing about a tenth of New Brunswick. It is high time that was recognized by all Government institutions at both levels.

Mr. Jack Murta (Lisgar): Mr. Speaker, at the outset I would like to make one observation, that is, that the electoral boundaries commissioners did what I think most Manitobans would consider to be a reasonably good job in terms of outlining the changes to the Electoral Boundaries Readjustment Act in the Province of Manitoba, with the major exception of the constituency of Portage-Marquette. The concern which has developed in the Province of Manitoba over the constituency of Portage-Marquette has been for two reasons. The first is the name change, which most people in the area do not feel is warranted, and the other is a boundary change. Both are not large items. Both can certainly be accommodated when the Electoral Boundaries Commission meet again to review the report. If this were done, certainly it would meet with everyone's satisfaction.

The Hon. Member for Portage-Marquette (Mr. Mayer) has spoken at length on the subject and has expressed his concern. I would also like to do so today, basically on behalf of many people in the province of Manitoba. In suggesting that the name of Portage-Marquette be changed to Portage-Minnedosa, the Commission is ignoring a proud tradition in that part of Manitoba. To give you just a little background, Marquette was one of the original ridings in Manitoba when Manitoba entered Confederation. There were approximately four or five original constituencies, Marquette being one, Provencher being another, Lisgar being another, and there were one or two others. History goes back to the days of Sir John A. Macdonald who represented Marquette very briefly. Arthur Meighan represented the constituency of Portage, which is encompassed in the total name change of this constituency. History goes back a long period of time for that part of what is considered south central or south western Manitoba.

• (1250)

The Commission proposed to change the name of the constituency from Portage-Marquette to Portage-Minnedosa, ignoring the cultural and historical ties that bind the two names together. Instead of taking into account the very important historical factors which originated the name Portage-Marquette—and I have described probably the most important of those factors—the Commission has decided to replace the name of Portage-Marquette with the names of two large communities in the riding, that of Portage La Prairie, or Portage, and Minnedosa.

First, this name change is unacceptable as far as the constituents of that area are concerned, and it is unacceptable generally to the Province and to the people in the Province of Manitoba. If we cannot follow our historical pattern in these changes, then perhaps one should not be making the changes that are contemplated at all.

Second, the Commission changed the northern boundary of the constituency, thus ignoring the geographic factors which tie the communities of Russell, Onanole, Rossburn, Vista, Wasagaming, Binscarth to the rest of the riding. These are all

farm communities. By making this change, the Commission has ignored the natural boundary created by Riding Mountain National Park, which is a federal park in western Manitoba, and the Commission has created a new boundary which excludes these communities from the areas above and below Riding Mountain National Park, which will be foreign to the people in those communities.

The Hon. Member who preceded me talked about communities of interest and their importance. I suggest this same analogy apply to the riding of Portage-Marquette. People get used to dealing and trading as a particular known area. They receive literature from their Member of Parliament, whoever the person may be. Residents of areas are used to a particular name of an area, especially when there has not been a change before or for many years.

I would suggest the Commission has to take another look at the situation and it should redraw and probably reinstate the boundary to its original position. This can be done without any great problem. In proposing to shift the present boundary south of Riding Mountain National Park, the Boundaries Commission will make it very difficult for most of the communities along what is called the Turkey Trail to get in touch with their Member of Parliament. This is an area along the foot of Riding Mountain National Park. That area has been known for years and years as Turkey Trail and the people know that part of the constituency by that name. A change would cause a fairly substantial disruption to the whole trading area and the base of that constituency.

Electoral Commission hearings were held in Portage-LaPrairie on October 26, 1982. Because Portage LaPrairie is the largest town outside of the City of Winnipeg and, until one reaches Brandon, Portage LaPrairie is over 200 miles from the area to be affected, nobody attended the hearings to make objections. It was too far away. For the hearings to be held properly, they should have been held in Shoal Lake or in either Minnedosa or Rossburn, and the Commissioners would have heard basically what I am saying now in terms of the objections to the name change.

In my opinion, the Commissioners have shown insensitivy to the circumstances peculiar to this riding. What is most important is that the people in the riding are not happy about the name and the boundary change. Their Member of Parliament is not happy. The changes will not be substantial to reinstate the boundary lines, and they should be done because this is what everybody wants. We are here to try to assist constituencies in the different areas of Canada.

In reviewing the decision concerning the constituency of Portage-Marquette, I am sure the commissioners will see that what I have been saying and what the Member of Parliament for that constituency has said, as well as what the people in the area feel and want, is to return the constituency to its original state.

The Acting Speaker (Mr. Corbin): There being no other Member rising at this time to contribute to the debate, in accordance with the Order passed earlier this day, this debate stands adjourned until a later date.

The Chair senses there may be a disposition to call it one o'clock. Is it agreed?

Some Hon. Members: Agreed.

[*Translation*]

The Acting Speaker (Mr. Corbin): It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

GOVERNMENT ORDERS

[*English*]

SMALL BUSINESSES LOANS ACT (NO. 4)

AMENDMENT TO EXTEND TERMINATION DATE FOR LOANS

Hon. William Rompkey (Minister of State (Small Businesses and Tourism)) moved that Bill C-144, to amend the Small Businesses Loans Act (No. 4), be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, it is an honour for me to table in the House Bill C-144, to amend the Small Businesses Loans Act. The Act is a popular and useful feature of the Government's measures to help small businessmen and small business firms who, as the House will know, can obtain loans guaranteed by the Government from private lenders at interest rates set out at 1 per cent over the prime lending rates of the chartered banks.

The Act was passed by the House in 1961 and its impact since that time has indeed been substantial. One hundred thousand loans totalling approximately $2.5 billion have been authorized under the Act. In 1982, almost 17,000 small businesses from every region of the country borrowed some $427 million under the SBLA. During the course of the last four years, almost one out of ten small businesses in Canada have borrowed under this program. It is an effective program because it encourages lenders in the private sector to make term loans available to small business with a minimum of intervention by the Government in the financial markets. The revisions to the Act have broadened the eligibility for loans, increased the ceiling, and introduced a more flexible rate structure to increase the amount and availability of loans.

The Bill that I have tabled now will provide for extension of the Small Businesses Loans Act for another two years. I would urge Hon. Members to provide for speedy passage of this measure. I know that there is a disposition on both sides of the House to help small business, and I know that Hon. Members

on both sides will co-operate in the speedy passage of this Bill. This measure, together with other efforts by the Government such as the Federal Business Development Bank, is helping small businesses to weather the current economic downturn and to position themselves to take part in impending economic recovery. It is important that support be provided to small firms. This measure ensures that this will be so.

There are a number of key areas of the Act that are considered for amendment and which, from time to time, are changed. These areas generally include the size of the eligible firm, the size of a loan, the interest rate and the purpose of the loan. I have examined each of these issues with the view to determining whether amendments are warranted at this time.

The eligibility under the Act is currently limited to firms with gross annual revenues not in excess of $1.5 million. A recent study showed that some 95 per cent of all firms in Canada have annual revenues of less than $1.5 million. Based on that information, there would appear to be little reason to increase the size of the firm eligible for assistance at this time.

• (1410)

The maximum amount of the loan that may be outstanding to any one firm is $100,000. This figure has been considered, too, but we have found over the years that the average loan is in the area of about $26,000. I see no need for extending the upper limit at this time.

In 1978, the maximum interest rate chargeable was changed from a fixed rate to a floating rate, based on prime plus 1 per cent. As all Hon. Members know, there has been a substantial and sustained growth in the number and total dollar volume of loans guaranteed since that interest rate change was made in 1978. The new rate provides the lender with a margin of profit necessary to make loans, and it provides the borrower with loan funds at 2 to 3 per cent below the rate that would be charged on similar non-guaranteed loans.

I would now like to talk briefly about a subject that has been raised with respect to the Small Businesses Loans Act, and that is, working capital. Possibly the most attractive feature of the SBLA is the absence of red tape associated with it and the lack of unnecessary intervention of the bureaucracy in the private lending area. These activities are totally in the hands of the borrower and of the lender. We believe that any change now might upset that up-to-now smooth relationship between the two.

This passive approach to administration that we have had is possible in large part because the purposes of SBLA loans are limited to the purchase of fixed or moveable equipment, improvement or modernization of plant equipment or premises, the construction of premises, or the purchase of land.

I am sure that all Hon. Members would agree that fixed-asset loans are relatively low risk and require less monitoring than receivable or inventory loans that are more volatile by nature.

A recent study by a major financial institution showed that its working capital loans were 2.5 times more risky than its next highest risk category. The higher risk level of such loans is also borne out by the loss rate of other Government programs supporting such loans. Should the SBLA be amended to accommodate these types of loans, I believe that the passive nature of the program would be jeopardized.

In asking this House to provide for continuation of the Small Businesses Loans Act, I am also taking into account my recent request to the Small Business Consultative Committee to examine the SBLA, its impacts and the means by which it might be improved in greater detail. As some Hon. Members may be aware, the Small Business Consultative Committee is my main source of advice from the small business community. It is made up of people from all across the country from British Columbia to Newfoundland. They meet, and I meet with them, regularly and I have asked them to look particularly at a number of areas with regard to the advancement of policy for small businesses including the Small Businesses Loans Act. There are 22 members. They include small business owners, representatives of financial institutions, association executives and indeed people from every region of the country, as I have said before.

It has appointed sub-committees on tax policy, the FBDB, and the future strategic thrusts of the Government in the small business field. It has approved its own work program and elected its own chairman. It has requested briefings from officials of the Small Business Financing Review, the FBDB, the Department's priorities and the Small Businesses Loans Act. These men and women on that committee have given of their time and their experience, and I want to thank them for it at this time. They have given their time and experience to a process which must be described, I believe, as the fullest dialogue which the Government has ever established with the private sector regarding opportunities and constraints facing small businesses in Canada.

The Consultative Committee has already raised a number of concerns, which I share, which must be explored further and which are relevant to the long-term future direction of programs such as the Small Businesses Loans Act. They include the current imbalance toward debt over equity in the financing of small firms as well as the role that Government can play in providing an environment for entrepreneurship and investment in small business, irrespective of the specific programs it makes available.

The Small Businesses Loans Act is just one measure, albeit very important, by the Government to help small firms in Canada. The SBLA complements other thrusts such as the Federal Business Development Bank. The FBDB, through its many offices across Canada, offers financing to small and medium-sized firms by means of loans, loan guarantees, equity financing, or a combination of these. The bank currently has $1.8 billion in outstanding loans with 32,000 customers. Some of these loans are for working capital. In addition to its extensive lending and management services activities, FBDB has over $64 million worth of equity investments with 123 customers.

The Government has taken other steps to help small firms. One is the Small Business Investment Grant which was announced by my colleague, the Minister of Finance, last year. This $400 million program provides interest grants by the federal Government to small businesses of up to 4 per cent per annum for two years. As Hon. Members know, that is now presently before the House, too. It has gone through the committee stage, and I would make an appeal at this time that, when we are dealing with the Small Businesses Loans Act, we also give speedy consideration to the Small Business Investment Grants Act, particularly for the sake of farmers and fishermen. Sixty-two per cent of all the business under the Small Businesses Investment Grants has been aimed at farmers and fishermen. They are using it extensively, and I would urge the House to give speedy passage to this Bill because if we cannot have that legislation by the end of March farmers and fishermen particularly will be in a disadvantaged position.

Mr. Baker (Nepean-Carleton): Bring on the Bill.

Mr. Rompkey: This initiative is exclusive of the lower corporate tax rate available to small firms, namely the fact that the tax rate, as Hon. Members know, on the first $200,000 of income of a Canadian-controlled private corporation is 20 per cent to 21 per cent less than on that of larger firms. This rate is available as long as retained earnings do not exceed one million dollars.

All of these initiatives are an expression of the Government's commitment to small business. They are also in recognition of the contribution of independent business to the Canadian economy. The 645,000 small businesses in this country account for 42 per cent of business employment, and 25 per cent of business GNP. They have been and they are going to continue to be a significant force in creating and preserving jobs in this country. They will play a key role in meeting the employment challenge facing Canada in the next little while. They provide an important vehicle for risk-taking and innovation. They provide a counterbalance in the economy that would be otherwise dominated by large firms.

The SBLA is a program that has widespread support. It is specifically geared to the needs of small business. It is widely used in all regions of the country. It is available for almost all industrial activities, but it is most widely used by the service sector.

I want to conclude by asking my hon. colleagues once again to recognize, as I know they do, the important contribution of small business to Canadian economic life, and to support very speedily the measure that I have brought forward today.

Mr. Baker (Nepean-Carleton): Small business is the lifeblood of a nation.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, at the outset I want to say how very pleased I am to enter this debate in support of Bill C-144. I am pleased to note as well that the Minister, in his opening remarks, made reference to the fact that this Bill was originally passed in 1961. I think that is significant in that there was a Conservative Government in power at that time and I think it amply demonstrates this Party's commitment to the small business sector at that time, as it is today.

I certainly want to echo the comments that the Minister has made in respect of the important role that small business plays in our country. In debating this Bill we are really in essence dealing with one of the most important and dynamic sectors in the Canadian economy. As the Minister pointed out, some 42 per cent of all private sector employment and 25 per cent of the goods and services are produced in this country by small business.

• (1420)

The other important element of small business is that in many instances it is a family-owned enterprise which has played an important historic role in the development of the Canadian economy. It is part of the Canadian dream of many to own and run their own business and to have their family involved in it. In that connection, I want to put on record the kind of feeling that we witness in a community and within an enterprise, the kind of family enterprise I am talking about.

On March 3 I received a letter from the firm located in my constituency, Geo. C. Webb and Sons (1980) Limited. I am being invited to a fiftieth anniversary celebration. I want to quote in part from the letter. It exemplifies the significance of small business in a small community and the importance of the family connection. The letter reads:

> On June 23 we are . . . to mark an anniversary that we are very proud of as 50 years ago, George C. Webb, our father, signed a contract with the Massey-Harris Co. that started us in the farm machinery business in the Vermilion district.
>
> Over the 50-year period many changes have taken place, we have added a fertilizer business and an automotive business. The third generation of our family has assumed positions of responsibility, hopefully assuring continuation of this business for many years to come. With all these changes, one very significant fact has always existed and that is the warm and friendly association we have enjoyed with our customers, our suppliers and our staff.

This is why they are celebrating. That really puts the issue of small business in this country in perspective. It is important that we see the small business sector as being healthy and thriving, giving the opportunity for members of the family to participate and be engaged in providing very necessary services to our country.

It is important to note that, notwithstanding the recession and the downturn in the economy that we were experiencing, the spirit of small business is alive and well. It is noted in a recent submission of the Canadian Federation of Independent Businesses that some 150,000 business start-ups occurred in 1982. I know that there have been a number of failures, and we regret that very much. Some blame could be laid at the doorstep of the Government in that connection. Nonetheless, the resilience and entrepreneurial spirit is alive and well in this country. It is important that we undertake to do all we can to encourage, motivate and facilitate the development and good health of that enterprise. That can be done in many respects, not only through legislation but by developing a positive environment and attitude among all levels of Government.

I cannot help but make this point. In the campaign of 1972, the NDP campaigned on a theme of the "corporate welfare bums". Because of that campaign they in essence attacked all business, whether it was small, large, foreign or domestic. They tarred all sectors of business with the same brush. Business enterprise throughout the country is still suffering from that harsh attack. We do not need that kind of attitude and environment.

Mr. Riis: That is sleazy politics.

Mr. Mazankowski: The truth hurts, but it has to be recognized.

Mr. Riis: The truth is you do not have anything to say other than sleazy two-bit politics.

Mr. Mazankowski: I will put my business credentials up against that gentleman who is speaking from his seat any day. I will compare my credentials with him any day. I will talk about small business. The reason I mentioned the NDP is that I as a businessman was tarred and feathered with the same devastating brush they used during that election campaign. It is unfortunate for small business and for the Canadian economy.

Mr. Riis: It is unfortunate we took over the Government of Manitoba. It is unfortunate that we are going to take over the Government of B.C. next month.

The Acting Speaker (Mr. Blaker): The Hon. Member and all Hon. Members are aware that heckling, if I may use that term, is normal practice.

Mr. Riis: Some can take it, some can't.

The Acting Speaker (Mr. Blaker): The Hon. Member who has been speaking from his seat may want to consider rising in his turn and perhaps having his remarks recorded in *Hansard*.

Mr. Mazankowski: It is important to develop the kind of attitude and environment that is conducive toward not only the promotion, but the encouragement and, indeed, the health of the small business sector because it is the leading edge of the economy. It is efficient, innovative and flexible. It involves a high amount of risk-taking and a great deal of work. When one is engaged in this high risk and the long hours of work it involves, there has to be some reward.

It is important as well to support the kind of enterprises that are stable, such as the firm of Geo. C. Webb and Sons (1980) Ltd., which has served the community for 50 years. There are always the fly-by-nighters, but when you look at an enterprise like this, you find that it has not only provided a good standard of living and welfare for the families, but an excellent service to that community.

Small business gives individuals the opportunity to be creative, innovative, productive and to generate new wealth for the Canadian economy. This was summed up very well by Jim Gray, Executive Vice-President, Canadian Hunter Exploration Ltd., on March 4, 1982 when speaking to the Calgary Women's Canadian Club. He had this to say:

> Let me repeat, we won't mend the economic health of this nation by building megaprojects. Little companies are the sinews of a nation. They are a medicine with which we should be treating the Canadian economy today. All that is needed is that we unshackle our entrepreneurs, free creative ideas, encourage individual initiative, constrain the political bureaucrats and limit the take of the national tax gatherer.

That summarizes it very well. If we look at our number one priority today, the generation of new jobs, we clearly see the small business sector as a very promising area in which to generate those new jobs. This is confirmed by someone who started out as a small business entrepreneur and still has a tremendous amount of respect for the small business sector. Over 60 per cent of the jobs created in North America today are created by the small business sector. In fact, David Birch, of the Massachusetts Institute of Technology found that approximately two-thirds of all new jobs created in North America are in firms with fewer than 50 employees. Establishments with more than 100 employees accounted for less than 20 per cent of the new jobs. In addition, the firms which created jobs are dominantly young firms. Eighty per cent of the new jobs were created by establishments less than five years old. We have the initiative there and we have the spirit. What we need now is some kind of positive climate to allow that to happen.

• (1430)

I believe, Mr. Speaker, that in large part, the policies of this Government have tended to frustrate the efforts of small business. In some areas they have held back vital development, which has resulted in lost opportunities. I believe that rather than facilitating the development, growth and health of the small business sector, in many cases Government has tended to frustrate them. The Government has destroyed the environment in which small businesses flourish. It has overwhelmed them with an excessive paper burden and regulations. We are now faced with a tax act that, in the words of the President of the Institute of Chartered Accountants of Ontario, " . . . is an unmitigated mess because it is incomprehensible". Many small businesses cannot afford the luxury of accountants, tax lawyers and experts, so it is important that we develop a tax system which is comprehensible and understandable by Canadians and Canadian entrepreneurs.

The budget of the former Minister of Finance of November, 1981 included two measures which really inflicted a desperate blow to the small business sector, the reduction in the capital cost allowance and the 12.5 per cent corporate distribution tax. What small business needs is some stability, some assurance that the rules of the game are not going to change in the middle of the night. They want to be sure that they live in a certain climate, and that has not been the case. Very closely associated with that is the lack of trust in the efforts of the Government in bringing in the kinds of budgetary provisions which were contained in the budget of the former Minister of Finance.

The other problem small business has is certainly the effects of inflation, which in large part are reflected in the state of the economy and the bad management of this Government. Another very crucial issue is interest rates. The small business sector has been hurt by the fact that interest rates have escalated way out of proportion. The exchange rate has also had an impact on the welfare of the small business sector. And I emphasize that uncertainty is really a very crucial element, uncertainty created by Government legislation, by excessive regulations and by the complex, counterproductive and regressive tax system which we have.

I believe it is fair to say as well that the banks have played a role in the success or failure of the small business. I do not know whether the banks can be absolutely proud of their record in terms of dealing with the small business sector in recent times. Those of us who go home to our constituency on the weekends will know that many small businessmen and farmers are having difficulty dealing with their bankers, particularly some banks who refuse to utilize the various Government programs that have been created for that specific purpose.

Many small businessmen feel they are discriminated against by the banks by virtue of the fact that there seems to be a double standard. If you are sufficiently deep in debt with the bank you will get treated one way, and if you are at all liquid, they use the hammer. I believe the banks must re-examine their policies and ensure that they do their part in sustaining the welfare and the health of the small business community.

We must do everything we can to create a positive environment. It does not necessarily mean more Government programs. In many respects it could very well mean fewer Government programs, fewer Government regulations and less frustration. What is really important is a genuine change in attitude by Government to encourage the expansion of the small business sector.

Of course, small business is looking for favourable tax treatment. Touche Ross and Partners made a survey of 124 companies across the country which indicated that businessmen would rather have tax incentives, as being the most beneficial form of Government assistance, than grants and a whole host of other programs. I hope that the Minister of Finance (Mr. Lalonde), when he is writing his budget, will look at some of these recommendations. I would hope he would also look at ways and means of removing the regressive elements of the tax system, simplifying the tax laws, and bringing about some reform to our regulatory framework.

These are all suggestions which have been made by the representatives of all organizations associated with small business, including the Chamber of Commerce. As I said earlier, one of the biggest problems is the matter of interest rates. I believe the Government can show leadership and demonstrate that it is responsible in that regard by holding down the deficit and cutting back wasteful and extravagant expenditures. That is clearly an area in which the Government has room to work. Tax incentives are really the key and, as the Canadian Federation of Independent Business pointed out as well in its recent submission, there are ways in which the pools of capital can be expanded through investment under the Registered Retirement Savings Program. It has been suggested that more than $2 billion is presently held in self-administered RRSPs and that 50 per cent of that could be used for the private business sector. There is also another recommendation with respect to the need to encourage the utilization of the registered stock investment plan as another area. We must also have the withdrawal of the 12.5 per cent corporate tax on the distribution of profits. There are, therefore, many things which can be done, and I would urge that the Government consider these proposals in order to help the small business sector.

It is important most of all to re-establish a climate of confidence where small businesses will have the confidence to take risks, to make long-term investments, not expecting their windfall in the next year but somewhere further on down the road. I believe that is a very, very important aspect to consider because small business, if we give them the opportunity, will be in the forefront in putting Canada ahead technologically. I believe if we consider the flexibility of small businesses by virtue of their size and their creative spirit, they are in a better position to take advantage of every opportunity. I do not believe there is any question but that small business can adapt to the technological advances, and in many cases create the kind of new technology which we are looking for and which we need. If we are to survive in the international marketplace—and Canada must export in order to survive—we are simply going to have to produce a product at competitive prices. It is going to have to be a product which is the utmost in quality, and we must have the kind of skills and marketing teams and credit facilities to ensure that we can penetrate those international markets.

The area of computer-aid design and manufacture is clearly an example where small business has heretofore excelled, and it has tremendous opportunity and potential to grow even further. I believe we should be encouraging small business to invest more in research and development. That again can be done through tax incentives, or incentives of other kinds, to increase and enhance technological innovation. I believe we will find that every dollar we invest in research and development will reap us benefits, both in terms of generation of wealth and in generation of new jobs which we in this country badly need. We are going through some very major structural changes in this country today. The manufacturing sector is declining. The service sector is on the increase. There have been suggestions that the number of people employed in the manufacturing sector in North America is going to decline very rapidly. We have to take cognizance of that fact, and I think that here again the small business sector can move in to fill that gap.

• (1440)

In summary, Mr. Speaker, I submit to you that small family enterprises have the potential to utilize the skills and talents of those working in manufacturing today who may see their jobs become redundant in the future. I believe that, given the proper climate, the small business sector can play a leading

role in the development of new products and the improvement of old products. We have excelled in technological advances in the resource and farming sectors. We have gone through a major revolution in the agricultural sector. It takes a lot fewer people today to produce the same amount of food that was produced years ago. Adjustments have been made and agriculture is healthy and survives. We are very skilled in energy development and the forestry sector. However, we have a very serious challenge to cope with in the restructuring of the manufacturing sector, and I submit that small business can indeed play a leading role. But we must encourage the risk taker. We must ensure that the entrepreneur is rewarded for his risk, his hard work, initiative and creativity. If we do, we can unleash the entrepreneurial spirit in this country.

I think we must recognize that fundamental changes are occurring, Mr. Speaker. We must also recognize that it presents us with a golden opportunity, indeed a major challenge. We must accept these challenges and build for the future rather than dwell on the past. A vital component of that effort is a stable, sound and positive climate. Therefore the Government of Canada, complemented by the provincial Governments, can do a lot to ensure that a positive climate is not only brought about, but indeed sustained in order to support the vibrance, dynamism, and spirit which is out there ready to be tapped.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am pleased to rise this afternoon to speak to the Bill to extend the Small Businesses Loans Act. There is no question that this Bill has been put to good use over the years. It has indeed assisted many small businesses in their attempts to expand into new plants, new equipment and new ventures. On behalf of the New Democratic Party I say that we want to do everything possible to ensure swift passage of this Bill.

These days small-businessmen have very little to cheer about, considering the economic climate in Canada. The fact that the small business community lacks many of the safety nets available to the large corporate sector really puts them at a disadvantage in their efforts to acquire capital, market their products, and compete in the national and international markets. When you consider the struggle a small entrepreneur has today in competing against the large corporations and national chains, particularly in the retail sector, along with the multinationals operating in Canada, you realize that the small-businessman has a real difficult time. Nevertheless, Mr. Speaker, they are able to succeed in spite of the odds against them.

It is interesting to note that of the host of federal, provincial and local Government programs available to business, both large and small, 95 per cent of them cater to the large business operation and ignore the small entrepreneur. Again I think that demonstrates very clearly the reason why we in this House have to spend more time addressing the needs, concerns and challenges facing the small entrepreneur.

I listened with interest today as we were told that small business represents 645,000 enterprises in Canada. They account for 42 per cent of all business employment these days and 25 percent of Canada's Gross National Product. I want to add a few things to that list. If one examines the record, one will find that almost all of the new jobs created in Canada in the last two years have been created by the small business sector. This was the growth sector in Canada. The introduction of new ventures and new techniques to the marketplace have come by and large from the small business sector. Most of the research and development that has taken place in Canada in the last few years has been initiated by the small business sector. That sector is virtually 100 per cent Canadian owned, which means that their first and last commitment is to Canada and their community. That is something we in this House have to address more boldly and more often. We know that so much of our economy has its future decided not in the towns and cities of Canada but in places such as London, New York, Tokyo and Bonn. Those people making decisions about the future of Canada's economy are not making them in the best interests of Canadian citizens and Canada. Their responsibility and priority is to the shareholders of their own corporations in foreign lands. It is the small business sector which is committed to Canada, to their Province, their region and their community. That is the kind of commitment we ought to be encouraging more boldly and more often.

I must say that one of the advantages of the small business sector in the recovery we all hope to witness in the months ahead is that this sector is the most flexible of our economy. The small-businessman is able to dodge, weave, twist and turn to take advantages of changes in the economy and economic technology. They can take advantage of new initiatives taken by the federal and provincial Governments. These are the people who are able to move quickly in this changing and dynamic economic world.

Again I would emphasize the need for the federal Government and its provincial colleagues to give more attention to encouraging the small business sector to get it out on the frontier, to be in the vanguard of this economic change. One could go on, Mr. Speaker, and list all the problems the Government has created for the small business sector, but I believe that would be fruitless because they are well known. I want to spend my time identifying what ought to be done to assist the small business sector which is difficult to overcome, and impossible for some. I would just read into the record a short paragraph from a letter I received from a constituent, a letter typical of what we receive these days. It says:

Dear Nelson:

We are all facing a very difficult economic environment, and survival, both personally and businesswise, is foremost in the minds of those involved in the private sector of our economy. Unfortunately, one of the main players involved in the private sector, and a supposed partner to many of us, has chosen to ensure protection of its own interest at the exclusion of the interest of small and medium sized business interests, and in the long term the interests of this country. This main player I mentioned is the Canadian banking establishment.

• (1450)

If there is one element of society that causes problems for the small business sector, it is the chartered banks. When seven chartered banks in Canada represent at least 90 per cent of all banking, the result is a monopoly and an infamous double standard. They are not prepared to do the same for the

small entrepreneur as they are prepared to do for corporations such as Dome, Massey, Chrysler or Maislin. They are prepared to renegotiate loans for large corporations and will fall over backwards in order to assist them, but they have demonstrated an insensitivity toward the small businessman in financial difficulty. That is hard to understand when one considers the role that small business plays in the country. The banks call their loans prematurely and then the small business entrepreneur has difficulty in getting the banks to explain why this is done so that it can be avoided in future.

The small business entrepreneur is often asked to guarantee a loan that he applies for. A recent study conducted by the Canadian Federation of Independent Business stated that the typical small business loan is guaranteed to the extent of 295 per cent. What is the risk to the banks when the typical loan is guaranteed to the extent of 295 per cent, Mr. Speaker? Hon. Members are well aware that many loans to the small business sector require to be secured to 300 per cent, 400 per cent and even as high as 500 per cent of the value of the loan.

With that kind of security it is wrong for the banks to claim that they are involved in a risky business. Perhaps there is risk in their dealings with large corporations, but they are always anxious to lend hundreds of millions of dollars to the Dome Petroleums of the world, knowing that ultimately there is no risk because the Government will come to the rescue if they get into difficulty. If difficulty does arise, then the banks turn to the small business community and start pulling loans in prematurely in order to keep up their cash flow. That is the kind of double standard to which I referred earlier.

Overlapping guarantees are often required. Corporate guarantees are often required to double up with personal guarantees or mortgage guarantees or property guarantees or security guarantees or joint and several guarantees. A loan to a small partnership may be secured 100 per cent by one partner, 100 per cent by another partner and 100 per cent by yet another. It may be secured many times over so there is no risk to the lender.

The banks are famous for passing the buck. One may discuss a problem with a junior official with a bank who says he will take it to the senior partner. That partner says he will take it to the regional director. The regional director says that he will take it to head office. Head office sends back the message that it is standard banking practice. They pass the buck so that it is difficult for the small entrepreneur ever to get an answer or identify the reason for the difficulty with the loan.

I know that the Minister of State for Small Businesses and Tourism (Mr. Rompkey) is concerned about small business and has been anxiously waiting for the Small Business Development Bond or the Small Business Bond to get introduced by way of a tax measure. I give him credit for good and honourable intentions. But the Canadian chartered banks refuse to co-operate with the federal Government. They refuse to offer the Small Business Bond to those small businesses that are experiencing financial difficulty. It is virtually impossible to get a Small Business Development Bond these days. Despite the best intentions of the Government, the chartered banks toss the legislation out the window because they are not interested. I suspect it betrays their true interest in the small business community.

I should like to identify a few areas which I think the Minister of State for Small Businesses and Tourism and the Minister of Finance (Mr. Lalonde) ought to consider when drafting the next budget. The Small Business Development Bank should be restructured. It could be made more efficient and more sensitive to the needs of the small businessman. I should like to see the CASE Program strengthened and the banks providing risk and venture capital with equity options to a greater degree. The SBDB could be used as a clearinghouse for all federal programs of interest to small business, and perhaps that service could even be provided to the Provinces in which it is operating as well. The grant application process and funding procedures could be streamlined to allow the small businessman to acquire capital more quickly and regularly.

I should like to see a revision to the Bank Act that would ensure that a certain proportion of funds is set aside for loans to small businesses at acceptable and reasonably interest rates. Other countries realize the value of the small business sector and recognize that funds must be set aside so that the small entrepreneur can acquire cash for various ventures at rates lower than the going rate. This would encourage the small business sector, and the Bank Act could be revised to achieve this.

I should like the budget to include a real commitment to "buy Canada". In the United States we see a "buy America" policy in both the private and public sectors. A "buy Canada" component in the public sector and private sector would give encouragement to the small entrepreneur. It would light the fire under the small business community and present it with opportunities that it does not have at the moment. I should like the next budget to make money available for research and development in the area of the small entrepreneur. I should like to see mechanisms in the next budget to unleash the billions of dollars lying in Canadian savings accounts and make those moneys available for investment in small Canadian corporations. This would develop Canadian resources and would allow Canadians to make decisions that are in the best interests of the country and the community.

The federal Government should provide assistance for marketing new products and existing products overseas. The small producers could thus become more viable.

I should like the federal Government to encourage co-operative business ventures with a concept that would focus on financing services as well as marketing services. Co-operative services could be useful at the start-up stage of small businesses and for the first year or two. They could benefit from new and up-to-date office equipment and technology without the need to purchase these outright.

I think it is necessary for the Government to seriously consider reducing the amount of red tape that binds small business. The small businessman quickly becomes discouraged when he sees the tax forms that have to be filled. When an

individual sets up business for the first time and receives a flood of forms to be filled out weekly, monthly or quarterly, it is too much for him. For the small operator it is too much, particularly in the incipient stages of an enterprise.

• (1500)

I would like to see the budget include financial incentives for small businesses to maintain and to revitalize Canada's small communities. It is important that Government initiatives encourage the maintenance of small community businesses and work against the trend we see of moving people, facilities and businesses into larger metropolitan centres. It should take steps to encourage the small-business sector we find in Canada's small villages and towns to stay in place and remain as vital organs of their communities.

I would like to see the Minister of State for Small Businesses and Tourism (Mr. Rompkey) bring forward a Bill soon which would recognize the fact that Canada's small business is a federal tax-collecting agency. The federal Government should find ways and means of compensating small businesses for their collection of federal sales tax from which the federal Government benefits exclusively.

Most Provinces recognize that small businesses provide a tax collection service, and the federal Government should now follow suit. I believe that many steps could be taken which would provide incentives, encouragement and support for the small-business sector. A simplification of the existing tax laws as they apply to the small-business sector would be a step in that direction. As I indicated, the removal of the red tape required of small businesses would be another step in that direction. But, most important, one gets the impression that the small-business sector of our economy is not a priority with the Government.

I am not necessarily saying that it is not, but the perception in the land is that the Government is quite prepared to invest hundreds of millions—nay, many billions—of dollars to assist large corporations. When it comes time to expend money to provide assistance even to small businesses in dire straits, to money is slow in coming. Therefore, one gets the impression that the federal Government is not particularly interested in supporting small business.

While small businesses today have little to cheer about, they should and could have a great deal to cheer about. When we consider the natural resources which abound in virtually every region of Canada in one form or another, when we consider that Canada as a nation has more energy alternatives than probably any other country in the entire world, when we consider that we are a well educated, well trained population in terms of having a populace which is able to take advantage of the newest and most exciting technologies available, and when we consider that we have capital in this country—and I want to emphasize that point—to support new business ventures that in fact would result in a full employment option for Canada becoming a reality, we realize that all we lack is the will. When we add together the natural, human and capital resources, we realize that we lack leadership and the will to succeed. Perhaps this is a small step today. By seeing the Small Businesses Loans Act extended for small businesses in Canada for another period of time and with the pending budget, let us hope and pray that the federal Government will see this as the beginning of the process of supporting, nurturing and encouraging the most vital sector of our economy, the small-business sector.

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, it is a pleasure to rise to speak on Bill C-144, to extend the Small Businesses Loans Act which is part of the heritage of the Diefenbaker administration. Also it is a pleasure to see the marvellous conversion on the part of the New Democratic Party to the small-business community.

I listened with great interest to the Hon. Member for Kamloops-Shuswap (Mr. Riis). I believe he meant every word he said with respect to small business. It is a tragedy that he cannot bring Members of his Party along with him into that policy. On the one hand they want to see small business succeed. In fact they want it to succeed so well that it stays small, because if it ever grows, they want to nationalize it and punish success. It is a mystery to me how the Hon. Member could say in one of his closing sentences that the country lacks a will to succeed. Then when the business succeeds they want to punish it, as I heard this morning during Question Period—punishing profit, which is one of the dirty words in the lexicon of the New Democratic Party. If we look over their policies from their annual conventions, we find that they have such a profound commitment to no growth, whether it is energy, profit or whatever aspect of the economy, that their entire policy is really the cruise missile of the Canadian economy; they will search out and destroy whatever they can if it gets anywhere. The question they have never answered is: If a small business does what they want it to do—succeeds, makes a profit, grows and multiplies—at what point does it become a wicked, wicked enterprise?

Mr. Riis: Do you not have anything positive to say? At least we have something positive to say. All we hear from you is doom and gloom, whine and snivel.

Mr. Friesen: That is a question they will not answer. I know the Hon. Member for Kamloops-Shuswap wants to interrupt. He is entitled to do that because he has to speak on behalf of his entire caucus, but very few of his caucus share his point of view with respect to small business. As the Minister of Finance (Mr. Lalonde) rightly observed this morning, the Hon. Member for Kamloops-Shuswap is wearing blue and grey today. That is appropriate.

The Bill we are debating now, while it was introduced originally by the Diefenbaker Government, has changed in its purpose. Originally it was geared to helping small business expand and prosper. Now I think it is necessary to rescue small business. That is a tragedy. I recognize that part of this is because of the general economic malaise around the world and that, therefore, small business has a peculiar problem and cannot compete as well as large corporations.

The Bill we are discussing today is exceptionally important in that it provides borrowing power at 1 per cent above prime. This is an important resource for the small-business community. The Hon. Member for Kamloops-Shuswap is quite right; perhaps that is the main reason the banks try to keep it a secret. They do not want to lend money at 1 per cent above prime.

While borrowing capacity is one of the problems facing the small-business community, the more excruciating problem is the cost of capitalization or of buying. A dairy farm in the Fraser Valley costs about $1 million or a sizeable, good, efficient fishing boat on the Pacific Coast costs about $1 million. When money has been invested in a farm, a boat or some other merchandising business, the business is competing not only with other farmers, other fishermen or other merchants, it is competing with the Government. The competition is not necessarily in merchandising, it is also competition with Government regulations. We multiply the risk which the small-businessman takes when he invests his $1 million, and while it is good that we can provide this 1 per cent above prime opportunity to business, there are other problems. It is a tragedy that that businessman then faces the hurdles of all of the Government regulations and all of the hoops through which the businessman has to jump.

• (1510)

The real solution for the small-businessman is not so much borrowing capacity as it is profitability, to make sure that he can get an honest and sufficient return on investment. If you cannot get a profit on what you have invested, why borrow? What is the purpose of this Bill? There is no doubt that the general malaise in the market plays a very important part in the difficulties facing the small-businessman. The real problem is that the Government itself is antagonistic toward the small-businessman.

I have a few examples to show what some business people have faced. These I have encountered in the past year. A small business in my community specializes in the installation of sun decks. The name of the company is Ensurco. A number of months ago the head of the company wrote to me regarding a refund of duty and taxes. This company specializes in sun decking, and it has faced what many other small companies have faced, a downturn in the market. This downturn in the market is particularly evident in the Lower Mainland of British Columbia and it had a devastating impact on the housing industry and the saleability of homes. This company bought inventory on the expectation that it would be called upon to do a lot of work. But houses sat empty, lots were undeveloped and the company was stuck with its inventory.

Let me read into the record what this businessman faced as a result of the Government's attitude. He wrote:

> We import vinyl sundecking materials from General Tire and Rubber Co. This particular shipment in question was found to be exceptionally baggy and almost impossible to work with. Unfortunately, because of rather large inventories already on hand, and the fact that we move our old inventory out first, it took a number of months to discover the defects. Even then, it was only that our dealers to whom we sell the product, complained it was causing them undue hardships applying the product. We immediately applied for a credit from our supplier which eventually came through to the tune of about $7,000. We assumed that once the credit came through we could apply to Canada Customs for a refund on duties. By this time well over six months had elapsed. Because of the relatively large size of the claim, our manufacturer had to have someone verify the problem, causing some additional delays. By then, we had given credits to our dealers (who had already purchased the product) for approximately 50 per cent of its value, and had arranged to sell off the remainder of the inventory for approximately the same. When we finally applied for a refund, we were told there was a 90 day limit after the original import of the goods to register a claim. If we did not do so, we were simply out of luck. While we understand that ingnorance of these rules and regulations is no defence, we still feel we have a reasonable right to expect a refund. In a telephone call to the Dominion Customs Appraiser's office a number of months ago, I was informed that there was a special section (462B) of the Customs Act which gave some discretionary powers to the Appraiser to allow a refund if the 90 day time limit has passed, so long as the two year limit is not yet up. I have pursued this with Revenue Canada, but unfortunately been unsuccessful.

The answer of the Minister of National Revenue (Mr. Bussières) was: "You are absolutely right; there is a special discretionary power and we will send you the regulations". About 30 pages of regulations and application forms arrived. But unfortunately, under another Section of the Act, I think Hon. Members know that if officials of National Revenue are confronted with the regulation that seems to give the businessman a way out and he might be able to get the refund, National Revenue always manages to find another regulation which countervails the original one and the Government gets to keep its money. Here is a man trying to keep his company together, struggling to keep it afloat and his enemy is not only the economy but the Government. The Government is fighting him.

I have another letter from a company called Madison Sales Ltd., Burnaby, B.C. This gentleman writes, in part:

> The remarks in M. Bussières' third paragraph indicates to me that he is blissfully unaware of the struggle businesses of any type or size have in maintaining a position in the marketplace, or meeting their obligations—particularly in such times as these. His lines reading "The annual report will provide my department with the information necessary to recommend legislative changes, develop appropriate audit programs and assist in the development of tax policy" is a classic bureaucratic summation of where they consider priorities are standing. I also note that we are "Licensees".
>
> I agree that we legally have to complete this form. Whether we will remains to be seen, as under the present circumstances we will be fortunate indeed if we are even in business by this time next year. The threat of imprisonment is, of course, to be expected. This is, after all, the "Land of the Free". Perhaps we should start our National Anthem with the words "Oh—Canada" instead of "O Canada."

I have yet another example. I began dealing with this issue probably nine months ago. It deals with the Canadian West Coast Publishers Limited. Here is a small company providing about nine jobs. It went into business to publish information for the Chambers of Commerce throughout the Fraser Valley. They put out a brochure to help the chambers of commerce in each locality publicize and advertise the attractiveness of that community to future business. There would be a 10 per cent excise tax on that type of work. As soon as the Department of National Revenue saw what the Department thought was a tourist information bureau, it became taxable. That 10 per cent made the difference between making it or breaking it.

I started to negotiate and mediate between that business and the Minister of National Revenue. At first there seemed to be a glimmer of hope. As I said before, there was always another

clause which countervailed the original one. Soon my constituent, the businessman, realized that there were several other publishing companies doing identically the same thing he was. In fact, he tailored his masthead on the publication to suit the conditions and terms laid down by Revenue Canada. As soon as he did that, National Revenue found another reason why he did not qualify under the terms and conditions. He found several other businesses doing the same thing. But Mr. Speaker, National Revenue replied: "Sorry, you still do not qualify. What we will have to do now is to punish the others you have discovered on our behalf." That shows the antagonistic attitude of this Government toward businessmen.

I have another example. I had a businessman call me a few weeks ago. He was operating a branch company in my community. He had a young man come to him begging for work. He kept coming back and asking whether there was something he could do. The businessman scrounged around the company and said: "I think I can find some work as long as there is no additional bookkeeping overhead for me so I can justify you to head office". The businessman called National Revenue downtown. It did not matter what kind of a formula he devised for National Revenue because it never was adequate to enable him to hire this extra person without creating extra expense for himself.

• (1520)

I finally told him that I believed one should adopt a different approach to National Revenue. One should not call National Revenue to ask if what one wants to do is acceptable; one should call them and say: "This is what I am going to do. What is the best way of going about it?" If National Revenue is given the opportunity to say no, they will do so. That is their style.

As I said at the outset, it is probably beneficial that we are passing this legislation and providing these additional borrowing opportunities for the small business community. The necessity for this legislation becomes evident when one reads headlines such as the one in the Ottawa Citizen of March 15 which says "Bankruptcies in Canada Rising"; or the headline in the *Gazette* of January 18 which says "Liabilities Double in Bankruptcies"; or the headline again in the Ottawa Citizen of January 18 which says "Bankruptcies Up 33 Per Cent in 1982". We must support this legislation but it is a tragedy that the Government does not realize that the real problem facing the businessman is not so much the ability to borrow but the ability to make a profit which, in turn, rewards him and enables him to stay in business.

Therefore, while we will pass this legislation and welcome it, we realize it is not the solution to the economic problems facing Canada today.

Mr. Bill Kempling (Burlington): Mr. Speaker, while we are pleased to see this Bill come before the House, it was necessary in order to continue the life of the Small Businesses Loans Act in any event.

The small business portfolio could be one of the economic recovery engines for the months ahead. To be effective, however, it must go far beyond the present limits of the Act. Most small businessmen who could utilize this Act need operating funds. They have been ravaged by high interest rates and other increases in expenses that are beyond their control. Such expenses as insurance, telephone charges, Unemployment Insurance premiums, workmen's compensation, gasoline taxes, municipal taxes and so on have all contributed to the dilemma confronting a small-businessman. Therefore, this Act should be amended further to allow funds borrowed under this Act to be used for operating expenses. When one sees the dimension of the real crisis facing the small businesman, I am sure Hon. Members would agree with that amendment.

To a minor extent, the problem they are facing is aided by the Small Business Development Bond. This instrument is only used after a business is threatened with a cut-off of operating funds from a bank. It is last ditch or dire straits legislation—to coin a current phrase—that is utilized if time permits. That time is the period before the bank closes down a business.

One needs only to look at the bankruptcies in the 1980-82 period to appreciate the crisis. In 1982 there were 10,765 business bankruptcies, 410 farm bankruptcies and 30,463 personal bankruptcies. The amount of losses through business and farm bankruptcies in 1982 was $2.33 billion. Personal bankruptcy losses would be in addition to the business and farm losses.

Some of these people will make it back into business and some will not. Our concern should be to see that the survivors, those who are still conducting business, continue to survive. We should also see that those who have gone under or have become bankrupt and seek another chance are able to find a financial atmosphere to accommodate them and provide a lesson from their unfortunate experience.

The small businessman desperately needs the ability to restructure his balance sheet. The sooner this is accomplished, the sooner revenue in the form of taxes from profits will flow. We are all aware today that Government revenues are substantially down from what was anticipated. Regardless of the cause or the politics of revenue decline, the fact is that it must be replaced in some measure if economic recovery is to be sustained.

You will note, Mr. Speaker, that I am not talking about massive Government grants or hand-outs to small business. Most would reject this approach in any event. What must happen instead is that the Government must recognize the position of small business in our economy, the contribution it makes to tax revenues and employment stability. It must recognize the importance of the ability with which small business can change direction and adjust to the market, to innovate and adapt in order to survive.

I suppose that aside from being able to conceive an idea and convert it into economic activity from which a profit may be realized, the constant challenge of a changing market is the major stimulation to the entrepreneur. Running small business is an art. It is every bit as creative as painting a picture. To

conceive an idea of a product or service for the marketplace, to obtain the resources and funds that are required to take that first step and to see the venture take hold and grow, is very creative, exciting and satisfying.

In spite of all the gloom and doom that abounds, there are more opportunities today for small businesses than at any time in the last decade. One of the dynamics of a challenge is to turn adversity into advantage. Many businesses have been severely damaged by the recession and many are victims of the times. Most are in difficulty because of the lack of depth in equity investment. I will return to that issue later.

We have entered into another industrial revolution. The advent of computers, word processors and robotics, in addition to the information and communications explosion, have given us the opportunity to adapt this technology to the small business field. The next decade will produce outstanding products that will allow us to serve wider markets more rapidly and efficiently.

Many of the problems that occupied our time in the past decade will be solved by this new technology and we will be able to devote ourselves to producing more and better products. The exciting part of this new technology is that it is available to all sizes of businesses, either by direct purchase, through rental or lease, or through the purchase of a service.

Let us use the challenge for the advertising industry as an example. That industry must adapt to the new costs facing a businessman. More businesses will depend upon catalogues to present their products because the cost of transportation and accommodation will reduce the number of salesmen who will travel across the country selling products to various customers. Order desks of the future will have video phones which will be used to try to bridge the lack of personal contact in the flesh, so to speak. The mechanics of cash flow will be a computer program. The transfer of funds will aid cash flow and keep accounts receivable and payable more current.

In order fully to explore and exploit this revolution, we need some new financial instruments. It may come to pass that the insurance industry will respond to the needs of small business and begin to supply insurance or even funding if it is not available from the banks.

We must move away from the situation where a businessman is squeezed out by a nervous banker. Banks should treat all businesses equally. Collateral must be replaced with other guarantees, or at least downgraded in importance.

Here is an example of the average small-businessman. He has a limited liability company, a line of credit at the bank and a term loan at the same bank. As security, the bank takes his accounts receivable, the personal guarantee of the officers and directors, and then takes a floating charge debenture on all other assets, including inventory, machinery, lands and buildings. The bank usually values the inventory at 30 per cent of its value, regardless of market conditions. It would be sold on a distress basis and the balance of the assets would be sold to satisfy the bank loans. That is a deplorable way to operate, but those are the facts of life today.

• (1530)

This is just madness, so we must create another instrument for financing small business that would put some competition into the equity field. The program sponsored by the Province of Ontario, the Small Business Development Corporation, is excellent. We should have a variety of these programs to cover the small business base of this country. These programs should be initiated by Governments but should use private sector funding. They would inject some good, solid competition into equity financing at competitive rates, which is exactly what is needed in this country today.

The floating charge debenture favoured by most banks is an albatross around the neck of the small business community. Canadians are great savers. We have more money on deposit per capita than any other western nation. We must devise financial equity instruments to shake loose some of that money as a basis for financing small business.

We must take some action on other fronts. Research and development needs a real shot in the arm. Provincial research foundations co-operating with the National Research Council and the federal and provincial Departments of Industry are doing excellent work. But we must go further. The Small Businesses Loans Act should be amended to allow it to be used for the acquisition of a patent, or for the registering of a patent. We could set in place a registered research and development fund that would allow small businesses to accumulate funds for research and development. Most R and D projects die because of the lack of cash. There is no shortage of ideas, no lack of inventiveness, ingenuity, or entrepreneurship. But there is a lack of available funding for R and D in most small businesses. We are holding back the future by not exploiting this fantastic resource.

Mr. Speaker, we have developed a very sophisticated service industry that depends on imported products to a great extent. Much of that industry could be rapidly converted into small manufacturing operations that could generate new products from a combination of equity funds at a reasonable price and a broad thrust into R and D financing, as I have suggested.

How urgent is this, you may ask, Mr. Speaker. I believe it is on the scale of a crisis. Consider again these facts; that Government revenues are falling; that Industry, Trade and Commerce reports our largest firms will reduce capital spending by 8 per cent for 1983, and that follows a 6 per cent reduction for 1982; that manufacturing is only at 67 per cent of its capacity; that bankruptcies are 33 per cent higher than last year; that unemployment is at 1,600,000; that the net job loss last year was 355,000; that UIC benefits for the first 11 months of 1982 are $7.7 billion; that corporate profits are 51 per cent lower in the third quarter of 1982 than a year earlier; and that return on shareholders' equity is below 10 per cent. Last year's data and analysis of the current quarter shows that return on equity is at about 4.6 per cent. That is not a very attractive figure to potential investors.

This is the dimension of the dilemma that we face. If we are going to respond to these stark facts we must take some bold action, not by throwing wads of money at the problem, but by

creating an atmosphere in which the business and industry of Canada can repair the wounds they have suffered over the past few years. This Bill is a small step in that direction. It is not the answer, it is part of a much larger solution. The question is, will the Government respond, or will it shove its head in the sand as it has done so often in the past?

Mr. Speaker, every time I speak on a Friday afternoon I always say that it is exciting to be in the House of Commons at 25 minutes to four, with the gallery vibrating and the people applauding the great speech one is making; but this is a very serious matter. I hope that the Minister will take note of the comments that I have made. I am a firm believer in the small business sector. I believe it is the engine that will enable us to turn a lot of the things around in this country. I do not believe that this is an area that needs an awful lot of money thrown at it. I think it needs an atmosphere that the Minister and the Government can help create. I think, given the proper atmosphere, that business will respond; and when you look at the stability that the small business sector gives to the labour force, you begin to realize how vital it is that it becomes stimulated and activated again.

The major thing, Mr. Speaker, I say to the Minister, is the lack of operating funds and a competitive equity base for the small business sector. Given those two things, I am confident that small business will respond to it and will play a major part in the turn-around of our economy.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, I am pleased to rise after the Hon. Member for Burlington (Mr. Kempling) who gave a great address on the Small Businesses Loans Act. This act has been in place for over 20 years now and it offers loan guarantees to small businesses which can meet various regulations that are put forward in the Act.

When we look at the statistics that have been put forward, we find there is a difficult problem in the country. We see that there are more and more bankruptcies and small businesses which are having difficulty meeting their payrolls. With the interest rates difficulties that we have just gone through, many businesses drew down a lot of the savings that they have been able to build up in the last number of years. That is still the sector that is capable of generating new jobs in the fastest way in our society. It is responsible for over 40 per cent of our business activity now and 25 per cent of our Gross National Product. It is the sector, as I said before, that is capable of quickly helping the over two million people who are unemployed or who have quit looking for a job, and is providing the opportunity for many of our young people to get into the work force.

When we talk about loan guarantees, we have to be a bit careful because, as I have watched this Government over the past two or three years, I find that more and more of those loan guarantees are going out in substantial amounts to one or two large companies who have found themselves in difficulty. We all recall the loan guarantees that have gone to Massey-Ferguson, to Chrysler, recently to Petrosar and Petromont, Maislin Trucking, and a very large one to Dome Petroleum. These loans have put a tremendous strain on the capital that is available in banks to other sectors, and I am afraid that because of this kind of strain on the banking system and the amount of capital available many small businesses which could have found themselves capable of getting loan guarantees under this Act are not getting those guarantees.

With regard to the other statistic showing how much our banks have out in loans to other countries as well, as was pointed out in a recent *Time* magazine article, the western world has some $706 billion out in loans to Third World countries and enterprises. Many of those countries are not capable of paying those loans back today, and they are in default of payment.

This does not bode well for small businesses. Many speakers previously have read letters from their constituents, and I could do the same. Businesses are having problems and are unable, despite all the Government programs, to get the kind of assistance that can get them through a brief period of difficulty.

In passing this Bill and putting in place an Act such as this, we should be providing an instrument specific to a small business or an individual. This obviously should allow Government to foster the policy of giving loans to those who truly need them. This points to the fact that the businesses that really require this type of assistance should be accurately identified in order to avoid missing a target that we put forward in this House of Commons and wasting the limited finances that we have, as a Government, to assist small businesses.

• (1540)

Yesterday we talked about the Small Business Development Bond and how we should monitor it. Yesterday I asked the Minister a question about it. He did not give a very satisfactory answer. I suspect the same will be true of this Act. It is being left entirely in the hands of the banks to make decisions on our behalf. Perhaps we can qualify that. Maybe that is the way we ought to do it. I would like to think that we would check from time to time to make sure that small-business persons going to those lending institutions to apply for a loan under the Act are not being turned away by some superfluous argument which they are not able to defend themselves against.

I have sat across the desk of a manager of a lending institution. I know how quickly they can state whether or not they will make a loan. It is very difficult to argue with them unless you study intensively the regulations they are using. Most small-businessmen applying for this type of loan are not familiar with the regulations under which they are applying. If the bank manager does not have the capital or is reluctant to lend money to that individual, he can easily pass him out the door.

I like to think when we have specific legislation such as this that we would target that incentive in the right direction. On the other hand, when speaking about the Small Business Development Bond yesterday, we pointed out that many of the banks and lending institutions use these instruments which are

put at their disposal by Government to assist those businesses which are in the risk category, not in the category of defaulting, but in that area where, if given assistance, it will put them in a good risk category. That is happening to a large extent with the Small Business Development Bond. I would like to know whether that may be happening to those who apply under the Small Businesses Loans Act.

The guarantees that we are offering should not interfere that much in the marketplace unless they are given to very large companies where huge amounts of capital go into the hands of one individual. The cost to Government of this kind of loan is almost nothing, unless the loan is in arrears or is defaulted. In my opinion, it is better to go forward in this manner than with a direct loan from Government to business or in the direction of taking some equity position in a business.

This type of program is appealing. There is very little Government bureaucracy attached to it. If Government has some small monitoring mechanism to ensure the lending institutions are following the regulations that Parliament would like, this Bill can be a very effective instrument.

This Act was put in place over 20 years ago to assist small businesses to expand. That should be one of its functions today. We are also in the position today of assisting small businesses to survive. I hope we look at expanding some of the regulations of this Act to assist in that manner. One way that was discussed was to allow the banks and lending institutions to use this Act to assist businesses with operating capital.

What has happened often in recent months is that banks which have been carrying on business have been cutting off that operating capital. I can give the example of a sailboat company. Most sales are in the spring and summer; it has difficulty maintaining itself over the fall and winter. This company is having its capital cut off. As a result, it is being forced into insolvency. It cannot continue to operate and must go into bankruptcy, selling off the boats at a very small amount of their value. It is very sad. If that business had been allowed to exist for a few more months, it could have probably continued. If the economy is in an upturn pattern in the next number of months, it could have been a very viable business on into the future.

In the last year or so, many small businesses have been contacting their Member of Parliament asking what to do when dealing with companies, large or small, that are going bankrupt. I received a call just last week from one such company. It had done $50,000 worth of business with a fairly large company in the city of Edmonton. That company has gone bankrupt and is asking creditors to accept 25 cents on the dollar. That is very difficult for that small business. In fact, it may drive it into bankruptcy, as I suspect this kind of situation has driven other small business into bankruptcy in the last few years.

This small-businessman suggested that we develop a system to protect small businesses against going into bankruptcy and losing a large amount of capital. He suggested setting up a bond system. When they do business with the Government, they have to be bonded to ensure they are capable of paying the contractors working for them. You do that by taking out an adequate bond to cover the contract with the Government.

He suggested requiring small businesses to take out bonds to cover contracts with other small businesses. In that way, they would be secured. If they did not have a bond, they would recognize that they are taking a risk. It would then be up to that business as to whether or not it entered a contract. This is an interesting suggestion that might be explored. I discussed the difficulties with him. It is a suggestion that could be implemented in a very positive manner.

In difficult financial times companies have trouble expanding their business. The whole area of new venture capital and new equity capital causes many difficulties for small businesses. New businesses are very vulnerable for the first number of years. That has been pointed out in a very cruel fashion in my constituency in the last number of years.

In 1979 and 1980 the oil business was booming in Alberta. Many small businesses developed quickly to take up the jobs available. Industrial parks around the Edmonton area expanded very rapidly. Canadian entrepreneurs left large companies, Canadian and foreign, and used the expertise they had built up to start their own venture. They were very successful until the National Energy Program hit Parliament and this country, and the results have hurt those businesses tremendously. They were unable to survive and went out of business in large numbers.

• (1550)

There is a crucial stage when a new company starts up and that crucial stage can be very severely affected by such things as Government interference and Government budgets. In 1980, the Association of Canadian Venture Capital Companies took a survey of some 62 venture capital recipients. The survey showed that risk capital investments in young companies generated significant streams of benefits in the first number of years. With respect to companies founded between 1976 and 1979, each $100,000 of equity capital invested to 1979 produced an average of $310,000 of exports, $10,000 of expenditures on research and $44,000 in corporate, property and personal income tax. That is significant for an investment of that size.

Surveys which the United States has taken show that almost 80 per cent of all new jobs were created in the last number of years by young firms in the age group of zero to four years. Therefore, most of the new jobs in that country have been created by small businesses which have started up in the last few years. They have not been created by large companies and have not been created to any great extent, in the United States at least, by Government.

In Canada, ventures have chronically suffered from lack of risk equity capital. The more successful a company, it seems, the harder it is to raise additional venture capital or to finance its growth. That, certainly, has been the case during this recent recession because it seems like that type of capital has virtually dried up. One of the reasons must be the recent budgets which have come forward in this House of Commons.

We have just had forced upon us closure on Bill C-139 which may cause many difficulties. I will not speak again about the Small Businesses Development Bond because we went over that a number of times. If we look at interest deductibility, where interest on funds borrowed to acquire shares in taxable Canadian corporations is only deductible up to $10,000, we see that ceiling restricts the Canadianization of companies which need investment capital in this country.

On capital cost allowance, the deduction for depreciation is limited to half the normal write-off in the year in which the asset is acquired. That causes difficulties. The original budget banned all reserves for payment of taxes on sale of property. Now we have three-year reserves allowed, but it still makes it difficult for business to make large capital purchases because payments cannot be spread beyond that three-year period.

With respect to annuities, these, of course, bring me close to my constituency because many farmers have used these annuities to assist them in paying the tax, which rips them off for their pension funds which they have worked so hard for all of their lives. Capital gains tax, in my opinion, should be abolished, but since it is there the farmers were able to use the annuities. We now have those funds diverted from the private sector where they have been invested and put into Government coffers where they are gobbled up, and who knows how they will be used to benefit those farmers and business people. And I could mention the 12.5 per cent dividend tax position.

There are many, many examples in the last number of budgets which have caused great difficulty for small businesses, especially in these hard economic times. What my colleagues and I are saying here is that we approve of this Bill. We hope that it could be expanded, but we also want to impress upon the Government the things which should be done to assist small business, the capacity of small business to create jobs, and the ability of small business to get this country going again in the near future.

Hon. Ron Huntington (Capilano): Mr. Speaker, Bill C-144, as we have been told, really extends to 1985 the $1.5 billion borrowing limit which expires this coming March. We on this side agree with this extension. We all know that there is a limit in terms of the clients eligible for loans insured under the Small Businesses Loans Act, with $1.5 million in sales being the ceiling. Therefore, in fact we are dealing with a true and accurate definition of the small business community.

Some of the history of the Act is quite interesting. In 1977, which was before the banks had an incentive to make loans under this Act, there was a total of 4,800 to 4,900 loans authorized. The amount of loans authorized at that time was in the order of $96.5 billion. The average size of the loan was in the order of $19,700 and there had been 72 claims paid under the program at that time, for a cost to the Treasury of $632,000.

Then, in the wisdom of the House, we decided to make it 1 per cent above prime for the banks, and the banks finally had an incentive to use this insurance and to make available very important money to the innovative small business sector which wanted to take a chance in the marketplace. We then started to see a rapid escalation in the use of the loan. Loans moved from 4,900 to 7,300 in 1978, then to 10,700 loans in 1979, and in 1982 the last figures show that there are 16,500 loans authorized under this Act, for a total since its inception of 116,500.

History shows that the Act is of value and it is starting to be used extensively. From 1977 we have gone from $96 million to some $427 million of loans authorized. The average size of the loan has grown by only $5,000. We have escalated progressively through the years. The number of claims paid have increased from 72 in 1977 to 444 in 1982. Losses to the program in 1977 were $632,000 and these increased to $8,800,000 in 1982. Those are the preliminary figures to November 30.

It is interesting, Mr. Speaker, to look at the estimates for the program. In 1981-82 they were $2.5 million and the forecast halfway through the year was for $9,300,000. We can see, therefore, the effects of the high interest rate policy of the monetary system of this Government on the small business sector. We note in the Estimates for 1983-84 that it expects to spend $13 million on the program, so the Minister and the Department of Industry, Trade and Commerce are certainly anticipating a continuation of the very troubling situation which exists out in the community.

One of my colleagues gave some figures on bankruptcies so I do not have to read those figures back into the record, but I must say that bankruptcies—and not just the formal bankruptcies—are at a very serious rate of escalation, with all of the human tragedy which they cause. Because of Section 178, which in our wisdom we put into the new Bank Act, we have now moved into an era of soft bankruptcies, where the bank, before one of the creditors of an organization triggers a bankruptcy, can move in with receiver, charge the cost of that receiver to the operation, and literally take over the cash flow of the business.

• (1600)

In spirit and intent this is a pretty good move. However, I guess like most Members I have spent hours each week involved in pretty tragic cases of businesses going down the tube when really what they need is some bridging time to get over the loss of working capital and retained earnings caused by a combination of two factors. One was the rapid escalation in interest rates, up over 24 per cent, which in turn began to slow down the world economy. Those organizations forced to pay that kind of an interest rate found themselves with inventories which were not turning over as fast and the financial liquidity of the business community was lost to the banks.

Now, I am an individual who has always respected the rule book of the banks. I do not expect the bank to lend me depositors' money without totally protecting themselves and reducing the risk to a minimum. That is why this Small Businesses Loans Act type of insurance is so important to the high-risk entrepreneur venturing into the marketplace. I think it is one of the healthier programs we have. Frankly, I think it should

be available through, and administered by, the Federal Business Development Bank.

Perhaps the Minister in his wrap-up might tell us what has happened to the study his predecessor started on the financial requirements of the small business community. I can remember having delivered to my office about 22 packages of paper on the various studies. I think they were started even prior to my occupying that portfolio. All that paper was finally made available to us and then the Minister's predecessor started to examine the study to find out just what it was that the small business community needed. I am wondering if he would be good enough to report on the progress of that study, as long as he does not need another study to find out what the progress is. I have mentioned the changes in the nature of receivership and all of this should be part and parcel of the study they are dealing with in that ministry.

As you and most of my colleagues in the House probably know, Mr. Speaker, I am basically against Government intervention in the marketplace. I really believe that the free market system, the law of supply and demand, if respected and adhered to, provides one of the most effective filters for inefficiency, and for those who take a risk and lose, which is available without real cost to the community. You can take a chance. You can do your assessments and appraisals. Through the Federal Business Development Bank you can hire business advisers, and if you have any moxie at all in assessing your investment risks, then you should be able to get money from the chartered banks under this program or through the FBDB as a lender of last resort.

I would like to see us have a debate on the FBDB some day and remove the banks' lender of last resort status. I think they have a magnificent staff, expertise, and if given the chance I think they probably could come up with some very vital answers if the Government truly wants the small business sector, the entrepreneurial sector, of this country to work. If you are going to intervene in the marketplace, Mr. Speaker, you should do it in a constructive way. The Government should not intervene with financial guarantees and assistance unless it does a study to find out what the root of the problem is in the marketplace and the financial community.

It is not good enough for the Government to give a $34 million loan guarantee to a company like Maislin after the Prime Minister (Mr. Trudeau) attends a ballgame sitting in a private box. If memory serves me right, Mr. Speaker, the problem was that Maislin wanted to buy and did buy a trucking firm in Wisconsin. They stripped themselves of working capital to make the purchase and then the trucking firm got caught in the deregulation policy of the U.S. Government. Their cash flow just went to ribbons and all of a sudden the Canadian parent company is in trouble. But then it has the ability, through its friends right to the highest offices of the Government of Canada, to have the people of Canada guarantee a $34 million loan.

As a result of questions this week in the House we found out that the Government has not had a capable observer on the Board of Directors, and that it is likely Maislin is going to become a terminal case unless they can get another loan guarantee. This kind of intervention, Mr. Speaker, is totally negative. Not only that, it is immoral and absolutely angers everyone in the marketplace. None of the people who are served by the Small Businesses Loans Act have this kind of access.

Small businesses have been built up into intermediate size businesses. They have very successfully generated large payrolls from which are deducted a lot of income tax. Some of them are in trouble today and in receivership and none of them is being given any kind of courtesy approaching this kind of insider trading, so to speak.

Look at the loan guarantee to Chrysler, Mr. Speaker. I was in Detroit in 1967 on a tour of the auto plants. At the end of the tour I had to rise to my feet and give my impressions. In 1967 my impression was that Chrysler would not survive the decade because it did not appear to be plowing its earnings back into plant modernization and product development. All the major automobile companies in the Detroit area refused to recognize that ten years down the road this world was going to become energy short and that we could no longer afford to drive around with the unnecessary weight of these great tin cans. All you had to do was look at Asia and Europe to know what we in North America were going to be facing in ten years. Yet what happens? We do not recognize the root of the problem.

These megacorporations worship the balance sheet. They do not think of the interest of the country and they did not realize the social and energy needs of the nation down the road. The industry was a loser ten years ago and it is obviously a loser today unless it is able to equip itself with robots and improve production and quality to match that which is coming out of Japan in the automobile sector.

Look at a company like Massey-Ferguson. It has been a pride and joy to this country. It was part and parcel of the farm community down through the years. Yet we see dividend distribution, weak management, lack of modernization and market forecasting, and then we watched that company get into so much trouble that we had to go and bail it out with a Government Loan guarantee. None of this courtesy is extended to the small and intermediate sector. I could give chapter, litany and verse on Dome, which got into trouble. In each case that I have mentioned, the banks had a too high percentage of their equity invested and so they were at risk if companies like Chrysler, Massey and Dome went under. Of course, the Government moved in to save the banks.

• (1610)

Why has the Inspector General of Banks allowed the banks to grab the big loans that yield the highest profits and the lowest administration costs, instead of ensuring that the risk is spread over a broader market? The big companies which have been guilty of all the sins of imperfection and bad management have been bridged. It is time that the House considered a bridge for the small businessman and for the intermediate sector.

If we are going to consider bridging, Mr. Speaker, we will have to take warning from the intervention and efficiency study of the Economic Council of Canada, 1982. It points out that the Government cannot bridge or intervene in the market financially unless it gets to the root of the problem.

Today we are talking about the small business community so let us see what problems are shown in the survey done in 1982 by the Canadian Federation of Independent Business. It found that the number one problem bothering the business community was interest rates. This was identified as the number one problem by 65 per cent of respondents. Slower than normal business was identified by 52 per cent of respondents. Naturally this means that the turn-around on inventory does not generate the cash flow that is needed to cover the high burden of interest rates. Government tax burden was identified as the problem by 48.6 per cent of respondents. No one in the business community wants to escape taxes but they can pay more if they are assisted to earn profits. Inflation was identified as the main factor by 45.7 per cent of respondents. It now ranks fourth in importance in the eyes of the small business community. Government regulation and paper burden was identified by 43 per cent.

I ask the Minister, through you, Mr. Speaker, what happened to the years and years of work done under four successive Ministers in the secretariat that deals with the paper burden problem? The incumbent Minister, who was formerly Minister of National Revenue, must know what the Department of National Revenue does to the business community. His predecessor, who now sits on this side of the House, was amazed at what he found. We were co-operating on studies of ways to clean up the Department of National Revenue and reduce its arbitrary interpretation of the Act. Small businessmen have been dealing with the Department for years and doing things in a certain way and then, all of a sudden it is zap, a new interpretation and they are frozen. A businessman may have an inventory on which he is paying high interest rates and then find that the Government has put a new interpretation on an existing regulation. That kind of instability with the normal flow of business interferes with the tax revenues that the Government needs to collect from business. The tax collector thinks he is grabbing when actually he is throwing water on the coals with this type of behaviour.

The Acting Speaker (Mr. Rose): Order, please. I regret to interrupt the Hon. Member but his time has expired. He may continue with the unanimous consent of the House. Is there consent?

Some Hon. Members: Agreed.

Mr. Huntington: I thank Members sincerely. I thank my colleagues, through you, Mr. Speaker, for allowing me to continue for a few minutes.

The Minister of State for Small Businesses and Tourism (Mr. Rompkey), with his background as Minister of National Revenue, has an opportunity to deal with a category of items that are a real aggravation to the generation of wealth and taxes in the business community. If he were to clean up that area he would make a real contribution to the system. First of all he should see if something cannot be done to accelerate the paper burden study. Then he could get together with the Minister of Finance (Mr. Lalonde). In my opinion, the Minister of Finance is a very bright person. I have great respect for his brightness and his abilities although I do not have respect for the direction in which he is leading us.

There is a way to clean up the Income Tax Act and allow the business community to operate in a more stable environment. There were 47 amendments to Bill C-139 and I do not think we even debated them in Committee of the Whole because the Government brought in closure. I just cannot believe the damage that was done to the business community by the budget brought in when Mr. Chrétien was Minister of Finance. I spent many congenial hours with him and his Parliamentary Secretary, who was Mr. Lumley. I advised them that they were creating an absolute jungle of holding companies for shareholders and owners of small and intermediate business in the country.

That is exactly what happened. Everyone ran around creating holding companies with the dividend laws that were put in place at that time. Then the dividends were dammed up. Naturally, the corporate tax was paid for the dividends when declared. The holding companies dammed up the dividends so that the actual owner who had transferred his ownership to a holding company did not pay tax on the dividends he received. The lawyers and accountants across the country had a great time doing all the incorporations. But then Mr. MacEachen came along and undid all of that, after being warned that it would happen.

Mr. Nystrom: Mr. Speaker, I rise on a point of order. I am not a real conservative regarding the House rules, but I believe the Hon. Member is breaking the rules and I think you should rule on the matter. He has referred to the Deputy Prime Minister by name, to the Justice Minister by name, and to the Minister of Industry, Trade and Commerce by name. I do not like to be a conservative in this, but it seems to me that he is breaking with tradition. I wonder if you would rule on that.

The Acting Speaker (Mr. Rose): The Hon. Member for Capilano (Mr. Huntington).

Mr. Huntington: Mr. Speaker, I am glad you ignored that trivial intervention. I was saying that one Minister creates a great haven to dam up dividends and the next Minister dismantles it and puts on a 12.5 per cent dividend tax. This forced the re-organization of every well planned tax balance sheet in Canada. Millions of dollars must have been spent on adjusting the balance sheets and share structures of Canadian companies as of December 31, 1982. They have had to strip down preferred shares and roll them over into a new class of preferred share. They have taken deferred bonuses and rolled profits out ahead. You could not believe what has happened to business community balance sheets, Mr. Speaker, since the MacEachen budget, the three subsequent budgets and the non-mini-budget of the Minister of Finance. It seems that the Government has

implemented all this confusion by design to destroy absolutely the private sector. There is no one out there who can make a decision or who knows what to do. Personally I have had to pay $150 each for four rulings out of the Department of Finance, and I waited from five to seven months for them. I notice the Department has stopped that habit, but it was another $500 in fees to which it was not really entitled.

• (1620)

I do not want to abuse the extra time I have been given, but we must do something about this Act if we want the private sector to survive. I tell the Minister of State for Small Businesses and Tourism that the continuing escalation and costs of this program and all other programs, even FBDB programs, will be more than the Treasury can handle. I think it is dealing with the life of the private sector now, and perhaps it is by design.

Mrs. Jennifer Cossitt (Leeds-Grenville): Mr. Speaker, I welcome the opportunity to speak on Bill C-144, a Bill to continue providing necessary assistance to our small-business community. Five thousand small businesses received assistance in 1981 and 1982. I might add that it was necessary and welcome assistance provided through the legislation contained in the Small Businesses Loans Act. Had this assistance not been made available to them, I am sure they would have joined the many thousands of small entrepreneurs which have succumbed to bankruptcy.

I am particularly pleased with the urgency the Government has shown that this program be continued because there are currently few Government programs which offer any direct assistance or relief to small businesses. We must, at all costs, ensure that this community remains healthy and viable.

Since 1961 when this Act first came into effect and up until last September when the latest statistics wer tabulated, over 100,000 loans were made to small businesses, worth almost $2 billion. Yet this has obviously not been enough to enable a great number to survive. Despite the 12,000 loans made in the first nine months of last year, there was still a record number of bankruptcies recorded in 1982. In fact, there were 33 per cent more bankruptcies in 1982 than there were in 1981 and 63 per cent more bankruptcies than in 1980, just two years earlier.

It is with these statistics that I am very concerned. Indeed, all Hon. Members of the House should be very concerned. Every month I see one more store closed, one more notice of receivership in the newspaper in Leeds-Grenville, and all I can think of is: How many people will be joining the constantly growing number of unemployed; how long has this business been struggling to keep going; what little assistance would have been required to keep it in operation?

These businesses being forced into bankruptcy are not young, inexperienced businesses, but rather businesses which have been run by families for generations, businesses which have served the community for many decades. These are small entrepreneurs which we all expect to continue to prosper because they have been aroused for so long, they have many years of experience and knowledge behind them, and when they finally give up the fight to stay alive, we are brought to the appalling realization that the small family business is in very grave jeopardy.

My riding is comprised of people who have lived there generation after generation, with small businesses handed down through their families, and they have provided many useful services to their community. Yet I know of numerous family businesses that have had to close down and give up because they have been forced into a corner by present disastrous economic circumstances. Many are being faced with the decision of filing for bankruptcy or selling out to larger conglomerates, so that the business will stay alive and people will not lose their jobs.

The people in Leeds-Grenville do not give up easily. They fight to survive. I know when a firm in my riding has to call it quits that the company has tried everything possible to make a go of it. It has contacted every Government agency or anyone it feels can be of assistance. It has borrowed all that it can to pay bills and maintain operating costs. It has cut salaries and laid off employees, with the hope that these cost-saving measures will aid it to weather the economic storm so that it can return to normal and bring about a healthier operation. But after all the efforts, many are still faced with the same choice—sell if it is not too late or declare bankruptcy.

I know and have felt the anguish through which these firms have to go with the final decision they have to make because I have worked many long weeks on their behalf, suggesting possible alternatives and providing necessary liaison with Government Departments in the slim hope that there just might be something to save them and enable them to remain solvent. It is the most heart-rending experience to know that all one's efforts have failed and the company is forced to give up.

We have only three cheese factories left in Leeds-Grenville, one of which, the Forfar cheese factory, has been in existence since 1863. It has become quite a landmark in Leeds, being well known for the excellent cheese it produces. Some years ago it was faced with the need to close down, and 17 local dairy farmers got together and decided to keep it operating. As I said before, we in Leeds-Grenville fight to survive and have a great sense of community spirit. We do not give up easily. The Forfar cheese factory is still in production today and is visited by many tourists, as well as many Members of the Chamber who enjoy its products.

Unfortunately other businesses have not fared so well in my riding. The Johnson Shoe Company is a firm that was operating in Brockville for 30 years, but unfortunately it was left with no other alternative but to close its doors for the last time earlier this year. I could go on and on with other examples of family businesses which have been in existence for generations and have had to close down. It is when institutions like the Johnson Shoe Company which have been operating for

decades are being forced to sell out or close up their doors that I become very concerned with the direction the country is headed.

It goes without saying that every Member of Parliament has received a great number of representations from small businesses in their constituencies. I certainly have in the few months I have been a Member of Parliament. All the concerns to which I have listened and the letters I have received carry the same theme—less Government interference and more tax incentives to provide a healthy environment for free enterprise to exist.

For the record I would like to read comments from a completed questionnaire distributed by the Canadian Federation of Independent Business. All of us in the Chamber are familiar with these, but this particular one is from a small-business owner in my riding who wrote:

> The economy has gone from bad to worse. Who is really doing anything about anything? As a small-businessman, we are hanging by our fingernails while the federal Government keeps piling on.

A further quotation from the same individual:

> We, the small-businessman, cannot make the ends meet any more. Government is too demanding, taking so many of our dollars for everything it's ludicrous! They must be stopped at all costs!

As we are all aware, these questionnaires are distributed by the Canadian Federation of Independent Business at regular intervals. They provide Hon. Members with a great deal of information and interesting comments. I am sure the sentiments expressed by my constituents hold true across Canada. Whether it is a small business in Halifax or a small business in Kelowna, they all face the same problems and have the same concerns.

Ten years ago only 3,000 businesses went bankrupt. Today almost 11,000 have given up. This is an increase of almost 266 per cent in ten years, a situation which is completely out of control. We in the Opposition know only too well that this situation has to be brought under control and that Government action is needed now.

• (1630)

Let us look at what the Government is doing or not doing, as the case may be. What the Government is doing is trying to raise tax revenues to pay for its ever-increasing debt through measures that are, in effect, damaging to the small business community. For example, small-businessmen will no longer be able to participate in the new deferred profit-sharing plans which have been responsible for the continued healthy operation of many small firms. In effect, this will prohibit the owner of a company from providing for his or her own retirement out of the profits of the business, forcing them instead to turn to Registered Retirement Savings Plans as their only avenue. Unfortunately, these plans do nothing to stimulate the economy and, in effect, put money in a place where it cannot be used to increase investment in small business.

Other measures, such as the 12.5 per cent small business dividend distribution tax and the increased taxes on employee benefits, have also put unnecessary burdens on small businesses and have increased the phenomenal amount of paper work with which they are forced to deal. Quite often they simply hand it all over in sheer frustration to their accountants because they can neither decipher nor handle it all.

Instead of making things easier for small businesses, instead of eliminating the red tape of government regulations, instead of stimulating investor confidence in small businesses to maintain a positive climate to encourage the small entrepreneur, the Government is doing the exact opposite. It is making things more difficult, it is creating more red tape, and it is driving away potential investors who put their money into Registered Retirement Savings Plans instead of Canadian companies.

The Government has also taken away the thrust of the Small Business Development Bond which was introduced by a Conservative Government in 1979.

Mr. Baker (Nepean-Carleton): I have never seen the Government look better! There is not one single Liberal Member in the House.

Mr. Munro (Esquimalt-Saanich): Not one Liberal Member is to be seen.

Mrs. Cossitt: At that time, it provided incentive and much needed assistance to small businesses. The present Government has reduced this measure to a shadow of its former self and it will now provide assistance only to those firms in severe financial trouble. However, the bond has achieved little success because of these changes. What is happening is the banks are refusing to lend money to any company that is in enough financial difficulty to qualify for the bond.

What this Government is creating is an environment of uncertainty, an environment in which no small business can survive, an environment that does not encourage the small entrepreneur to expand. Yet despite this adverse climate, 150,000 new businesses started up last year. The spirit of small business is alive. There are still people out there willing to take a chance in the free enterprise system and try to make a go of their particular interests despite a continuing uncertain economy, despite high interest rates and despite tax laws that benefit no one but the public purse. The Government should be taking advantage of this entrepreneurial spirit instead of trying to squelch it through its own fiscal mismanagement and detrimental tax laws.

We should be encouraging this spirit and there are several ways that we can do this. We could revamp the Small Business Development Bond so that it will relieve the interest rate burden on small businesses. A 3 per cent reduction in interest costs would give many small businesses the extra boost needed to maintain a viable operation.

We could make it easier for small businesses to obtain debt financing through the Federal Business Development Bank so that they get the capital incentive they need now. Tax credits would also provide incentives for investors to put their money into Canadian business and provide those businesses with much needed capital funds.

We need to cut back on the load of paperwork with which the Government has burdened these businesses. Simplifying

the regulations and the forms would make it easier for small businesses to handle their own affairs, to save on accounting costs, and it would provide them with more time to devote to research, thus increasing profits.

The Government should stop emphasizing its interest in big business and devote more of its attention to the concerns of the small business person. Small businesses create jobs and employ people, but unless new incentives are introduced, small businesses will continue to close their doors in frustration at a system that continually beats them down rather than builds them up.

Canada needs sound concrete policies to stimulate investor and consumer confidence, programs that encourage the purchase of Canadian manufactured goods, less Government control and tax laws. These do not have to be so complicated that they can only be interpreted through an accountant.

Free enterprise must be allowed to flourish. Small businesses provide a great constituency of job creation. The Government has time and time again initiated job creation programs. Yet I believe that if the Government were to concentrate its efforts into providing more incentive for small businesses, this would result in greater job creation and would provide a healthier atmosphere in which free enterprise could grow.

A self-employed person creates employment for himself and others and as a result we see a greater contribution to the public purse through income taxes. The small business community has to be provided with a means to stay viable and productive so it can continue to contribute to the health of this country. The more bankruptcies, the greater the federal deficit, because people begin to draw from the public purse. The Government loses the means to collect the revenues it would otherwise receive. What does it take before the Government realizes that Canadians today are getting away from being the pioneers they once were, that the initiative for Canadians to realize their dream of starting their own business is fast becoming a thing of the past?

There is an urgency in our country to stimulate growth of small businesses which are made up of people who are industrious self-starters, ambitious, full of energy and motivation. We should be very careful that we do not lose their ability to produce, and in fact we should help them to continue their high level of productivity. Everything possible should be done to stimulate and encourage the motivation of the small entrepreneur.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, it is a pleasure for me to have an opportunity to address the House on the Small Businesses Loans Act. I have a great many small businesses in the riding of Simcoe North and I have spent all of my business life working for small business people.

Bill C-144 extends the life of the Small Businesses Loans Act to March 31, 1985. As the House is aware, the legislation was due to expire on March 31, 1983. This legislation increases the total guaranteed business improvement loans that may be outstanding to $1.5 billion from $850 million.

In acting for clients, one of the difficulties we found in dealing with banks and small business loans was that bankers were not too fond of processing these loans because of the vast amount of paperwork involved in obtaining them. This practice applied to all chartered banks and I do not single out any one particular bank with this criticism. Often I have been in a bank manager's office with a client asking about the Small Businesses Loans Act and about the other financial instruments available. The bank manager usually reaches under the desk and with both hands lifts up a thick set of regulations, and somewhere in the middle he finds the regulations with respect to the Small Businesses Loans Act. There will be an indication from the bank manager that he is not too keen to go through this red tape with the customer, and usually asks: "Why do you not have one of our conventional loans at the going interest rate plus 2 per cent?"

• (1640)

I say from a very practical standpoint that the Government would be well advised to consider very seriously the red tape which is involved in getting these loans in the bank branches to the small business people. They can afford to hire accounts and lawyers, but I am not sure that the essence of small business loans should be to employ accountants and lawyers, although both professions are very honourable. That should not be the purpose for which the Government of Canada becomes involved in the assistance to small business.

The small business sector is hurting today mainly because of the mismanagement of the economy by the Liberal Government. There is no question about that. Interest rates were kept at an artificially high level by the Liberal Government for the last three and one-half years. This has caused severe hardship in the small business community and has caused many to go broke. It has caused a reshaping of business practices which, in itself, is not totally wrong but has caused a great deal of hardship.

Small business people entered into the Government-created depression of 1981 with fixed bank loans. That practice was honourable and not unusual. At that time, business people knew where they stood when they had reasonable interest rates of 10 per cent and 11 per cent. When the recession that was induced by the Liberal Government began and interest rates were raised in an effort to cut down on inflation, the small business community started to hurt. Not only did the Government do nothing to assist the small business community, but the Government took steps in the November, 1981 budget which seemed to be designed to finally eliminate the small business community.

During those days, the popular joke which emerged was that if one wanted to run a small business, one simply bought a large business and waited. Many of these problems facing small business which I will elaborate on are familiar to the Government because it created them.

I have mentioned the budget. The budget created an element of uncertainty for small business. Small businesses could not plan because the budget that was brought in in November

of 1981 was revised in December, 1981 in what is normally called by the business community "MacEachen's retreat".

The country then went through a winter of uncertainty and our Party crossed the country to listen to submissions from the interested parties who were concerned about the economy. We made our remarks in the House based on those concerns, and there subsequently was a retreat or adjustment in the form of one of the mini-economic statements which have replaced anything of tangible worth in the economic documentation of the Liberal Government.

There was another retreat in July of 1982. Of course, there was a change of Finance Ministers when we went from bad to worse, one might say, in order to give the present Minister of Finance who had decimated the energy industry a chance to do that to the entire economy. That is the situation we are presently faced with.

The Goverment finally brought the Income Tax Act before the House. It proceeded to cut off debate on that Bill, much to the dismay of those who wanted an Act that contained the proper amendments. I understand that the Government itself had some amendments but was unable to put them on the floor of the House due to time allocation. Once again, that has caused hardship to the small business community.

We introduced the Small Business Development Bond in an effort to create a method by which small businesses could capitalize their debts on a once in a lifetime basis so that they knew where they stood with their debt problems. They were to have reasonable interest rates with which the banks could participate. The Liberal Government gutted the Small Business Development Bond completely. It then became necessary for a business to be going broke in order to meet the criteria for receiving a Small Business Development Bond.

There is not much competition between banks and their branches for lending money to businesses that are going broke. It is not very good practice for an aspiring bank manager to call his or her head office and say that they have a new customer who is going broke and wants a Small Business Development Bond. People who adopt that practice would find themselves transferred out of the head office or to a much smaller branch.

Another measure in the Government's budget which hurt small business was the capital cost allowance write-off. It was cut in half in the first year of purchase and was a direct attack on the small business community.

I do not believe the Government realizes just what part small business plays in the country. A study conducted by the Massachusetts Institute of Technology reports that in the United States almost 80 per cent of all new jobs were created by young firms which have had from zero to four years of business participation. In any given region of the U.S., new job creation was almost entirely due to company births or expansion. Migration from other regions was relatively unimportant.

We found that in Ontario, for example, 75 per cent of business creation is usually internal small business. The Liberal Government put far too much emphasis on megaprojects, only to see them collapse. The Government protected and bailed out Dome Petroleum while other businesses in ridings such as mine and those of my colleagues went broke because they could not get small business loans or assistance.

At the same time you see examples such as Maislin Transport, which is a very well connected trucking firm. The darlings of the Liberal Government found that it had access to the only loan that would be given to the trucking industry by the Liberal Government. Last summer, the Government made an exception—since we have now learned that this action did not represent a precedent—for Maislin and said that Maislin would put in $2.5 million and the Government would lend Maislin $34 million on that basis. Maislin simply had its subsidiary sell off its pension fund and transfer the funds into the company—we hope—and that was termed an infusion of equity capital.

As I suggested to the Minister of Industry, Trade and Commerce (Mr. Lumley), the Government has rewritten the accounting terminology of "shareholders' equity". It now means selling off part of a subsidiary company. That is called an infusion of shareholders' equity.

At the same time that the Government was promising this money to Maislin and putting Canadian taxpayers out on a limb, Maislin was losing $1 million a month. The small businesses I represent do not want $1 million from the Government or $34 million in loan guarantees. They want a chance to grow, thrive and survive in these tough times. Any Members in the House who have trucking firms in their constituencies now find that the promises of the Government which it made in the heat of the summer of 1982 were empty and limited. When the Government promised that criteria would be developed for trucking firms, there was no such development. There were no criteria, and today in the House the Minister confirmed that there was no intention of lending any money to the great number of trucking firms that have applications in to the Ministry of Industry, Trade and Commerce. If we had not brought that out today, the Government would have been content to have those applications sitting on the Minister's desk for a long, long time—another broken promise.

• (1650)

That is the point I want to make today. We generally are in favour of the Small Businesses Loans Act. I think once we have had an opportunity for debate in this House, when we have had some of our colleagues who are not here today and who want an opportunity to speak come forward, we will be in a position to say that this Bill has had the examination that it deserves from Parliament.

The Acting Speaker (Mr. Blaker): I recognize the Hon. Minister, who is the mover of the Bill, the Minister of State for Small Businesses, on a point of order.

Mr. Rompkey: Mr. Speaker, I have a question for the House Leader of the Official Opposition. I was very pleased to hear his remarks and his support for this Bill and indeed to hear the support from that side of the House for small businesses and

for this Bill today. I was particularly pleased to hear the constructive comments made by the former Minister for Small Businesses, of which I have made some notes, and also of the Hon. Member for Vegreville (Mr. Mazankowski) and others.

I noticed that flowing through them, although some of the comments were constructive, was general support for this Bill and for small business. Knowing, then, that we had to have the legislation before the end of March, otherwise small business will indeed be handicapped, knowing their support for small business, knowing that there are no real changes in this Bill from past policy, and knowing that this is only one instrument for small business, I would ask him now if he would confirm early understandings that I thought we had that this Bill would pass all stages today.

Mr. Lewis: Mr. Speaker, although that question is not directly on the content of my speech, I would like to suggest that I do not, to the best of my knowledge, remember any suggestion that this Bill would pass all stages today. Our critic for small business is not here and I know he wants an opportunity to comment on this Bill. In my remarks I said that I realized when the Act was going to expire, but we do think it is appropriate that our critic for small business has an opportunity to make a statement on this Bill. Unfortunately, we were only apprised of the fact that this Bill was coming up today—

Mr. Huntington: We did not get the Bill.

Mr. Lewis: The Bill was only introduced yesterday afternoon. We operate a little differently from the Government in that we plan what we are doing in advance so that we can have people here to speak. We would be glad to accommodate the Government if they would give us sufficient notice to allow us to bring in our speakers and to do a job on it.

Mr. Rompkey: Mr. Speaker, I would simply have to say that we laid on the record a roll-over of a provision that is very important for small business and laid on the record our support for small business. I listened to what the Opposition had to say as closely as I could, but I have to say now that there is rhetoric on the other side but very little substance of real support for small business.

What I am hearing, really, is more of the same kind of phoniness that we have heard before. I think that the word should go out from here to the small business community across Canada that what we are seeing is further obstructionist tactics by the Opposition. They talk a good game for small business but they never put their money where their mouth is.

Mr. Munro (Esquimalt-Saanich): You never put the Bill in your mouth.

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

The Acting Speaker (Mr. Blaker): Order, please. There may have been a point of order to the Minister's statement at the beginning, but I subsequently lost track of where it might have gone. It is evident from statements in the House that there will be further speakers if necessary to take us to five o'clock.

Does the President of the Privy Council want the question put? I cannot do that if there is an Hon. Member rising to speak on the Bill.

Mr. Pinard: I want to ask a question of the previous speaker, Mr. Speaker. We have ten minutes.

The Acting Speaker (Mr. Blaker): I am sorry, I misunderstood the President of the Privy Council. Could he rise and indicate what it is he is asking?

[*Translation*]

Mr. Pinard: Mr. Speaker, are Hon. Members allowed to ask questions for ten minutes after speeches on second reading?

[*English*]

The Acting Speaker (Mr. Blaker): The President of the Privy Council was rising on a question?

Mr. Pinard: Yes. Mr. Speaker, my question is to the House Leader of the Official Opposition. He just indicated very clearly that he was denying, for his Party, the unanimous consent required to get the remaining stages of the Bill through this afternoon.

I would like to ask him this question. Is he aware that many times in the past before he was appointed House Leader of the Official Opposition there was agreement to get such a Bill, as a matter of fact a Bill like this one, through with one speaker per Party? How is it that today he is requiring that many speakers on his side to obstruct the passage of this urgent legislation? Could he explain why, under the pretext that his critic is not here, knowing that this Bill was to be called yesterday—

Mr. Huntington: You are wasting time.

Mr. Pinard: I am sorry, I thought the Hon. Member was interjecting, Mr. Speaker. There is still time; it is not yet five o'clock. If there is unanimous consent we could get the remaining stages of that Bill through now, like we used to do in the past.

Mr. Baker (Nepean-Carleton): What is the question?

Mr. Pinard: The Hon. Member for Nepean-Carleton (Mr. Baker) who is asking me what is the question knows very well what I am talking about, because when he was the Opposition House Leader we used to get more than one Bill through all stages on a Friday afternoon. I am asking the Hon. Member behind him why he is not following the good example of his predecessor.

Mr. Lewis: Mr. Speaker, I would say to the Government House Leader that I am following all of the good examples of all of the outstanding House Leaders of the Conservastive Party and trying to avoid some of the examples of the Government. I cannot explain the great interest in speaking on this Bill. I indicated that we were in general support of the Bill, but

I think we have a right to have our critic speak on the Bill, as soon as we can get him back here. We received notice of a Bill that was printed yesterday. It would be a much different matter if this Bill was not numbered Bill C-144. If it was numbered C-28 and had been on the Order Paper, I could call my critic, who is off on other important parliamentary business, and say to him; "How about this Bill that has been printed for some time, can we go ahead with it?" It is the rush to judgment—

An Hon. Member: It was printed today.

Mr. Pinard: He is paid $60,000 a year and he should be here. He is overpaid.

An Hon. Member: The ink is hardly dry on this Bill.

Mr. Ouellet: Mr. Speaker, I rise on a point of order. I listened with great interest to what the Hon. Member just said.

Mr. Huntington: You just got here.

Mr. Ouellet: I just want to remind the Hon. Member that if in fact he has the disposition to send to committee stage a Bill that has been on the Order Paper for a long time, I am wondering why, in the spirit of co-operation, Bill C-12, the bankruptcy legislation that has been on the Order Paper for many, many months, that has been studied and discussed in the House on numerous occasions, is not allowed to go the Committee. One of his backbenchers earlier this week made that very suggestion, that the Bill be referred to the Committee. Maybe the Opposition House Leader would be ready to do this right now.

Mr. Mazankowski: You have run out the clock.

Mr. Lewis: Mr. Speaker, I would be pleased to reply to the Minister. He will know that this very important Bill, C-12, had two days' debate in May of 1981. That was not the biggie. The biggie was in November, 1982, when it was brought on for part of a speech. In fact, the Hon. Member for Red Deer (Mr. Towers) still has the floor for that part of the speech. It has not been brought on at all in 1983. Since the Government House Leader is in the House, maybe the two Ministers could get together and the Government House Leader might be prevailed upon to bring it forward since, as I understand it—and I have not been at this job all that long—the Government controls the business of the House.

Mr. Baker (Nepean-Carleton): A question of privilege, at one minute after five?

• (1700)

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

The Acting Speaker (Mr. Blaker): It is five o'clock. As a courtesy I will recognize the Hon. Member, but he should be brief.

Some Hon. Members: Five o'clock.

The Acting Speaker (Mr. Blaker): I now have indications from Members that they wish me to see the clock. Since that request is made, I have to do so.

It being five o'clock, I do now leave the chair until Monday morning at eleven o'clock.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, March 21, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—NON-CONFIDENCE MOTION—CONFLICT OF INTEREST

Hon. Erik Nielsen (Leader of the Opposition), seconded by Mr. Broadbent, moved:

That the Standing Committee on Privileges and Elections be authorized to consider and make recommendations upon the subject-matter of Ministers and conflict of interest; and public servants and conflict of interest.

Mr. Deputy Speaker: I recognize the Hon. Member for Oshawa (Mr. Broadbent) on a point of order.

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I rise on a point of order. The motion which we have before the House is precisely the same as one which was passed by the House on December 10, 1974. At that time the motion was proposed by the Government.

On the assumption that the good will and seriousness of purpose which existed in 1974 on the Government's part prevails today—that is a big assumption, but I hope it would be the case—I would like to ask the House to consider giving unanimous approval to waiving the rule which would make today's vote a vote of confidence in the Government. In that way, Mr. Speaker, if the Government is prepared to think about this motion today the way it did in 1974—in other words, have the subject matter referred to a committee—Members on the Government side as well as this side would be in a position to be able to support this motion in good conscience without having it being interpreted as a vote of confidence in the Government.

• (1110)

As the House knows, Mr. Speaker, the normal rule for today's debate would mean that, if Government Members voted for the motion, they would be voting lack of confidence in their own Government. Now, some of us on this side might think that would be supremely wise, but we fully understand that they would not, particularly at this time, like to bring down the Government. Therefore, the suggestion I am making quite seriously is for the Government to join with us in waiving the rule which would make this a vote of confidence in the Government so they could join in this debate and support in principle today what they supported on December 10, 1974 when they themselves brought a motion couched in identical wording before the House.

Therefore I would like to hear the views of the Government side as well as the Official Opposition as to unanimously supporting the proposal I am now making.

Mr. Deputy Speaker: The Chair has some difficulty accepting this as a point of order. If, however, there is a disposition to have a motion placed before the House to make it an order of the House that such be the situation, the Chair, of course, would be at the disposal of the House. But it is hardly a point of order as it is raised now.

Mr. Doug Lewis (Simcoe North): Mr. Speaker, I submit that the House is the master of its own destiny and can do by unanimous consent what the Hon. Leader of the New Democratic Party (Mr. Broadbent) has suggested.

On behalf of the Official Opposition I am pleased to advise the House that we are in accordance with the suggestion of the Leader of the NDP. We feel that the subject matter of this motion is important enough that it should be considered fully by the Committee on Privileges and Elections, and we would not want the Government to be hampered by the fact that, under Standing Order 62(9), it is in fact a non-confidence motion. We are prepared to give our consent to its going forward on the basis that it is not a non-confidence motion.

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Mr. Speaker, I am surprised that at the very last minute, the Opposition should be bringing in a proposal that actually contradicts the one submitted last Friday. In my view, and the Chair has already said so, the motion before the House will be followed by a vote of non-confidence in the Government at the end of the day, and therefore we cannot take this debate lightly. We are prepared to debate the motion and to discuss it, and to have a vote in order to defeat this proposal presented by the Official Opposition. The situation is clear. In the course of the debate, the respective positions of each political party will be fully understood. We believe that a vote must be held, and we on the Government side have nothing to fear in voting on a non-confidence motion.

[*English*]

Mr. Deputy Speaker: There does not appear to be unanimous consent at this point so I call on the Hon. Leader of the Opposition (Mr. Nielsen).

Mr. Nielsen: Mr. Speaker, on that same point, I take it that the Government is emphatically refusing its consent to treat this motion not as one of no confidence. Is that the Government's position?

Mr. Deputy Speaker: At this point the Chair recognizes the Hon. Leader of the Opposition who is, I believe, going to introduce the debate for his side today.

Mr. Nielsen: It is shameful conduct, sir, on the part of the Government. Obviously it does not want this matter to go to Committee. The motion is framed in exactly the same words as the motion put on December 10, 1974 by the then Government House leader, the Hon. Mitchell Sharp. I find it unbelievable that the Government would take this position.

• (1115)

What we are dealing with today is the question of conflict of interest guidelines as they apply to Ministers of the Crown. It would be useful to survey the history of what was done. In July, 1973 the then President of the Privy Council, who is now the Deputy Prime Minister (Mr. MacEachen), submitted a Green Paper on conflict of interest guidelines with respect to Members and Senators. That motion was brought forward when the Deputy Prime Minister, then the Government House leader, had his responsibilities transferred to Mr. Mitchell Sharp. Through negotiations between the Government of that day and the Opposition of that day, in addition to a reference to the Committee of the Green Paper with respect to Members and Senators, a motion was put forward. Our motion today is couched in precisely the same language as the motion put forward by the Government of that day.

An amendment was moved to that motion on December 10, 1974, which attempted to place the priority of the Committee's work in the sequence of dealing with conflict of interest of Ministers and public servants before it dealt with the conflict question as it applied to Members and Senators. That Opposition amendment was defeated. The main motion, which included the words of the motion put today, was passed. The Standing Committee on Privileges and Elections reported to the House on June 10, 1975 in its fifth report. Certain action was then taken by the Government with respect to consequential legislation.

Notwithstanding that the Committee had met 59 times in four years subsequent to that report, it did not deal with the remainder of the motion. It is still outstanding, yet it was passed by the Government. Indeed, it had the unanimous support of all Parties in the House.

These are very important and critical areas of representative Government in any free democracy. As the Deputy Prime Minister said some ten years ago when he first presented his Green Paper, the prestige of Parliament relates directly to the manner in which this institution adheres to reasonable and responsible conflict of interest provisions.

There is nothing new and nothing unusual in that. It is a commonly held tradition in all civilized communities that those who hold public office should not be permitted to benefit personally from that fact. Those in public office should make use of that position, not in any way de facto or by appearance for personal enrichment. That is the great underlying principle in any question of public morality.

I point out that the terms in which the motion is couched are precisely the same as the second half of the motion moved by the Hon. Mitchell Sharp on December 10, 1974. I will read that motion because it should be on the record so that the words can be compared. It reads as follows:

> That the Green Paper entitled Members of Parliament and Conflict of Interest, tabled on November 27, 1974, be referred to the Standing Committee on Privileges and Elections; and
>
> That after the committee has concluded its deliberations and submitted its report on the aforementioned matter, it be authorized to consider and make recommendations upon the subject matter of ministers and conflict of interest and public servants and conflict of interest.

Anyone reading today's motion and the motion that was passed unanimously by the House on that date cannot fail to see the exactness of the comparison. In moving to refer the question of conflict of interest among various Government levels to the Committee, Mr. Sharp made several pointed references which are of interest to us today. He said:

• (1120)

> —in the present situation, what we must establish within the Public Service, within the Parliament is actually a set of values that would bring everyone to model his conduct after a service to the public which is not what we have witnessed in the past days.

These are important considerations when the public mind is made uneasy by revelations that neither the guidelines of the Prime Minister (Mr. Trudeau) nor scruples of conscience have succeeded in establishing that set of values of which Mr. Sharp spoke.

What are those values? They are a sense of probity, a regard for moral conduct, a refusal to take advantage of public office for personal advantage. These are the parameters within which the conduct of Ministers, Members and those in high places in the Public Service must operate.

Canadians have been aware of uneasiness in recent weeks at revelations that almost an incredible laxity has crept into relations among Members of the Government and former Members of Government. It is perfectly clear that it has become common practice for former Ministers to be accorded preferred treatment by their former colleagues and former employees. It is no longer a question of one or two episodes but so many that it appears to be a normal and commonplace practice. If the Coalgate affair were the only one, and if the Ministers involved had taken the proper and honourable course and had submitted their resignations, there would perhaps be no ground, no great ground in any event, for concern on the assumption that positive steps would be taken to prevent a recurrence. This assumption is no longer possible, given the attitude—and that is what it boils down to, an attitude—of the present Government.

Since the Coalgate affair came into the open due to an interview the former Minister gave to the media, there have

been others. We have had a former Minister of Multiculturalism denying allegations of wrongdoing in connection with a $30 million grant for a company of which he was general manager. There is also the question of two Ministers in the other place admitting that they carried on negotiations over a $2 billion British Columbia coal project with a former colleague, now deceased.

The Deputy Prime Minister and the current Minister of State for Mines (Mrs. Erola) were involved, and also aware of the involvement of a former Minister, in the Cape Breton coal proposal. Both mentioned the project, but the Minister of Mines did not mention the involvement of the former Minister. Notwithstanding that she accurately and precisely described every other participant, she conveniently, selectively, forgot Gillespie.

We have heard every type of excuse and apology, except the simple admission that in fact the Prime Minister's 1980 guidelines are simply without effect on the Members of his own Government. None of these matters was raised by this side of the House until they appeared in the press. And when we dared to question the "untouchables" over there about preferential treatment and breach of the guidelines, the old Grit smear campaign went into high gear. Anyone who attempted to secure information about the activities of Ministers and former Ministers was accused of muck-raking, was accused of character assassination, and indeed worse.

If it is muck-raking to seek information about the extracurricular and surreptitious actions of Members of the Government, then they had better amend their ways or get ready for a lot more questions if they do not. Canadians are concerned about these matters. As long as the Government refuses to come clean, we will pursue the right of Canadians to have the fullest possible information.

• (1125)

This Government must realize that public money is not the money of the Grit Party, and that holding public office is not a licence to traffic in an "old boy network" or a mutual handout society.

Some Hon. Members: Hear, hear!

Mr. Nielsen: The Deputy Prime Minister told the House that the guidelines have no effect and it is all a matter of individual conscience. Surely, sir, it is not safe in a Liberal Government to rely on conscience.

The Prime Minister brought in guidelines in 1980 after six or seven years of philosophizing by him, together with the Deputy Prime Minister. The Deputy Prime Minister went so far as to bring in a Green Paper on the subject which was tabled in July, 1973. That was ten years ago and the Green Paper has simply become a "how to" book for those who want to turn public office to their own advantage.

It is interesting to recall the Prime Minister's remarks when the Green Paper was tabled. At the time he conveyed the impression that he had every intention of enforcing a policy of moral rectitude. He said on that occasion:

> The Government believes that no higher standards should be demanded of anyone than of Ministers themselves. Because of their unique duties and responsibilities, Ministers should, however, be required to conform to a series of guidelines which impose added restraints, particularly in relation to pecuniary interests.

How the mighty have fallen! What a gap between the Prime Minister of 1973, when he was full of vim and vigour with a conscientious determination to see to it that the guidelines were enforced, and the Prime Minister the other day, jaded with power and the cares of office, shrugging off all responsibility. He snatched eagerly at the excuse offered when the Deputy Prime Minister said the guidelines were not law. They were only pious aphorisms, having all the force, effect and finality of Emily Post.

The Prime Minister shrugged aside his own responsibility as Leader of the Government and said boys will be boys. That is the new guideline replacing the pious set of guidelines which he brought in with such fanfare in 1980.

Prior to 1980, there were guidelines in October, 1976 when the Prime Minister wrote to the then President of the Privy Council, now Deputy Prime Minister. The letter went to all Ministers and asked compliance with the guidelines which reflected—

> —the delicate balance that we have struck between our desire on the one hand to respect the right of the individual to use his or her knowledge and abilities for economic gain and personal development and, on the other hand, the requirement of protecting the right of the public to have reasonable assurance that the public interest will not suffer in the process.

Those were his words then. Somehow between 1973 and 1976, there was a marked decline in the Prime Minister's insistence on observance of the guidelines by office holders and former office holders. In 1973 he was insisting that Ministers should "be required to conform", but by 1976 the emphasis had switched to the "right of individuals to use their knowledge and abilities", even though the guidelines were attached as an appendix. Perhaps in the three intervening years the Prime Minister had learned something.

In 1980 the Prime Minister tried again. Once more he wrote to the Ministers:

> The precept of fulfilling one's official responsibilities in an objective and disinterested manner lies at the very heart of our system of Government.

• (1130)

That is precisely what we have been pointing out.

The 1980 guidelines have been quoted frequently in the past few weeks and I shall not read them again. Suffice it to say that they provide a sort of charter of rectitude which any Minister could follow with complete confidence. It is unfortunate that more Ministers of this Government have chosen not to do so. The guidelines deal in intricate detail with the conduct of Ministers one year after leaving office and two years after leaving office. They even discussed post-employment offers.

It appears that in 1980 the Prime Minister (Mr. Trudeau) still had hopes of persuading his recalcitrant colleagues to toe the line of moral awareness. Recently it seems that he has thrown up his hands in horror at the apparent impossibility of

keeping the cattle out of the cornfield. Perhaps the Prime Minister feels that after so many glaring infractions it is a little late in the day to try to impose guidelines on Ministers who are acting as uncontrolled as March hares. Perhaps he believes the grandfather of the late Adlai Stevenson who said: "There's no use beating on the log after the coon's gone out".

Whatever the reason, the Prime Minister seems to have completely given up on his Ministers. However, that does not remove the onus, nor does it erase the right of Canadians to have the assurance that the highest standards will be followed by those in public life. If the Prime Minister feels that he cannot discipline his Ministers—we can certainly see that he might feel that way—there remains an alternative. It is to support this motion and turn the job over to a committee. What is needed is a set of clear and explicit guidelines which have clear penalties. We need guidelines with teeth. We must have guidelines which will be followed by Ministers, and failing that they must face the penalty of dismissal, because they are certainly not following the traditional course and submitting their resignation when they are caught, as any honourable Minister would do.

We hope that the Government would see its way clear to support this motion which has been devised in the public interest, and indeed devised by this Government and not by the Opposition.

At the present time, the Prime Minister and the Deputy Prime Minister have given the Cabinet carte blanche. There is nothing to stop any Minister or former Minister, on the very day he steps out of Government, from stepping into a lucrative job and acting as a negotiator with the very Department that he once headed. This is a situation which is repugnant to every single Canadian.

It is regrettable that the Prime Minister, the author of so many impeccable guidelines, does not seem to be able to grasp the elements of public morality. Perhaps this is natural for someone who makes use of official transportation when he goes on his holidays. Perhaps in a Cabinet in which there are Ministers who telephone judges and others who have a knack of penmanship, it is natural to expect a certain elasticity about rules of public behaviour. Perhaps this is also an explanation for the selective amnesia that occurs time after time when we attempt to question Ministers.

Canadians expect something more. They expect standards to be set and they expect standards will be followed. Since the Government seems incapable of dealing with the decay in official morality, then Parliament should take on the task. That is the purpose of this motion and it deserves support from all Members of the House.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: The rules of the House permit a period of ten minutes for questions and answers at this point. Are any Hon. Members rising to ask questions?

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I thought that the Government would have wanted to respond to the comments of the Leader of the Official Opposition (Mr. Nielsen). However, while I can understand that the Government may want to wait and answer both statements, and I have no choice but to accept that, I do not agree with that method.

I believe it is unfortunate in many ways that the subject matter for today's discussion should have to come before the House. I think it is unfortunate that the question of suitable and adequate guidelines dealing with the behaviour of Cabinet Ministers and senior public servants of any Government have not been clearly established by now. Guidelines should have been established that are subject to one interpretation and easily understood by Members of the House of Commons and the public.

Some weeks ago it became apparent that it was possible, at least under the circumstances presented to the House, to make more than one interpretation of how the present guidelines should be enforced. I had no difficulty with interpreting those guidelines and I believe that many other Members had no difficulty with interpreting the guidelines as well. For some reason, Members of the Cabinet seem to have some difficulty with interpreting the guidelines in a way that we believe to be quite clear and easily understood language.

We must first consider who the guidelines are designed to protect. It is clear that the guidelines are intended, in the first instance, to protect Members of Parliament from either inadvertently or unwillingly acting in a way which would bring themselves, the Government and the House of Commons into disrepute. They are also intended to protect senior public servants so that they may clearly understand the parameters within which they are supposed to operate. They are meant to describe clearly what behaviour is acceptable and what actions might infringe upon being acceptable. The guidelines are intended to protect the public and give it some confidence in the way its Government, Members of Parliament and senior public servants conduct themselves under the day-to-day rules of business that must be carried out by the Government and its agencies. The guidelines should be sufficiently understood by the public so that they can be sure that the Government, those of us involved in Parliament and those responsible for making policy decisions, are not receiving or giving special consideration in any way.

Finally, and I believe most importantly, the guidelines are intended to protect the institution of Parliament. That is the sad consequence of raising incidents that have brought into question the judgment of Cabinet Ministers, senior public servants and perhaps even the integrity that those people have displayed or failed to display in making decisions in the public interest. The very fact that the actions of Ministers of the Crown and senior public servants have been brought into question in Parliament undermines the confidence that the Canadian public has in the institution of Parliament.

It is therefore important that whatever guidelines are implemented must be clear and subject to only one interpretation. They must be guidelines that have received the approval of the entire House of Commons and are made known to

everyone in the Public Service. I suggest that we must write guidelines that apply to every Member of Parliament both today and in the future. The guidelines must clearly stipulate what is acceptable or unacceptable behaviour so that any person seeking a seat in Parliament can decide whether they wish to do so. They must be clear so that every person in the Public Service knows that their affairs must be arranged and their conduct conducted in such a way as never to allow what they have done to be drawn into question. Then any people who aspire to high, senior positions within the Public Service will know, as they work their way up the ladder, what will be expected of them in the way they conduct their business if, as and when they reach or achieve such high office.

• (1140)

Therefore, the guidelines cannot simply be guidelines of the Prime Minister of the day, applying only to that particular Government, but must surely be those which apply to every single Member of Parliament. No matter which Government it is, whether it be Liberal, Conservative or NDP, the same guidelines should continue to apply and should be constant, easily understood, unequivocal, and should set out what we, the Members of Parliament, on behalf of our constituents, believe should be the way Governments should be conducted.

The question then arises, should these guidelines be a matter of law, subject to the interpretation of the courts, or should they be an in-house operation of the Parliament of Canada? I suggest, in the first instance, that the guidelines should not be a matter of law—and this is a personal view—but, rather, should be ones determined by the Committee on Privileges and Elections and approved by the House of Commons, and should then become part of the Standing Orders of the House of Commons. They should be enforced by the House of Commons and made subject to the same provisions as are other Standing Orders.

I suggest that to put them into a court system would diffuse their value and would take the behaviour of Members, Cabinet Ministers and senior public servants out of the realm of Parliament itself. They would then become interpretated by courts across the land from time to time and would, in many ways, prove to be the undermining of Parliament.

I therefore suggest that the other course of action is the one which should be followed, and that we should accept the view that the guidelines which affect Members of Parliament who become Cabinet Ministers or members of the public who rise to high levels in the Public Service should be those established by the House of Commons, not guidelines established only by the Cabinet for its own purposes at the time, should be subject to change and interpretation by the House of Commons only, and therefore subject to enforcement by the House of Commons.

I suggest to Your Honour that if we were to accept the suggestion as it is contained in the motion today, and if we were to accept the proposal put forward by the Leader of this Party that this should not be a matter of confidence today, without passing any comment on things which have happened in the past, we could agree that the conflict which arose over the interpretation of the guidelines in weeks gone by, though it may have motivated the decision to seek this kind of parliamentary review, is not the reason, in itself, for going ahead with this parliamentary review.

It is in the best interests of everyone in the House of Commons that these guidelines be carefully considered as to their adequacy and written by the Members of this House who sit on the Committee on Privileges and Elections, referred back to the House of Commons for approval at some point as to their adequacy, and then made part of the Standing Orders of the House.

How would the guidelines be enforced? I suggest that the question of enforcement is one which is raised very frequently, yet I think it is a bit of a red herring. Someone said to me during the debate a couple of weeks ago on what has become known as the Coalgate affair that it would be very difficult to enforce guidelines on former Cabinet Ministers. That is not so. The enforcement of guidelines on former Cabinet Ministers rests with existing Cabinet Ministers and senior public servants.

Mr. Nielsen: With the Prime Minister.

Mr. Deans: If the guideline stipulates that a former member of Cabinet may not do something, whatever it is, that a person who has formerly sat in a Cabinet may not undertake to do a certain act, the enforcement of that guideline rests, in the first instance, with the individual himself or herself. However, in actual fact it rests with the current Cabinet Minister who would be required to pass judgment on the matter, or with the senior public servant who, having knowledge of the guidelines, would recognize that the former Cabinet Minister was in breach of the guidelines, perhaps inadvertently, and should bring to that former Cabinet Minister's attention the fact that whatever he or she is seeking cannot be sought at this time because he or she is in violation, or may appear to be in violation, of the guidelines.

As far as the question involving enforcement for members of the current Cabinet or for senior public servant, the answer is quite simple. If there is a clear breach, the responsibility then rests with the individual, in the first instance, to recognize the breach, having studied the guidelines to familiarize himself or herself with them, and to take the appropriate course of action, which has historically been to resign portfolio responsibility. That is in the case of the Cabinet. Failing the resignation of the Minister, if the question has been raised and proven to be true, it then becomes the responsibility of the Prime Minister to insist that that course of action be followed.

In the case of senior public servants, if they fail to abide by the guidelines, then their jobs are certainly in jeopardy. The responsibility rests with the Minister in charge of that particular Ministry, or with the Prime Minister, to replace such individuals whose actions have proven to be unacceptable to the House of Commons as set out in the guidelines.

I would like to suggest, rather than having the public continue to feel as it does, that there is, in fact, an old boy

network and access to Government by those who are the old, trusted and true friends of the Government in office, and that the actions of the Government are not necessarily conducted within the principles established for the maintenance of the highest level of confidence possible in the Parliament of Canada; that the Government might reconsider the position it took earlier this morning, the position in which it finds itself with regard to today's vote.

I do not think anyone in the House believes that the current guidelines are adequate. Even the Prime Minister (Mr. Trudeau) has indicated that he is considering a review. I do not think anyone in the public sector believes that even if they are adequate, they are being followed rigorously enough. I do not think anyone in the House or outside the House believes that the guidelines have sufficient teeth in them for enforcement purposes. I do not believe that anyone in the public, or in the House of Commons for that matter, believes that the final decision rests with the conscience of the person who happens to have had his or her actions questioned.

• (1150)

If we do not believe those things, and I think that fair-minded people all across the country will agree with me that it is not unreasonable to not believe those things, there can be no time like the present for a break with the past. In order to achieve that confidence that we all think is so absolutely necessary, in order to elevate the level of the House of Commons in the minds of the public of Canada and raise the public opinion of Parliament now and in the future, I suggest that the Government allow this matter to be sent to the Standing Committee on Privileges and Elections, not to review and rehash old battles—

Some Hon. Members: Oh, oh!

Mr. Deans: I find Cabinet Ministers and their supporters snickering. It is interesting how they can disregard all of the vital and genuine concerns because they are afraid to face the actions of the past. I can assure them on behalf of this Party that there will be no rehashing. We are talking about looking at guidelines that will prove to be sustaining, prove to be adequate, which will provide the protection so necessary for the people who work for the public of Canada, and at the same time provide for the protection of the public of Canada from actions taken by those in authority which may, and I suspect probably could be, interpreted to have been actions that may in the future be inappropriate actions.

It is not the preserve of this or any other Prime Minister to set guidelines. It is not the preserve of the Government of the day to set out guidelines that it happens to feel suits its particular mould or bent. It is to preserve of Parliament to establish guidelines that protect all of us from the actions of one or more of us. Every single Member of Parliament is drawn into disrepute when one Member is drawn into disrepute. The public attitude toward Parliament is diminished and undermined when a Member does something, or is perceived to have done something, that is considered to be an inappropriate act.

It is our collective responsibility to write and to institute guidelines for politicians and for senior public servants. It cannot be done in the House of Commons because it is too large and too difficult, it would be impossible. However, it can, should and must be done in a committee. For that reason we in this Party believe that this action taken by the Official Opposition is an action long overdue.

Mr. Nielsen: It is their motion.

Mr. Deans: As the Leader of the Opposition (Mr. Nielsen) says, it is entirely consistent, word for word, with a motion put down by a Cabinet Minister in 1974 and approved by Parliament. It is an action that is consistent with elevating the status of Parliament to a level that it should enjoy but has not enjoyed for some time. It is an action that would relieve the Government of the responsibility of passing judgment upon itself and its colleagues. It is an action that would make it unnecessary for the Prime Minister of a Liberal, Conservative or NDP Government to rise to defend Cabinet Ministers on occasions when their actions are being questioned. It is an action that would make the House of Commons responsible to Members, to the public, and would give the public some confidence in the future.

Mr. Deputy Speaker: The rules of the House provide for a period of questions and answers at this point. Are there any Members rising to ask questions?

[*Translation*]

Mr. Ouellet: Mr. Speaker, I would like to put a question to the Hon. Member who just finished speaking. What struck me in his comments was his obvious concern for preserving this parliamentary institution and his desire to find ways of increasing the confidence of Canadians in their elected representatives and their confidence in our parliamentary institutions. In this respect, I think he is entirely correct, and I wish to congratulate him on his remarks which were, in a way, quite different from the initial comments made by the Hon. Leader of the Official Opposition, the Member for Yukon (Mr. Nielsen), who made a number of gratuitous remarks without really getting to the bottom of the problem, which is the confidence of Canadians in people who are in public life.

I would like to ask the Hon. Member how he intends to increase the confidence of the public in our parliamentary institutions, when Members of this House so often abuse their parliamentary immunity. Should we not look for new ways of preventing members from taking such undue advantage? Very often, unwarranted and unfounded accusations are made in the House by Members who lack the mental courage to repeat them outside this House and use Parliament and their parliamentary immunity to tarnish reputations by spouting half-truths and falsehoods. I wonder whether the Hon. Member has any suggestions for rules that might be established to change

that principle of absolute parliamentary immunity which is so convenient for some Members who are fond of tarnishing reputations.

[*English*]

Mr. Deans: Mr. Speaker, I hesitate to be drawn into a debate on this point, but I say to the Minister that it is a question that has not escaped my concern. The question of parliamentary immunity is one that I have been interested in for the better part of the last 16 years, on occasion having seen the immunity being used in what I personally felt was an improper way, I must confess not only by members of the Opposition. I sense that is also done by Members in Government from time to time. It is a misunderstanding in some ways of how immunity was intended to be used.

Immunity was necessary in the first instance and continues to be necessary in order to allow Members of Parliament freely to raise questions that are of public concern without having to go through the court system, Parliament, of course, being the highest court in the land. The immunity that is afforded Members of Parliament enables them to raise questions in this highest court, which is not at all like the immunity afforded in other courts.

There is a certain requirement on the part of everyone to exercise judgment and care, as I have always done and as most Members do. If the Minister is suggesting that perhaps the question of immunity ought to be considered, if the Government is prepared to refer the question of guidelines to the appropriate committee for consideration, and if the Government cares to make a motion that the question of immunity be considered in committee, I will be only too happy not only to second it but to guarantee the support of this caucus.

• (1200)

Hon. Gerald Regan (Minister of State (International Trade)): Mr. Speaker, I find myself in disagreement with the two previous speakers and I have some difficulty understanding their position.

Mr. Deans: You have difficulty understanding my position?

Mr. Regan: Yes, and I will outline for the Hon. Member for Hamilton Mountain (Mr. Deans) my concern in due course. First of all, it does appear to me to be unusual, or the threshing of old straw, for the Opposition to spend yet another day on this so-called issue at a time when there are many serious problems with our economy and there are many matters of substance with regard to public issues of the day which could well be discussed. I believe the Opposition are going to be hard-pressed to mount an interesting debate on the subject throughout the day in view of the amount of publicity which it has already been given.

The Hon. Leader of the Opposition (Mr. Nielsen) in his opening remarks said that the Government's position was shameful and unbelievable, that this morning we did not immediately go through some sort of contortion in order to make a non-confidence vote into something else and to have this matter go, as he wishes, to committee. I would like to say that it is a very strange piece of thinking indeed, Mr. Speaker, when on Friday they move a non-confidence vote on this subject, place it properly, follow the procedure for a non-confidence vote which can bring down the Government if the Government is defeated and cause an election in the land, and then on Monday morning at eleven o'clock they suddenly say; "Well, we really did not mean what we did and we are now prepared to do something which would make this a different sort of debate, if the Government will agree". Then when the Government does not immediately do handsprings, it is criticized for its shameful and outrageous behaviour.

Mr. Nielsen: Squirm on it.

Mr. Regan: I do not find much squirming in that. As for the Leader of the Opposition, it has been said that all the gall has been divided into three parts, and I believe he has all three parts when he takes that sort of position.

I would like to say something about guidelines. I believe what we so often see is the problem in public life of the difference between the position which people take when they are the "outs" and when they are the "ins". Today we have that classic example of a split in points of view between those who are on the outside of Government at the moment and those who are on the inside. I believe it is noteworthy that during the time the Conservatives were the Government in Canada, they did not take such a matter to a committee or did not legislate on this particular subject.

Mr. Nielsen: There are stiffer guidelines, too.

Mr. Regan: I believe it is also of note that in democratic Governments in this country, in the Provinces as well as in the federal Government, guidelines where they exist vary greatly. Guidelines in national Governments usually provide for the disclosure of assets. They usually provide a ban on the buying and selling of stocks which are publicly traded, and they usually deal with the necessity of providing for the establishment by Ministers who have ongoing business investments of blind trusts which are beyond the arm's length of Ministers. Guidelines also usually provide for the declaration of receipt of gifts or benefits over a certain value.

If one asks why guidelines have traditionally existed, they will be told they are not only for protection against misuse of office, but also for the so-called "Caesar's wife" rule of virtue not only existing, but appearing to exist. When I listened to the words of the Hon. Member for Hamilton Mountain, I was not quite sure what he was suggesting when he said "all Members of this House". He may have been returning to another interesting question, that is, whether there should be something in the way of public disclosure guidelines for all Members of Parliament and not just for Cabinet Ministers. Every Member of Parliament in this country, whether a Cabinet Minister or not, is in a special position in relation to Government, and that includes Opposition Members as well as Government Members. I believe that is a subject for people to consider.

Aside from the question of the rules for Ministers of the day, Mr. Speaker, in various Governments, there are those rules for former Ministers. I believe there is an important point to be made in relation to the question of former Ministers. The system as it exists in any jurisdiction of which I am cognizant at the present time provides that a breach of any guidelines which exist, a breach of proper use of ministerial authority, can be remedied by the ultimate penalty, if you like, of banishment from Cabinet. That can be provided by the Prime Minister (Mr. Trudeau) or, in the case of the Provinces, by the Premier. There is no way in which this sort of punishment, obviously, can be carried out against a former Minister because he is no longer in the Cabinet. I believe that guidelines for former Ministers, as a consequence, must be dealt with in a somewhat different way.

I would like to say in this regard that when we are setting guidelines, it is very important that we take the long look at what is in the interest of the country and what is in the interest of public life. During the time that I was a provincial Premier and the Leader of a Party, I was aware of the problem of attracting business people into Government. I believe that other active Members of the Parties represented here have also been aware of this problem. Dissociation from their profession or business carries financial penalties for people who come into public life long after they become Ministers or Members of Parliament. Nevertheless they make a free decision to come here for the honour and satisfaction of public service, and they certainly should be prepared to make that sacrifice. They realize when they leave their business or profession to come here that they are not only leaving their business in the hands of someone who is perhaps not as dedicated and experienced and that their income will not be as good during the intervening years, but they also realize that when they go back to their business or profession they will have to rebuild and less income will be generated for years to come. But people do make that sacrifice for public service, and I believe that is very good.

However, after they have ceased to be Ministers and have left this place, to ask them to have fewer rights than any other citizen of the country to deal with Government is something else. I believe that is something which requires a great deal of consideration. I suggest that that is contemplated by the guidelines which presently exist.

I remind Hon. Members that the guidelines do not, and should not, say that former Ministers cannot deal with Government. The guidelines say specifically that "in any official dealings with former office holders, Ministers must ensure that they do not provide grounds, or the appearance of grounds, for allegations of improper influence". In today's complicated world, with Government into so many things as it is, there are few businesses which people can return to where there will not be some occasion for that company for which they work to be involved with Government.

Some Hon. Members who have spoken here in recent weeks suggest that former Ministers become non-persons, that they not have the ability to work for a company which has any connection with Government at all. I believe what is important is that Ministers of the day, senior civil servants of the day and Government in general treat all citizens the same, that there not be special privilege for anyone. I believe that is what Governments in this country have strived to do. I consider it a shame that elected representatives cannot deal with an issue like this, which over the years affects all sides because Governments come and go, in a non-partisan way. But the hard, cruel facts are that they cannot.

• (1210)

Mr. Huntington: Send it to committee.

Mr. Regan: A committee is made up of Members of this House, elected politicians. Debates in this House in past weeks have shown that Members cannot put aside partisanship to try to deal with this issue. The temptation to play politics is simply too great. For instance, the Hon. Leader of the Opposition again this morning came back to what he calls Coalgate, yet he has not been able to show, nor has anyone else, that there was one ounce of special treatment for Mr. Gillespie on this project that he and Premier Buchanan brought to the federal Government for a grant under an existing program which was available to any citizen.

The Hon. Member for Hamilton Mountain suggests that the guidelines and how a person complies with them should be made subject to the authority of Parliament. This, in my opinion, confuses the role of Parliament and that of the Government answering to Parliament. It seems to me that the voice of faction is seldom hushed here. If the House ruled on who is going to remain in Cabinet or who was in breach, or allegedly in breach, of guidelines, there would be—

Mr. Nielsen: They would all be gone.

Mr. Regan: —a constant flood of partisan charges. Obviously it is not in the nature of Opposition Members to think that a Minister of the day, whichever side happens to be here at a particular time, is as efficient and as exact in carrying out his duties as perhaps the Minister himself and the public would think. There is a vested interest in the Opposition obviously trying to become the Government and therefore trying to make the Government look bad. So I think when the Hon. Member suggests that guidelines be part of the Standing Orders of the House, that is not being realistic in relating the circumstances in which we would have the best impartial judgment on how these things should operate.

Surely the best answer is the parliamentary system we have. The Prime Minister of the day sets his guidelines for Ministers, and if his Ministers do not comply then he dismisses them. Remember this, that if the Prime Minister is found to be not doing that well in the judgment of the public, or if the Ministers are not complying, then it is the role of the Opposition to bring forward charges, as they have, and try to establish the merit of those charges. Indeed, if they have merit then the judgment is made on the Prime Minister and those Ministers by the electorate in the next election. But quite aside from the argument whether there is merit in what the Ministers are doing or not, let us not ruin the parliamentary system by trying

to make it into something that it is not and make it even more partisan than it is.

Miss MacDonald: What have you done over the years?

Mr. Regan: Mr. Speaker, the speech that the Hon. Leader of the Opposition gave this morning is again proof positive that the House or a committee thereof is not the right forum for determining what the guidelines should be. In any event, it is, as we have said, a non-confidence motion and it is impossible for the Government to vote for it without a defeat. I suggest that it is a Government Leader's prerogative—the Prime Minister, Premier or whatever—with regard to the people he appoints, Ministers or senior civil servants, to decide what those conditions should be and to answer to the public as to how they are dealt with.

The Prime Minister is interested at all times in seeing that the guidelines are improved. However, he is dismayed that former Ministers are supposed to become non-persons. Government is so complex today that it is very difficult for a former Minister to be in the position of never having any dealings with Government. Indeed, often there is a tendency for people, if they have spent many years in a particular line of work, either criticizing in Opposition or administering in Government, to continue in the area in which they have achieved expertise when they go back to private life. Governments, Conservative, NDP and Liberal, have often appointed former Ministers to positions where they could continue to use the experience and expertise they have gained. I do not find that unusual. It is a way of avoiding wastefulness. If the person is not worthy of it, then again there will be public criticism.

I think the sort of publicity which has been given to this issue, Mr. Speaker, is not going to make it easier to attract people to public life. The guidelines have been interpreted and misconstrued. It may be that they need to be clarified, but I think the important thing is that the guidelines as they presently exist provide that you must withdraw from the profession or business that you are in, that you must give up directorships, that you cannot manage assets and you cannot be active in unions or accept gifts over a certain amount without a public declaration. The Ministers of this Government have complied with those requirements. They have established blind trusts. They have dissociated themselves from the professions.

I think the important question is whether those guidelines are exactly the ones that should or should not exist. I think a consideration for any Prime Minister is whether there are some guidelines that do not exist but should and then perhaps the Members should suggest what they are.

Mr. Nielsen: In committee.

Mr. Regan: I think they have the opportunity to make that suggestion at any time.

In the few moments I have left I want to say that in my 20 years of public service I have seen many, many people of different Parties in elected positions who, at the end of their years in public life, are poorer financially as a consequence of their years of public service. I have been hard pressed to find someone who is richer. If their progress in their own profession had paralleled the success they had in public life—and I could use examples from both sides of this House—then they obviously at the time of their death would have left a great deal more than was otherwise the case.

I believe it is unfortunate that again and again Hon. Members opposite come back to the so-called Gillespie question without bringing forward any evidence. Along the lines of what I outlined before, I presume the Prime Minister would look at a question of that type in this way. In determining whether there was any merit to the charges he would say this: Did others consider the project good or was it just to the advantage of one person? Was it competing against other projects? The fact that Nova and Gulf put big money into that project, the fact that the Conservative Premier of Nova Scotia backed it very strongly, that it was good enough for Mr. Buchanan, would I think be one test.

A second test would be whether it was done secretly. No, it was not. Indeed, there was a public press conference three years ago. Would the Deputy Prime Minister (Mr. MacEachen) and other people involved have had Mr. Gillespie participate in a televised press conference in Port Hawkesbury, or would they have had someone from Nova or Gulf up front and him in the background if there was anything wrong with the situation?

Mr. Deans: What has this got to do with it?

Mr. Regan: It has to do with something the Leader of the Opposition dealt with in his remarks. So I suggest that not only was there no merit in that charge or the other matters brought up, but one has to ask: Why was it not brought up three years ago? Why now? Why not then?

• (1220)

I suggest again that the New Democratic Party is caught up in this matter, unfortunately for its members. The matter is brought up now because the Conservatives are leaderless. They are in the process of holding a convention and need a diversion.

Miss MacDonald: The Government has been leaderless for years.

Mr. Regan: It is important for them to try to undermine the integrity of the Minister of Finance (Mr. Lalonde), who is doing such an outstanding job, because they are fearful of the good budget he is going to bring forth. They beat the subject to death because they have no other issues. I hope they will consider some of the thoughts I have given them this morning so as not to harm further the attractiveness of public life to the people that we need to attract.

Mr. Nielsen: Mr. Speaker, I have one question for the Minister. By unanimous consent, the House can do anything. The Leader of the New Democratic Party has requested unanimous consent to suspend Standing Order 62(9) which, of course, is the non-confidence nature of the vote. We have given

that consent. If consent were given by the Government, the matter could be voted on by Government Members secure in the knowledge that they would not be voting the Government out of office.

Why is there this great reluctance on the part of the Government to provide that consent to the suspension of the Standing Order so as to enable its Members to vote as they please in support of this motion?

Mr. Regan: Mr. Speaker, I want to say two or three things to the Hon. Member in answer to his question. If he listened to my remarks he heard me say that I do not think it is a question of what the guidelines should be. That can best be determined by people who have the day by day, partisan involvement that we all have here in this House. I think it is the responsibility of whoever is the Leader of the Government of the day. If Parliament does not like the way he carries things out, it can defeat him.

The Hon. Member for Hamilton Mountain is interjecting and criticizing the parliamentary system. If he has a question I will deal with it later but I should like to deal with the Leader of the Opposition's question now.

First of all, in my view a committee is not the proper place for this matter to be considered, so my inclination is against the motion per se. Second, this is an opposition day and because the Leader of the Opposition was speaking, he was in the House at eleven o'clock this morning and not away on other business. Otherwise he might not have been here. I suggest he may want to take the question up with the House Leader at three o'clock this afternoon. It could be more definitively dealt with at that time as our House Leader is not here at the moment. If he has a supplementary question perhaps he could put it at that time.

I would like to ask the Leader of the Opposition, however, why he did not give notice of this question on Friday when it was established that this matter would be coming forward today as a non-confidence motion. Why did he not say something like, "Look, we are putting this down as a non-confidence motion but we would really like it not to be a non-confidence motion"?

Mr. Rose: Mr. Speaker, I was almost convinced that the Minister of State for International Trade (Mr. Regan) was to be believed when he suggested earlier that it would be up to the Prime Minister (Mr. Trudeau) to decide this because the rest of us were too political. I was almost convinced but not quite. Then when I heard him respond to the question put by the Leader of the Opposition (Mr. Nielsen), I became even more concerned about what he was saying. He suggested that really the Prime Minister was the best person to make the judgment because he was not political, that playing politics is a disease that is only caught by Members of the Opposition, and further, that while the public has an opportunity to judge the Prime Minister every four years or every election—

Mr. Nielsen: They are the Ajax knights.

Mr. Rose: —our behaviour is not equally judged every four years. That is an interesting line of argument.

I think the Minister is not only a Minister of the Crown but is also something of a novelist or story teller, a bon vivant and all the rest. The inclination to play politics is not confined to Members on this side. The determination of what is a reasonable allegation or a prima facie case of conflict of interest and what is a smear is frequently divided by a very thin line. Most of the time Members on this side have to go on a fishing expedition. We do not have access to information, we are denied documents, and then the Government and the Prime Minister close ranks. Mum's the word. So that is the reason we are concerned. When something like this comes up I think, given the proper motion, that the Committee should consider it automatically and be given the relevant documents.

If these things can be ventilated, and the Opposition is inclined to raise doubts in the committee, so will Members of the Government—which has the vast majority of its Members on Committees—be inclined to put the best possible light on it.

In the Coalgate affair, when we questioned the Minister of Finance we did not question his honesty at all. What we questioned was his judgment. What he did, in our view, was a really dumb thing. It was blown out of proportion, in my view—and I have great respect for the Minister—because the Government closed ranks to the obvious set of facts and said there was nothing wrong at all. The difficulty here—

Mr. Deputy Speaker: The difficulty of the Chair at this point is trying to apportion the time to the various Members who are seeking the floor. Does the Minister care to reply to the question?

Mr. Regan: Mr. Speaker, I want to say to the Hon. Member for Mission-Port Moody (Mr. Rose) that I had never hoped to achieve such heights as to convince him. So when he told me that I came very close to it, I was pleased.

I would say again to the Hon. Member that the temptation to play politics is a human element, particularly for people involved in politics. I have never been able to find a Member of any political Party without human weakness—not even the NDP.

When the Hon. Member says that the House should decide whether there has been a breach of the guidelines by a Minister, is he saying that Ministers would be dismissed by a decision of the House rather than by a decision of the Prime Minister? That is the logic that flows from what he says. It goes to the heart of the system. The Prime Minister must make those decisions because he appoints or dismisses Cabinet Ministers. He must answer to the House and eventually to the electorate about whether he does it well.

The Hon. Member spoke of the Minister of Finance with affection. Let him keep in mind that not one iota of evidence has been placed before the House to suggest that Mr. Gillespie and those associated with him, including the Premier of Nova

Scotia, received anything that was not available to any member of the public who applied for a common public program.

Mr. Deans: That is not true.

Mr. Deputy Speaker: Order, please. Again, the difficulty of the Chair is to try to apportion time. The Hon. Member for Saskatoon West (Mr. Hnatyshyn) is seeking the floor.

Mr. Hnatyshyn: Mr. Speaker, I should like to address a short question to the Minister. In the course of his remarks he suggested that it is completely inappropriate for a committee of the House to consider the question of rules or guidelines relating to conflict of interest for Ministers or public servants. As has been pointed out by previous speakers, the words of this motion are the words of a motion that was previously accepted unanimously by the House. Indeed, the Prime Minister (Mr. Trudeau), speaking with respect to conflict of interest guidelines for Ministers, said: "That is why the Government has placed its proposals related to Members of Parliament and Senators before the House for its consideration. We would hope that after a study of the problem in Committee and after having received comments from Hon. Members, an Independence of Parliament Act will be introduced and passed in this House. The announcement of the Government's policy is, then, a first step only."

• (1230)

If it was all right in 1974 for Members of Parliament to consider this matter, now that we know the Prime Minister says there is no sanction against former office holders and that that is a weakness in the conflict of interest guidelines, why is it wrong for Members of Parliament to consider conflict of interest guidelines for Ministers and former office holders now? What does the Government have to hide? Why does it fight this with all its vigour as the majority in the House of Commons?

Mr. Regan: Mr. Speaker, the Hon. Member is quoting situations here in 1974 under different circumstances. That was following a Green Paper which was referred for consideration. That is a very different matter.

This is the second day we have spent on the matter, plus endless questions and mini-debates in the House all arising out of smear efforts in relation to Mr. Gillespie's legitimate business dealings with the Government. I reiterate that of course Hon. Members of the House should be able to give their opinions. They will do so in this debate in relation to what they think the guidelines should be, what should be included and how they should be enforced. Of course they will do that; of course they are doing it in the debate.

I do not happen to think that guidelines should be established by a Committee of the House or by the House. I think they must be established by whoever is Prime Minister of the day from time to time, that they must be to his satisfaction, and that he must answer to the House and the electorate for them.

Mr. Deputy Speaker: The period of questions and answers has expired. The Chair recognizes the Hon. Member for Kingston and the Islands (Miss MacDonald) on debate.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, I may say with a degree of sadness that nothing could more clearly indicate the Government's complete lack of comprehension of what this issue is all about than the remarks and comments made by the Minister of State for International Trade (Mr. Regan). He does not seem to grasp what the debate before us today is about. He said that he had difficulty understanding our position. He talked merely of it being a question of ins and outs. He said we should be discussing other issues. I say to that Minister and to every other Minister sitting on the Liberal benches that there is no greater issue before the country than that Canadians have trust and confidence in their parliamentary institutions. This is what the debate is about today.

On February 24, 1983, the combined Opposition, the Progressive Conservative Party and the New Democratic Party, failed in its motion to censure the Government concerning the same events which have precipitated the debate today. We failed not because of the efforts of the Opposition, but because the Government had too much in the way of a majority and too little in the way of parliamentary integrity.

It may be that today's motion will also fail. If the Government was not persuaded as to its moral responsibility on February 24 by the clear and incontrovertible proof that was offered concerning the abuses of the conflict of interest guidelines, then I do not imagine it will be compelled by arguments today. After all, the Government has no less of a majority today than it did then and I would argue that it has no more integrity than it did then.

But let us be under no illusion. The failure today, if such it be, will not be the failure of an Opposition motion. It will be the failure of the Government of Canada to live up to the basic tenets of parliamentary democracy. Indeed, it will be seen as a failure of the whole Parliament of Canada to conduct itself by the same standards and code of morality which it seeks daily to impose upon its citizens through the process of formulating, revising and passing the laws of the country.

As has been pointed out repeatedly by Ministers over the past number of weeks, the guidelines which lie at the heart of this debate are to them just that—merely guidelines; they are not law, they are not binding. Indeed, by the cynical actions of the Ministers and their votes, they give proof positive to the view that the guidelines have no moral authority.

The present guidelines have been in effect for several years now. It was thought that Cabinet Ministers understood them, that they grasped the impact of their message. Now these same Ministers suddenly stand before us and say that they find the language in which the guidelines are couched to be confusing. In recent days the House has been treated to a redefinition and an ongoing change of meaning of many words, words which we thought were understood, words like "lobby",

"persuasion" and "influence". Those of us on this side of the House have never experienced difficulty understanding the guidelines, neither their language nor the moral authority and responsibility attached to them. They are very simple, they are very clear. They have been read time and time again in the House. Yet obviously the guidelines are not clear to the Government, because they were not followed when they should have been put into effect. They are not clear because when they were broken, as indeed broken they were, those responsible refused to shoulder their responsibility. The guidelines as such are simply not being adhered to, so obviously they must be reviewed.

The scope seized by the Prime Minister (Mr. Trudeau) and his colleagues to misinterpret or to distort the meaning of the guidelines at their convenience dictates that they must be rewritten in language which cannot be mistaken. It must be determined once and for all if there is such a thing as ministerial accountability and in what circumstances it should apply. It is equally obvious, to those of us on this side of the House at least, that this process of review, of consideration and recommendation, can only take place under conditions of all-Party scrutiny.

When the Coalgate incident first came to our attention, we were prepared to see the Government conduct its own investigation in accordance with its guidelines and to act honourably on its conclusions. This as we know was asking the impossible. Thus we requested that the Assistant Deputy Registrar-General, the official responsible under the guidelines, be authorized to conduct the investigation. That, too, the Government rejected.

Since then we have had hints from the Prime Minister that he might initiate some sort of review of the guidelines. Given the abysmal record of the Prime Minister's sensitivity to this very fundamental issue, that method of proceeding is simply not acceptable except, of course, to some Liberal apologists; but this escapist method is certainly not acceptable to Members of the Opposition. Even more important, it is not acceptable to the majority of Canadians.

The task before us is not to muddy the waters further, as would happen if we allowed the Prime Minister himself to review the guidelines. Rather, our task is to restore the principles of integrity and accountability to our political process, not to undermine them further as the Prime Minister would do. Therefore, the Standing Committee on Privileges and Elections must be given the authority to conduct any review of ministerial and Public Service guidelines on conflicts of interest. In its deliberations, the Committee must reconfirm not only to Members of this House but, more importantly, to the people of Canada that the Government of Canada is not a law unto itself, that the Government shall be held no less accountable today for its actions and the actions of its Members than has been the tradition in the past.

• (1240)

There is a doubt in our nation today, a deep and persistent doubt, doubt in our Government, doubt in our leaders, doubt in our institutions, doubt even in our system of parliamentary democracy and in its ability to meet the demands of a rapidly changing society. These doubts persist and grow precisely because of incidents such as Coalgate, precisely because Ministers do not accept their responsibilities, especially those Cabinet Ministers whose authority, such as that of the Minister of Finance (Mr. Lalonde), makes it doubly imperative that no taint of even moral negligence should attach to them. These doubts persist and grow because we, the Members of the House of Commons, are seen to be impotent to compel Ministers and senior civil servants to act otherwise. It comes down to a question of trust, the trust between those who govern and those who are governed, the very pillar upon which Parliament is built. Today that trust stands in jeopardy.

How can the people of Canada believe anything if they see those guidelines account for so little when they are put to the test, when they are called upon to come into play and are ignored? How can the people of Canada believe their Government rules in the best interests of the whole nation when time after time we see example after example of gross misconduct, whether it is a pay-off for past political debts with the chairmanship of a Crown Corporation or the appointment of a personal friend to a plum contract or to a seat in the Senate; whether it is up front in the open or a backroom deal between the backroom boys who really pull the strings of power and patronage in this Government.

These are all abuses which strike at the very heart of the credibility and trust from which this or any other Government draws its moral authority to govern. These are all abuses, as is every broken promise that this Government has left in its wake, of which there are so many. Without some sense of public morality, some understanding of the traditions of parliamentary accountability and collective responsibility, without some code of personal honour, how can any individual or group of individuals hope for very long to exert moral authority over their offices? How can there not be cynicism among the Canadian people when they see the rules by which they must conduct their lives flaunted by those who stand before them as models of probity and integrity? If you think that worries me, sir, you are absolutely right, it does. It should worry all of us because it does make a difference. These things matter.

I have always believed that there is a contract between those who govern and those who are governed. That contract is not hammered out in some lengthy bargaining session or in closed door sessions. It is a contract openly and freely arrived at based on mutual trust and respect.

The people of Canada fulfil their part of the contract with their Government. They pay their taxes. They obey the laws as is demanded of them. They serve when they are called upon, as is their duty. If they do not do these things, then they pay the penalty imposed upon them.

But where is our federal Government's duty? Does it not, too, have its obligations to honour the promises it makes, to govern all of its subjects equally and fairly, without prejudice or favour; to obey—no less than its citizens—the laws of the land and the rules it has itself established? Does it not have an

even greater obligation to fulfil these duties simply because it is the Government? Of course it does.

We look to Government for leadership. We look to it for integrity. We look to it, not to be as good as the people it serves, but better. We expect Government to set an example. In trusting it to do these things, we grant it authority over us.

This Government, however, has failed. It has failed to lead, be it by example or otherwise. Its integrity has been as scattered to the winds as are its promises. It has broken the trust, the trust that has to exist between the people and the Government.

To those of us on this side of the House, this comes as nothing new. To much of the Canadian public it is nothing new. Public confidence in our parliamentary institutions has been steadily eroding for years. There is an increasing skepticism about our ability to determine and influence the course of events. Politics itself is increasingly the object of scorn and suspicion. It matters little who or what it is to blame for this lack of confidence, this lack of credibility. But we and our parliamentary democracy are all damaged by it, regardless of our Parties and political persuasions.

In the eyes of the general public we are all tarred with the same brush. The public sees the lobbying and the special interests at work. They read of the huge sums of money circulated around Parliament Hill in favour of this or that proposal. They do not stop to question whether such activity is necessary, whether it is legal or whether all Members of Parliament are susceptible to the arguments and favours of such interests. The public see us all as inhabitants of the same honey pot and they suspect us all of having sticky fingers. The public see the almost incestuous relationship between our leading financial, industrial and commercial institutions and former Members of the Government, and they cannot but question the independence of Government.

People see the special quirks and privileges, the appointments of commissioners at $800 a day, the special consultant fees, the advisory boards, the Crown Corporations whose directorships read like a who's who of past and present Ministers and their public servants. They hear such largesse justified by the Prime Minister as "just making a living". When 1.5 million Canadians and their families have to make a living on their Unemployment Insurance benefits and they hear comments like that coming from the Prime Minister of their country, how can there not be some questioning of the values of Government today? To much of the Canadian public, Parliament has become an extravagant irrelevance. It is a circus show acting out its own fantasy in a make-believe world where neither money nor morality seem very real any more.

I need hardly tell Members of Parliament how dangerous such a perception can be. If our society cannot believe in its own political institutions and will not accept their moral authority, we are well on the road to social anarchy. It is incumbent upon all of us, therefore, to act in a way that will restore faith in our political process. It is essential above all that the credibility of Parliament be strengthened and upheld.

• (1250)

Edmund Burke wrote that Government is a contrivance of human wisdom to provide for human want. As the creation of all too imperfect man, Government itself cannot fail to fall short of perfection. It is a contrivance, this artificial creation to which we entrust dominion and authority over our lives.

But just as we must never forget the ultimate objective, this contrivance called Government to provide for human want, so too must we never cease in our efforts to make it as perfect as is humanly possible. It must strive to represent what is best of that human wisdom. We must prove to ourselves and to the Canadian public that we still do have the ability to police ourselves; that we accept to place ourselves within the same confines of law and public morality as we expect of our citizens.

I remind Members of the Government opposite of the oath they took upon accepting office. It is the Privy Council oath. It is not a mere formality, an anachronism or a trivial touch of pomp and circumstance. It is a living and binding code that its Members swear to uphold, not just while they are in office but throughout their lives.

I remind all Members of the House of the oath they took upon becoming Members. We are sworn to uphold the traditions and the integrity of Parliament. We are sworn to uphold the laws of Canada, the unwritten moral laws no less than those inscribed upon the statute books. Our collective authority to govern and legislate the laws of Canada, our collective authority as Members of the Parliament of Canada, must be reaffirmed if we are to meet what the Canadian public is demanding of us.

By granting to the Standing Committee on Privileges and Elections the right to consider and make recommendations on the conflict of interest guidelines, we as Members of Parliament will go a long way to reaffirming the trust and confidence that Canadians must have in their parliamentary process.

Mr. Deputy Speaker: Are any Hon. Members rising to ask questions?

[*Translation*]

Mr. Cousineau: Mr. Speaker, I feel that I must comment on the statement by the Hon. Member for Kingston and the Islands (Miss MacDonald) to the effect that 2.5 million people were drawing unemployment insurance benefits in Canada. I think she is mistaken, and perhaps she would like to rectify her remarks.

Mr. Speaker, I note that according to the Parliamentary Guide, the Hon. Member was elected in 1972 and was re-elected since then—my congratulations. Could the Hon. Member inform the House whether during that time she ever refused to intercede in any way for friends with the federal departments?

[*English*]

Miss MacDonald: Mr. Speaker, I am sorry that the Hon. Member did not understand what I was saying. I meant what I said with very real sincerity. Obviously, we are here to assist people in our constituencies who are in difficulty.

That is not the question that is being debated today. The question being debated today is whether or not we restore credibility and integrity of the House through the means of reaffirming, strengthening and understanding ministerial guidelines. I happen to have sworn that ministerial oath on one occasion. It begins in this way:

Know you that reposing special trust and confidence in your loyalty, integrity and ability, we do hereby constitute and appoint you—

I want to assure the Hon. Member that I have never in any way broken that oath which I took on that day.

[*Translation*]

Mr. Cousineau: Mr. Speaker, I gave the Hon. Member an opportunity to make a rebuttal after my own comments on the figure of 2.5 million unemployed workers in Canada, that is, the number of people receiving unemployment insurance benefits, and she has failed to comment on this, Mr. Speaker.

[*English*]

Miss MacDonald: Mr. Speaker, I will be glad to look at my blues. If I made a mistake in the figures which I quoted, I will certainly correct them.

[*Translation*]

Mr. Cousineau: Mr. Speaker, could the Hon. Member inform the House whether there are indeed 2.5 million unemployed? That is what she said, or perhaps she would care to contradict me. Are 2.5 million people in Canada receiving unemployment insurance benefits?

[*English*]

Mr. Herbert: Mr. Speaker, apparently the Opposition is not willing to suggest what changes they would want in the guidelines until the subject matter goes to the committee. Can the Hon. Member explain to me why there is no willingness now to discuss what changes the Opposition would want in the guidelines?

Miss MacDonald: Yes, Mr. Speaker. I thought the Hon. Member understood that the motion concerned referring the subject matter of the guidelines to the committee for discussion. That, in fact, was the proposal that was put forward by the Hon. Mitchell Sharp in 1974 and reiterated by the Prime Minister at a later time. We could bring the subject matter to the committee for discussion. I feel that that is where the proposals should be put forward.

Mr. Herbert: Mr. Speaker, I return to my question. Apart from the motion on the floor of the House, if there is dissatisfaction with the guidelines, why can we not be informed of what the Opposition would prefer to see in the guidelines? Why are the Opposition so secretive about what they would want to change? Surely if they could bring something to our attention that would have some real importance, we might even be inclined to see it discussed in committee.

At the moment they are suggesting sending it to committee first. In all sincerity, I do not understand why they would not disclose what they would want to see in the guidelines and why they say the guidelines are inadequate as they are.

Miss MacDonald: Mr. Speaker, I suppose one of the very obvious reasons why we consider the guidelines ineffective and in need of review is that there seems to be no agreement among Ministers on the front bench opposite as to what they really mean. They have different interpretations of the words "lobbying" or "persuasion". They have different interpretations as to whether or not sanctions apply or could apply.

These are matters which make it very difficult for Canadians to understand what the Government believes the guidelines are all about. Therefore, we suggest getting those to committee so they can be written in terms that not even the Government wil find confusing.

Mr. Foster: Mr. Speaker, I have a couple of questions to ask of the Member for Kingston and the Islands. It seems to me that she is arguing that the whole question should be referred to a committee. The Clark Government, of which she was the Secretary of State for External Affairs in 1979, brought out guidelines which were essentially similar to those which are in effect today, yet there was no move at that time to refer them to a standing committee. What has changed since then? If it was really important to have strengthened guidelines, why did they not bring forth strengthened guidelines in 1979?

The Hon. Member for Kingston and the Islands (Miss MacDonald) has argued very strongly about pay-offs, broken trust and loss of integrity. She mentioned the figure of $800 a day being paid for a royal commission when, in 1979, the chief counsel for the Mississauga train disaster inquiry was in fact paid $100 an hour, with a maximum of $6,000 per week.

Mr. Deputy Speaker: I am sorry to interrupt the Hon. Member but it is now one o'clock. I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

ENERGY

INDUSTRIAL SABOTAGE AT JAMES BAY—QUEBEC PREMIER'S INTERVENTION—ALLEGED THEFT OF PUBLIC FUNDS

Mr. Gaston Gourde (Lévis): Madam Speaker, we are being told that Premier René Lévesque has allegedly pinched $31 million from Quebecers. He was the one who ordered spokesmen for the Société d'énergie de la baie James to settle for $200,000 a $31 million claim resulting from the March 21, 1974 wrecking at James Bay. The Premier intervened in the normal proceedings of a legal suit launched under the Bourassa Government. What is utterly ridiculous is the fact that, through such a settlement, the Premier made the SEJB lose $600,000 because, even if it did get $200,000, the SEJB had already spent $800,000 in legal fees. Premier Lévesque thus intervened personally to give $31 million to the QFL without any authority from the National Assembly or Cabinet. In my opinion, that was tantamount to looting the public coffers. Quebec hydro consumers must pay for secret agreements based on mere political partisanship. Either Mr. René Lévesque is not telling the truth or he is acting like an idiot when he claims that no one on his staff took part in the negotiations even though 12 meetings were held in their offices. I think that Premier Lévesque owes Quebecers an explanation about this.

* * *

[*English*]

HORTICULTURE

A GIFT OF DAFFODILS—PLEA FOR PROTECTION AGAINST SUBSIDIZED IMPORTS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, today, March the 21, is the first day of spring, believe it or not, with snow and freezing rain covering the Ottawa area. However, the daffodils from my riding of Esquimalt-Saanich, which I am pleased to make available in the lobbies to all Hon. Members, are not just reminders of spring. Through these daffodils I hope to catch the attention of the Minister of Agriculture (Mr. Whelan) and some of his colleagues, as I have done regularly in the past, and to plead that they provide greater protection to Canada's horticultural industry.

Canada's producers of horticultural products can meet their competition from offshore, provided that that competition is not heavily subsidized. Canada's horticulturalists are not seeking subsidies. All they ask is protection against overly subsidized produce from offshore, and relief from burdensome taxation.

Fruit and vegetable producers are already given some protection against subsidized imports. Canadian flower producers deserve similar protection through seasonal and regional tariffs applicable when Canadian products are at their peak. They also deserve protection against imports from countries where unusual market practices prevail. "Dumping" needs redefinition. Finally, they deserve relief from onerous federal tax levies on fuels used for heating greenhouses. Such taxes might be written off as legitimate business expenses. The Minister of Agriculture should therefore work out—

Madam Speaker: Order.

* * *

REGIONAL DEVELOPMENT

DELAY IN IMPLEMENTING NEW BRUNSWICK PROJECTS

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, despite Government announcements that the facilities necessary for the efficient performance of federal Departments will be built in New Brunswick, there are no major federal capital works projects under way this winter or this spring.

Announcements have been made concerning a lead-zinc smelter at Belledune, the transfer of a federal pay directorate to Chatham, a federal maximum security prison at Renous, a military training centre complex at Canadian Forces Base Gagetown, a divisional headquarters of the RCMP at Fredericton, and the Government is holding up construction of the maritime forestry complex at the University of New Brunswick.

The federal Government has allowed subsidiary agreements under the general development agreement between New Brunswick and Canada to lapse. A tourism agreement, highway agreement and industrial agreement are among those which have lapsed. Route 11 along the north shore of New Brunswick is a major developmental highway that should be completed.

With severely high unemployment, the Government should exercise the political will to move these projects forward out of the various planning stages, and create some badly needed jobs and badly needed facilities now.

* * *

INDIAN AFFAIRS

FLOODING ON PEGUIS RESERVE IN MANITOBA

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, time after time band members from the Peguis Indian Reserve of Manitoba have tried to get the Department of Indian Affairs to do something to rectify the reserve's perennial flooding problem. Only last July the Minister wrote to me and said that as soon as he had received a report from the Band about the Fisher River flooding, his office would promptly advise the Peguis Band about what would be done to get Treasury Board approval for a flood rectification project.

There have now been five studies of this flooding, but still nothing has been done to prevent it in the future. So the band

members are forced to prepare themselves again for the possibility of another spring flood, for the social and economic disruption it brings, and the costly clean-up that follows.

The Peguis Band approached the Department of Indian Affairs in good faith to do something about their flooding problem; but now the Director General of the Manitoba region has told them that the Government is not willing to fund a major flood rectification program. All Peguis can expect is possible funding for a program of ring dykes around reserve buildings; but ring dykes are no solution at all. The Band will still have to evacuate when the Fisher River overflows its banks, its water supply will still be polluted, and its farm land will still be carried away by the flood.

The Peguis Band is right to feel that it has been duped by the Department of Indian Affair's promises to do something to rectify the flooding on the reserve. With that kind of track record, it is small wonder that there is little trust of the federal Government among Canada's Indians.

* * *

EMPLOYMENT

EFFECT OF QUEBEC REGULATIONS ON NEW BRUNSWICK JOB OPPORTUNITIES

Mr. Maurice Harquail (Restigouche): Madam Speaker, under the provisions of Standing Order 21, I raise a serious matter which is developing in New Brunswick, involving the border of the Province of Quebec, and relating to employment matters. I would certainly invite the Minister of Labour, (Mr. Caccia) to get in touch with the Premier of New Brunswick, the Minister of Transportation of New Brunswick, and other related Ministers, with regard to what is being interpreted as an injustice involving employment opportunities, especially with respect to forestry and lumber matters and the truckers who are bringing pulp material to the IP mill at Dalhousie and to other lumber-related operations. However, it goes beyond that.

Hospital and office employment opportunities are being placed in serious jeopardy. These would normally be available to New Brunswickers. This is because of the strategic location of that part of the Province between the town of Dalhousie, the city of Campbellton, and the Province of Quebec. It is becoming a crisis because of the licensing regulations on the Quebec side, the attitude of the particular Government, and the lack of any protection of New Brunswickers who are seeking employment on the New Brunswick side. Therefore, I would certainly—

Madam Speaker: Order, please.

LABOUR RELATIONS

EASTERN PROVINCIAL AIRWAYS DISPUTE—EFFECT OF APPOINTMENT OF MEDIATOR

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, on Friday last the Minister of Labour (Mr. Caccia) indicated to the Hon. Member for Annapolis Valley-Hants (Mr. Nowlan) that a preliminary meeting between the mediator and both parties in the EPA dispute had taken place on March 17. The Minister will by now be aware that this meeting did not in fact take place. The Minister by now will be in receipt of a telex from EPA officials setting forth their concern over the appointement of Mr. Gordon Easton. At the time of naming the mediator, the Minister also signed a consent allowing CALPA to take the question of bad faith bargaining to the Canada Labour Relations Board. Under normal circumstances it would be quite likely that this very same mediator would be called to give evidence at such a hearing.

It strains credulity to expect EPA not to object. This dispute is long past the point at which it should have been resolved. By his actions over the past ten days, the Minister has ensured even greater delay in bringing the two parties back to the table.

Atlantic Canadians deserve better treatment than they appear to be receiving. Mutual trust between the mediator and both parties is always essential. Because of the mediator's past involvement with CALPA, he, himself, should have refused the appointment and suggested to the Minister that he seek another name.

Will the Minister not now intervene and bring this overdue long strike to a peaceful settlement?

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INDIAN AFFAIRS

LEVEL OF BUDGET FUNDING FOR MANITOBA REGION

Mr. Rod Murphy (Churchill): Madam Speaker, in my statement I would like to refer to a couple of letters that I have received. One is from the Regional Director General of the Department of Indian Affairs and Northern Development in Manitoba. It is to the Chiefs of the Province of Manitoba. In part it states:

—it has become apparent that Regionally the Department of Indian and Inuit Affairs will not be in a position to sustain the level of budget as compared to the current year.

I would also like to quote from a letter to the Minister from the All-Chiefs Budget Committee, dated March 9, 1983. It states:

From the beginning of our negotiations in May, 1982, you have stated your agreement with the critical necessity of reforming the DIAND budgetary system, with the soundness of the Manitoba Chief's specific reform proposals.

● (1410)

Mr. Minister, ten long months of arduous, frustrating negotiations with you on the form and content of this agreement..have left the Chiefs with the clear

perception that your real attitude to negotiations has been one of duplicity, deception, lack of will and a betrayal of your trust obligations to the Indian people of Canada.

While we have been negotiating in good faith and trusting your empty assurances of support, the Department of Indian Affairs has proceeded to implement unilaterally a 1983-84 budget plan that strikes tragically at the heart of already under-funded services to Indian people—

Madam Speaker: Order.

* * *

[*Translation*]

AGRICULTURE

EFFECT OF PROGRESSIVE TAX ON QUEBEC FARMERS

Mr. Marcel Dionne (Chicoutimi): Madam Speaker, some time ago in Quebec a united movement started to protest against the tabling by the Hon. Minister of Transport (Mr. Pepin) of a working document claiming on behalf of the Quebec Minister of Agriculture that its purpose was to ensure the survival of the agrifood industry in Quebec.

Madam Speaker, there is in Quebec an escalating tax on energy which has fattened the Quebec government's treasury by as much as $900 million. It is also a well known fact that the agrifood industry accounts for some 25 per cent of all the economic activity in the province, which means that through that escalating tax, Quebec farm producers have been deprived of tens of millions of dollars. Madam Speaker, I feel that we should be concerned about these escalating taxes which empoverish Quebec farm producers much more than their counterparts elsewhere in Canada, because this sort of tax is outright dishonest for Quebec farm producers.

* * *

[*English*]

ABORIGINAL RIGHTS

STATUS OF NATIVE WOMEN UNDER CONSTITUTIONAL ACCORD

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, native leaders left Ottawa last week hoping that at the very least the Constitutional Conference had opened the door to a new spirit of co-operation and trust between the Government and native peoples. Imagine their horror when they found that the Minister of Justice (Mr. MacGuigan) and other Government officials had deliberately deceived them by failing to amend the Accord to entrench equality between native men and women, after promising to do so.

Despite the attempts by some provincial Ministers of Justice to change the wording in a meeting Tuesday night, and a promise by the federal Minister of Justice to native leaders on Wednesday afternoon, the final Accord laid before the native people in the last moments of the Conference was not changed. What has now been entrenched in the Constitution is a clause guaranteeing native rights and their equality for men and women, as they now exist. Everyone knows, however, that our existing statutes and the Indian Act clearly discriminate against native women, and the new Accord therefore is meaningless. The Accord that had been agreed to by all participants was deliberately and without further consultation changed to suit the Government's own needs.

Canadians everywhere have the right to expect a higher standard of morality on the part of their Government officials. The betrayal of provincial Ministers and native peoples alike is a shame on the Minister and his Government.

* * *

LABOUR CONDITIONS

PLEA ON BEHALF OF THE UNEMPLOYED

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, I am ready to admit that I have done quite a bit of thinking about the debates in this House of Commons in which I started to take part more than 40 years ago. I may say that, even before then, I was active for ten years or more in the politics of those days. I think about the period of activity in this country for the past 50 years. I think we have done something. We have made some important gains with Old Age Pensions, health care, allowances for children and so on. There are things of which we can be proud, but there is something that we have failed to do again and again.

There are people in this country who are lacking employment, who do not have a useful part to play in making life great in Canada. We must make that one of the aims in our effort to make life in Canada really worth-while. We have to make that effort. I would say, Madam Speaker, that for heaven's sake, we should do it now.

Some Hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

UNEMPLOYMENT AMONG YOUNG PEOPLE

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Minister of Employment and Immigration. A Canadian Press wire story handed me just a few minutes ago quotes the Minister as having told national student leaders today that he can offer nothing but faint hope in the face of the mass unemployment among youth from coast to coast: "Students can expect a lot more of the same, more unemployment."

With 600,000 Canadians between the ages of 15 and 24 out of work, and with another 600,000 about to enter an uninviting labour market from the educational institutions of the country, is the Minister suggesting in his quotations, to which I have

made reference, that the Government is not going to include anything in its forthcoming budget to address the most important major problem in the country at this time?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Hon. Member should know by this time that it is very unwise to try to base a question about Government policy on a quote from a newspaper story. I did not give any such quote. I did not say that we would not do anything to help. In fact, in the meeting I had with the students this morning, the purpose of the meeting was to discuss and decide how we could work together in a common fashion to deal with what is a very serious and major priority of the Government, and should be of this country, that is, to help young people get jobs, and to go back to work.

I point out for the information of the Hon. Member that for this year we have increased our funding for summer student employment by over 40 per cent. That is a very clear sign and indication that we do have summer employment for young people as a very high priority. In the meantime, members of this caucus have been working for several months on developing other kinds of options and initiatives that could be examined as part of an undertaking that we can put forward as a way of helping young people get jobs. I both discount the story and the Member's question.

STUDENT SUMMER EMPLOYMENT PROGRAM—STRATEGY FOR YOUTH

Mr. Tom McMillan (Hillsborough): Madam Speaker, the Minister can discount my question, but he cannot discount the fact that there are 600,000 Canadians between the ages of 15 and 24 without work. The Government's 1983 student summer employment program, to which the Minister made reference, will create only 70,000 jobs, when the need is for ten times that number. Moreover, those jobs are only temporary. They do nothing to provide students and other youth with on the job training for more permanent skilled work. In light of that, will the Minister give serious consideration to the urgings of the Canadian Federation of Students, with whom he met today, that the Government's band-aid, ad hoc approach to job creation be replaced with a strategy for youth employment geared more to creating permanent skilled work of the sort that these students very much need and want?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am very surprised at the question of the Hon. Member. If he had taken the time, and perhaps the interest, to have read the material that we put out concerning the summer employment program, he would recognize that a large portion of that program is dedicated to the internship strategy which combines work and training. We offer direct grants to private employers, non-profit organizations and federal agencies to combine training over a period of two to three years with the direct summer work program. All the Member's question demonstrates it that he does not know what that summer youth employment program contains. Before coming to this House to ask questions, the Member should take the time to inform himself so that he can ask questions based upon what is, and not on what he thinks the program to be.

FUNDING FOR TRAINING

Mr. Tom McMillan (Hillsborough): Madam Speaker, my final supplementary question is for the same Minister. The students themselves are very familiar with the details of those programs. They are aware, too, of the inadequacies of them, and of the fact that they are faced with unemployment the likes of which we have never before seen in this country. They are also aware of the fact that the Minister's Government is slapping its six and five restraint program on funding for universities and community colleges. In light of that, would the Minister tell the House and, through this House, the young people of the country, why the Government is choosing to slash expenditures in the areas of training and education when those two things constitute such an important part of any rational, vital approach to youth unemployment? Why is the Government slashing funding in the very areas of public policy which are necessary to turn this tragedy around?

• (1420)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the topic we are addressing is unquestionably a very serious one. That is why it is disappointing that the Hon. Member would again provide information which is inaccurate.

When he talks about the so-called slashing of programs, the Hon. Member does not realize that we added 20 per cent to the training program in this year alone. Our budget went from $800 million to over $1 billion. We are providing training programs for over a quarter of a million Canadians. In that training program, Madam Speaker, we are providing, under the Skills Growth Fund, direct investment to community colleges in the Hon. Member's own Province, which is enabling them to modernize their facilities and equipment substantially in order to provide new training positions in high technology areas for the offshore industries and the marine industries. Once again, Madam Speaker, what we are facing is an Opposition which simply does not know what is going on.

LACK OF TYPING SPEED—TRAINING OF WOMEN

Mrs. Jennifer Cossitt (Leeds-Grenville): Madam Speaker, my question is directed to the Minister of Employment and Immigration. I hope he will answer my question a little more positively. Numerous women in the service industries are losing their jobs. Through industrial retraining programs they are trying to upgrade their skills for other work, particularly in the word processing field. But, even when eligible for a word processing course, they cannot qualify because they lack the required 50 words per minute typing speed, and there are no typing courses available. Will the Minister look into this gap in the training program and see what can be done to help those caught in this particular situation?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would be very pleased to look into the specific matter which the Hon. Member has brought to my attention. I would like to point out, however, that under the National Training Act we do make available pre-skills training programs to local community colleges and organizations which want to sponsor pre-skills pre-trades programs where they can help individuals get up to a certain level of competence, whether it is in mathematics, English, or other basic skills, so that they can become eligible for the longer-term training programs. We are prepared to help with funding under that program. I would be very pleased to provide information to the Hon. Member so she could pass it on to those in her own constituency who might want to start such programs.

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FINANCE

REFUNDABLE EMPLOYMENT TAX CREDIT PROPOSED FOR WOMEN

Mrs. Jennifer Cossitt (Leeds-Grenville): Madam Speaker, my question is for the Minister of Finance. Almost one-half of single-parent families headed by women are today living in poverty. The rate of unemployment among these women has increased by 60 per cent over the last year. Will the Minister consider a targeted refundable employment tax credit, or wage subsidy program, for this particular group? This is a concept which has been put forward by my colleagues on other occasions, and which has been endorsed in general terms by the Economic Council of Canada.

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I shall take the Hon. Member's suggestion as a representation for the purposes of the budget, and it will be considered accordingly.

* * *

[*English*]

BANK OF CANADA

ADVICE GIVEN BY GOVERNOR

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my question is directed to the Minister of Finance. If the Minister were one of the nearly two million people unemployed, or one of the two million people on welfare, or one of the tens of thousands of people who are living daily under the threat of layoff, or one of the small-business men going bankrupt these days, or one of the hundreds of thousands of students who are about to enter the job market in a few weeks, and if he had listened to Governor Bouey's speech on Friday when the Governor advised the Minister of Finance to stay on course, to ignore the high unemployment levels, or to accept them, to accept the high levels of bankruptcy, to ignore the human tragedy going on, would the Minister of Finance not agree that the Governor of the Bank of Canada has entered the never-never land of Peter Pan and has really lost touch with the people of Canada and the realities of Canada?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member is wrong on several points. The Governor of the Bank of Canada did not make a speech last Friday. He gave a press conference. Also he did not state what the Hon. Member attributes to him. I have read the transcript of the Governor's statement, and he did not say what the Hon. Member says he said.

REQUEST THAT ANNUAL REPORT BE LAST SUBMITTED BY GOVERNOR

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, Governor Bouey's advice to the Minister of Finance in his annual report is very clear. He is advising more of the same. I suggest to the Minister of Finance that he is going against the advice of Canadians who are asking the Government in the upcoming budget to be bold, to be thoughtful, to take action to provide some stimulus to create jobs and get Canadians back to work. Considering that the advice of the Governor of the Bank of Canada is contrary to the advice of most Canadians, will the Minister of Finance assure this House that the Governor of the Bank of Canada will never again submit an annual report such as the one he has just tabled for 1982?

Some Hon. Members: Oh, oh!

Mr. Riis: That is what the people of Canada feel about it. Will the Minister ensure that Governor Bouey will never submit another report again?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): No, Madam Speaker.

[*English*]

POSITIONS OF GOVERNOR AND MINISTER

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is also directed to the Minister of Finance, if I can get his attention away from the daffodils which we have today from the West Coast. The Minister has recently indicated that, if he is going to stimulate the economy in his April budget, the deficit could rise to an unprecedented level of $30 billion or more. We have the Governor of the Bank of Canada now warning very clearly that our economic problems cannot be resolved by vigorous use of financial stimulation, since this could only lead to further inflation, a point which the Hon. Member for Kamloops-Shuswap has ignored. Are the Finance Minister, who is responsible for fiscal policy, and the Governor of the central bank, who runs monetary policy, on a collision course?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): No, Madam Speaker.

[*English*]

FINANCE

RATIO BETWEEN GOVERNMENT DEFICIT AND UNEMPLOYMENT

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is also addressed to the Minister of Finance. We understand his appetite for deficits, but I believe it is unfair to suggest that the Governor of the Bank of Canada is wallowing in the same sty. The Minister has made the point that the deficit would be financed by borrowing from Canadians, and that would help create jobs. I would like to point out that, when the deficit was $10 billion, the unemployment rate was 8 per cent. This current year, when the deficit is estimated at $27 billion, the unemployment rate was 12.5 per cent. Why should Canadians lend this Government an amount equal to half their savings in order to help create jobs, when historically this approach has not worked? When is the Minister going to introduce more effective measures?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I hope that these measures will be contained in the next budget. I would like to remind the Hon. Member—

Some Hon. Members: Oh, oh!

Mr. Lalonde: Is there a revolution in the New Democratic Party over there?

I would like to remind the Hon. Member that I indicated that if there were no budget, if nothing were changed, because of lower revenues than anticipated, particularly resulting from lower anticipated oil prices, the deficit in 1983-84 would be around $30 billion. That is before any particular changes are made by way of a budget. As far as what specific measures will be contained in the budget are concerned, I invite my hon. friend to wait for the budget.

As the Hon. Member well knows, the Government goes to the market for borrowing. No one is obliged to lend money to the Government. This happens on an open market and, up to now, Canadians have had greater confidence in Canada and the future of Canada than the Hon. Member seems to have.

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ABORIGINAL RIGHTS

CONSTITUTIONAL ACCORD RESOLUTION—PROPOSED OFFICE OF CONSTITUTIONAL AFFAIRS

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is directed to the Minister of Justice. Would the Minister tell us when it is the intention of the Government to bring forward the resolution flowing out of the Accord signed at the Constitutional Conference? Could he also comment on how the Government intends to use the new proposed Office of Aboriginal Constitutional Affairs which is being set up in the Prime Minister's Office?

• (1430)

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, wo do hope to bring forward the resolution in the near future for consideration by the House at the appropriate time. I think my hon. friend will have to wait with respect to the new office which is to be set up for that to be done, and for the announcement to take place. At that point he will see what is the scope of that office.

USE OF PROPOSED OFFICE

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, could the Minister then assure the House that it is not the intention to link the new proposed Office of Aboriginal Constitutional Affairs with the Indian Liberal caucus that was set up at the last Liberal convention? Can he also confirm they will not use this new office to flow economic development funds through to ridings where they think they can gain Liberal Indian friends, or to swing ridings that are called Liberal swing ridings?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, as a result of the leadership this Government has shown with respect to native rights, it does not need any artificial aids in enlisting the support of native people across Canada.

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TRADE

HOUSTON TRANSIT AUTHORITY—REJECTION OF BID BY CANADIAN COMPANY

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is directed to the Minister of International Trade, in follow up to questions asked by my Leader on February 9 about a decision made by the Houston Transit Authority of Texas to purchase some 130 rapid transit cars for their subway system from a Japanese company over a bid submitted by a Canadian company. The Canadian company was CanCar of Thunder Bay, and its bid was some $29 million lower than the Japanese, but despite that the Japanese got the contract.

Has the Government yet determined why we did not get the contract when our bid was so much lower than the Japanese, and will he give Parliament a report on what he has done as the Minister in charge of trade in an attempt to try to rectify this situation and save hundreds of jobs for Canadians?

Hon. Gerald Regan (Minister of State (International Trade)): Madam Speaker, the Hon. Member refers to a commercial tendering in Texas whereby Hawker Siddeley was one of a number of companies which bid on a rather substantial sale. It is true that its bid was the lowest of those submitted. However, the authorities in charge of awarding the contract ruled that Hawker Siddeley was unresponsive to many aspects of the requirements of the bid document and it was disqualified on that basis. We have had contact with the

company and have also made inquiries of the relevant authorities through our representatives in Texas. I think that is all I can usefully say on the subject at this time.

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NEW EMPLOYMENT EXPANSION AND DEVELOPMENT PROGRAM

CREATION OF NATIONAL DEFENCE JOBS IN BRITISH COLUMBIA

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, I would like to ask the Minister of Employment and Immigration about a fraud which is being aided and abetted by his Department. Last week it was announced that under the NEED Program 242 short-term jobs would be created in the Department of National Defence in British Columbia. At the same time, at Victoria dockyards, 54 term employees, some with over three years seniority, were told they would be laid off effective March 31 of this year. Will the Minister personally look into this situation and ensure that this fraud, this injustice, does not continue? Will he ensure that his Department will not destroy full-time jobs in order to create fraudulent statistics about job creation?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think the Hon. Member is using the word "fraud" in a very loose—and unfortunate way. I think he should perhaps be more careful in the kind of allegations he makes in this House. It is not the purpose of the NEED Program to replace existing workers. A very clear criterion we have under the Program is that any jobs provided are incremental to the normal work force. That is certainly the case in the area of the Defence establishment, and I have had the assurances of my colleague, the Minister of National Defence, that the NEED Program is not replacing jobs that would be ongoing but ones that were under normal term contracts in any event.

REQUEST THAT DOCKYARD LAY-OFF NOTICES BE RESCINDED

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, I am sure the Canadian people can decide what fraud is, and they will want to look at this pretty carefully.

The base commander has indicated that the jobs being terminated are necessary for the ongoing operation of the dockyards. Taking away one job in order to create several part-time jobs represents a new low, even for this Government. Will the Minister ask the Minister of National Defence to rescind the lay-off notices for the 54 dockyard employees and ensure that the 242 jobs under the NEED Program represent new jobs, not jobs stolen from other workers?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think, before the Hon. Member gets carried away by his own rhetoric, he should recognize that in this particular case, according to information I have from the Minister of National Defence, there is no replacement with jobs provided under the NEED Program of jobs that were there under the winter-term operation. Those jobs will be replaced by a further term contract over the summer months. The NEED Program jobs are incremental to both those levels of jobs.

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SHIPBUILDING

FRIGATE PROGRAM—CONSIDERATION SOUGHT FOR NEW BRUNSWICK SHIPYARDS

Mr. Maurice Harquail (Restigouche): Madam Speaker, I would like to return to questions relating to the economy of Atlantic Canada. My question is directed to the Minister of Supply and Services and has to do with the much discussed future employment opportunities at shipyards in Saint John, New Brunswick, under the defence requirements for frigates and new frigate construction. Since this matter is being pursued vigorously now and we anticipate an early decision, can the Minister indicate, with the support of all Members in the Atlantic area, some due consideration for this firm which has shown an expertise in this area so that we may provide additional jobs in an area where they are much needed now?

[*Translation*]

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I trust that Members on all sides of the House will support the frigate program as soon as it is underway. In fact, the two finalists have submitted their tenders, and I expect we shall be announcing to whom the contract has been awarded at the beginning of this summer. I also trust, Madam Speaker, that the economic spinoffs will be acceptable to the Members of this House.

* * *

[*English*]

ABORIGINAL RIGHTS

WORDING OF CONSTITUTIONAL ACCORD—STATUS OF NATIVE WOMEN

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question is for the Minister of Justice and is with regard to the constitutional Accord he will be laying before the House for ratification. The Minister is aware of a most serious discrepancy between the Accord agreed to by the federal and provincial Governments, and by native leaders, and the Accord that was agreed to in two meetings away from the plenary session, and actually laid before the members for signature. Moreover, the Minister was aware of the discrepancy on Wednesday morning and committed himself to correcting what he called an oversight before the document was presented for signature. Why did the Minister choose instead to deceive the native peoples deliberately, who thought they were acting in good faith, and which version of the Accord will he bring to the House for ratification?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, my hon. friend is being mislead, I am sure innocently, by a very garbled version of the facts relating to the particular section in question having to do with the equality of men and women. The conference document reflects exactly the agreement reached among the participants. It was not only my ruling as chairman at that meeting, but it was so understood and, I believe to the best of my knowledge, all the Provinces have confirmed that was exactly the understanding reached at the meeting. There seems to have been an innocent mistake made by some of the participants on behalf of the Native Council of Canada that a proposal they made was actually accepted by the meeting, but that was not in fact the case.

We took soundings across the country from the Attorneys General on Friday to see, first of all, whether or not the communique we believed was exact was in fact exact, and the answer was, yes, it is; secondly, whether or not it would be possible to have an agreement to a further variation or a new variation which would now be agreed. A very large number of the Provinces were against that, and at the moment it appears that the version we will be laying on the Table in the House will be exactly the one which was presented at the end of the conference which, as I said, was the agreement reached at the conference.

• (1440)

POSITION OF PROVINCES

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, I have in my hand not only a copy of the Accord that was signed but also a copy of the minutes of the meeting that dealt with this particular section. The wording that was laid before the meeting and that was written into this Accord that was reached behind the scenes was written in by Roy McMurtry of Ontario. It differs substantially from the version that was presented for signature.

The Minister undertook with the native people that he would discuss with the Provinces what their understanding is of this—as if there could be any doubt, as it is all committed to writing. What is the result of these discussions? What changes is the Minister going to propose to the provincial Ministers to correct what he alleges to be an oversight and a misunderstanding?

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, my hon. friend is quite right, there cannot be any misunderstanding. But despite that, I am afraid that he has misunderstood. As I indicated in my answer to his first question, his quarrel is not with me, it is with all the Governments of Canada. All of them take the view that the conference communique represents exactly what was agreed on at the conference. I do not know where he got the minutes, but the Provinces have agreed with us that the published text is the text that was agreed on. We have not only ascertained that, but have asked them if they would be prepared to make, as a variation, what the Native Council of Canada asked. Too many Provinces are opposed to that for us to be confident that it is possible.

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BILINGUALISM

REPORTED STATEMENT BY MINISTER ON MAKING CANADA A FRENCH STATE

Mr. Bill Domm (Peterborough): Madam Speaker, I should like to refer to an article which appeared in the Ottawa *Citizen* a few days ago which reports remarks delivered at a meeting by the Secretary of State. He said that his role as Secretary of State is to further his ambition of making Canada a French country both inside and outside Quebec and the task of making Canada a French state.

I wonder if he would explain what he means by making "Canada a French state".

[*Translation*]

Hon. Serge Joyal (Secretary of State): Madam Speaker, I am glad that the Hon. Member has given me an opportunity to explain what I meant. The passage he has read is quoted out of context. What I told my audience and what I wish to repeat today is that Canada has a very clear linguistic policy. It specifies that French and English are the two official languages of Canada and have equal rights, status and privileges. Consequently, Canada should reflect the reality of the French fact in its policies as much as it has reflected the reality of the English fact throughout its history.

[*English*]

MINISTER'S MEANING

Mr. Bill Domm (Peterborough): Madam Speaker, the Secretary of State said that his comments were taken out of context as referred to in the Ottawa *Citizen*. Today I obtained a French copy of the text of his remarks and I should like to read it and ask him the same question.

[*Translation*]

—because everything we undertake and everything we do so that Canada will be a French state—

[*English*]

I wonder if the Secretary of State of Canada would explain what he meant by that. It is not taken out of context but it is taken directly from his remarks as supplied to me by his own office.

[*Translation*]

Hon. Serge Joyal (Secretary of State): Madam Speaker, as I explained earlier, the Constitutional Act of Canada provides in Section 16 that Canada must reflect the reality of its French and English identities in its decisions and policies. When this principle received the approval of all the parties in this House, it was clear for everyone that the government and the people in charge of Canadian affairs in general must make every effort to put French and English on an equal footing. This is why we

have proposed, in the House, a series of programs designed to support official language minorities and contribute to various activities which can guarantee Canadians access to the Canadian government in either or both official languages. Is is in this context that I told my listeners that, because of these objectives, Canada should be as French as it is already English and that its policies must reflect both the French and English realities in Canada.

* * *

[*English*]

CRIMINAL CODE

ACTIONS OF ANTI-SEALING SHIP—INQUIRY RESPECTING POSSIBLE PROSECUTION

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a question for the Minister of Justice in his capacity as Attorney General of Canada. I have given him notice because the question relates to a rarely used section of the Criminal Code in the Chapter dealing with piracy, Section 76.

In his capacity as Attorney General of Canada can the Minister tell the House why a charge has not been laid against the converted trawler *Sea Shepherd*, of foreign registry and dubious ownership? The ship is currently in Canadian waters with the express intent of breaking Canadian law, specifically Sections 76(b) and 76(d) of the Criminal Code of Canada.

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, the federal Government, mostly through the Department of Transport and the RCMP, is closely monitoring the situation that my hon. friend described. The role of the Department of Justice has been primarily advisory. I can tell the Hon. Member, however, that if charges were to be laid in this case they would be laid by the Attorney General of Newfoundland as is prescribed by the Criminal Code. In some circumstances the consent of the Attorney General of Canada would also be required, but the action would be taken by the Attorney General of Newfoundland.

It certainly would be possible that an offence might be committed under the law against piracy that the Hon. Member refers to, although it is not obvious that would be the most relevant Section of the Criminal Code. There are many other possibilities involving either deliberate or accidental harm.

Mr. McGrath: Madam Speaker, I am not a lawyer, although I am something of a sea lawyer.

REQUEST THAT LAW BE ENFORCED

Hon. James A. McGrath (St. John's East): Madam Speaker, the Minister knows that the ship is beyond the jurisdiction of Newfoundland because it is outside the three-mile limit, but it is within the jurisdiction of the Attorney General of Canada. Why would he not lay a charge? The ship has been there for some considerable time with the express intention of breaking the law. Section 76(b) provides:

> 76. Every one who, while in or out of Canada,
>
> (b) steals or without lawful authority throws overboard, damages or destroys anything that is part of the cargo, supplies or fittings in a Canadian ship—

It also provides that anyone who counsels or procures a person to do so is guilty of an indictable offence. The owners of the vessel and all those on board the vessel are clearly in violation of Canadian law. They have announced their intention to break the law.

I want to know and the Government of Newfoundland wants to know why the Minister has not enforced the law and arrested the ship.

Hon. Mark MacGuigan (Minister of Justice and Attorney General of Canada): Madam Speaker, if my hon. friend is so concerned, and I understand his concerns, he can address his concerns to the Attorney General of Newfoundland. According to Section 433 of the Criminal Code, he is the Attorney General who has jurisdiction in such cases. If some of those involved are not Canadian citizens, he will also require the consent of the Attorney General of Canada. He has not so far sought that consent.

I repeat to my hon. friend, it is not obvious that the most applicable section for a charge of this kind is either Section 75 or 76, which deal with piracy. There may well be other Sections under which the Attorney General of Newfoundland would decide that it is more appropriate to take action.

* * *

HAZARDOUS PRODUCTS

REGISTRATION OF PESTICIDES—REQUEST FOR TRANSFER TO DEPARTMENT OF HEALTH

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is directed to the Prime Minister, and I have given him brief notice of it. Last fall a 20-year old farm worker in the Fraser Valley died as a result of pesticide poisoning. Last week a coroner's jury concluded that Jamail Singh Deol died as a result of inadequate government regulations on the use of pesticides. A Matsqui-Abbotsford Community Services survey shows that the problem is so widespread that 55 per cent of farmer workers have been directly sprayed with pesticides while working.

I should like the Prime Minister to consider the recommendation of the coroner's jury to transfer the responsibility for the registration of pesticides from the Minister of Agriculture to the Minister of National Health and Welfare. It has once again been made apparent that the health of farm workers is not being protected by the current registration process.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member was good enough to inform me at the beginning of Question Period that he would raise this

matter, which gave me a chance to discuss it with the Minister of Agriculture.

It appears that the Hon. Member is making a suggestion for change of Departments at the federal level. Of course I am prepared to consider the Hon. Member's suggestion and to examine it. But I would point out to him that the recommendations of the jury, some ten of them, were essentially addressed to the provincial Government. Whether it is Agriculture or Health that regulates and authorizes the existence of a pesticide, it remains up to the Province to train and license the users of that product. Therefore in this case I do not see that a change at the federal Government level would improve the licensing or training by the provincial Government, and it seems to me that that is where the problem should be first addressed.

• (1450)

Mr. Rose: Perhaps my supplementary question to the Minister of Agriculture might be more convincing to the Prime Minister.

UNITED STATES TESTING OF CHEMICALS—REQUEST THAT PESTICIDE REGISTRATION BE SUSPENDED

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, British Columbia farm workers are being hit by a double-whammy. On the one hand they will have more difficulty obtaining unemployment insurance at the federal level and, on the other hand, the Socred Government at the provincial level will take away their right to workers' compensation safety standards—they will be exempted if they work on farms.

My question concerns the registration of pesticides, many of which are lethal. Based upon test data from Industrial Bio-Test Laboratories in the United States—and this company has been charged with criminal fraud for tampering with the results and for falsifying test results—43 of these chemicals are being used in Canada without any retesting. Monitor, one of the pesticides which caused this death, is on the list of 43 chemicals. Will the Minister of Agriculture change his mind and agree to suspend registration of these 43 chemicals until retesting in Canada is completed? That is what the coroner's jury wanted, and that is what the coroner's jury requested.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member knows, as I do, that some of the representatives of the British Columbia workers are in Ottawa today and that I am meeting with them after Question Period. We will discuss this and we will explain our position in detail to them. To the Hon. Member, I say there is no country in the world which has as strict a use of pesticides as we do. For instance, some of his constituents from British Columbia shop in the United States. Its rules and laws are much more lenient than ours.

As far as the use of the pesticide in fields, et cetera, is concerned, that is under provincial labour laws. We have arrangements with some Provinces where they have passed very strict laws on how to use any kind of pesticide where any human will come in contact with it, as a matter of fact where animals may come in contact with it, especially after it is sprayed on fields, crops, and this type of thing.

We are concerned, but I would challenge the Hon. Member or anyone else to find a more strict regulatory program than we have in Canada. He knows full well that we are retesting and that we have spent several million dollars buying our own equipment to retest all chemicals which are brought into Canada and were tested by this company. In way over half of them, the tests are proving accurate. Many are starting that IBT tests were all fraudulent. Over half the tests are proving to be very accurate. It takes some time.

Some Hon. Members: Sit down!

Mr. Whelan: This chemical about which he is talking—

Madam Speaker: Order, please.

* * *

[*Translation*]

AGRICULTURE

GOVERNMENT EFFORT TO HELP FARMERS—INQUIRY WHETHER FINANCIAL INSTITUTIONS HAVE BEEN ADVISED OF GOVERNMENT POSITION

Hon. Roch La Salle (Joliette): Madam Speaker, my question is also directed to the Minister of Agriculture. The Minister is aware that last week, the House agreed to refer to committee a proposal to help farmers who are being threatened with bankruptcy. In the circumstances, has the Minister asked his department and his officials to advise financial institutions that the Government will be making a special effort to assist farmers who are having trouble with their bank payments, and to enable banks to be a little more generous and a little less pressing with respect to payments to be met by farmers?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am sure the Hon. Member is aware that thousands of farmers have been helped, not only by the Government but by lending institutions also. I am sure he is aware as well that some people in rural Canada need special attention. We have also helped people in positions which are not the kind they desire to be in, namely, the economic conditions in which they find themselves. Certain production entities, mostly confined to the red meat industry, whether pork producers or beef producers, are the ones in the greatest financial difficulty. We are doing everything humanly possible to assist them.

But I am sure the Hon. Member agrees with me that we cannot just finance them out of the difficulty they are in. Some of them need better marketing conditions, better returns for their commodities. Because the commodities they are producing have shown a decreased level of income for them, they are wanting some kind of stabilization. Most of the countries with

which they are competing, for instance, their greatest competitor, the United States of America, have no such program for their producers at all. We have an agricultural stabilization program here, ASA, which provides some assistance. They say it is inadequate at the present time. How quick we will go forward with another program depends on what the Provinces want. I offered a program—

Madam Speaker: Order, please.

[*Translation*]

Mr. La Salle: Madam Speaker, I have a supplementary for the Minister of Agriculture. I did not ask him what the Government has done for farmers. We know that. I simply asked him whether he was prepared to ask the banks . . . Last week, all three parties in this House agreed unanimously to refer Bill C-653 to committee, to make recommendations to the Government for the purpose of helping farmers being threatened by bankruptcy. The farmers' bankers should know that the Government and Parliament are prepared to make new proposals to help them get through this difficult period, especially in view of financial requirements for purchasing seed, and so forth, in cases where the bank no longer is prepared to lend them money. In the circumstances, my question is as follows: would the Minister, in view of the unanimous will expressed by the House last week during the debate on Bill C-653, could the Minister at least ask the banks to be less rigid in pursuing payments owed by farmers, since the Government has actually decided in favour of making new proposals. I am not asking what the proposals will be, but could—

Madam Speaker: Order!

[*English*]

Mr. Whelan: Madam Speaker, the Hon. Member knows that I support the Bill. I hope his Party sees fit to give it speedy passage through Committee so that that Bill can become law.

Also I say to the Hon. Member that if his Government had not withdrawn the legislation or the type of program I had provided for income assurance for farmers—and his agriculture critic said in the Standing Committee the other day that it was too rich and too costly—there would have been no farm bankruptcies now at all.

* * *

NUCLEAR ARMAMENTS

CANADIAN POSITION ON GENEVA ARMS CONTROL TALKS

Mr. Douglas Roche (Edmonton South): Madam Speaker, I have only one question, which is directed to the Secretary of State for External Affairs. It concerns the visit to Ottawa this week of U.S. Vice-President Bush. Will the Government of Canada be putting before the Vice-President any proposals which would contribute realistically to the nuclear negotiations in Geneva so that an acceptable solution can be found to the nuclear arms question, which is the principal concern of people all over the world?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, it is the intention of the Prime Minister and myself to hold discussions with the Vice-President. Among the topics for discussion will certainly be the arms control situation and the negotiations that are currently under way at Geneva. We hope to be making known to the Vice-President our concern that success be attained at these negotiations. Also we will be expressing our views on various proposals which have been made public with respect to these negotiations.

* * *

EXTERNAL AFFAIRS

ZIMBABWE—OBSERVANCE OF HUMAN RIGHTS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the same Minister. There is growing concern for another area of unrest and it has to do with the Lancaster House Agreement and the independence of Zimbabwe. I have written to the Minister for almost a year now concerned about developments there. In his last letter about a month ago the Minister said that "The common judgment was that the judicial system at present operated as an effective part of the constitutional framework, and that there had been significant improvements in the observance of human rights since Zimbabwe became independent". In light of recent new developments, and news stories breaking, does the Minister still stand behind this statement?

• (1500)

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, we have been increasingly concerned about recent developments in Zimbabwe, and we have expressed these concerns to the Government and the authorities. Recently a member of the administration of that country was in Ottawa and these concerns were expressed to him personally. My letter, obviously, has had reference to developments since the beginning of independence and the new Government, and did not cover these recent events which are a cause of great concern to Canada and to other countries.

Madam Speaker: I just want to tell the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen) that I do not know how he can call the question he just asked supplementary to the one posed by the Hon. Member for Edmonton South (Mr. Roche).

An Hon. Member: It was External Affairs.

Madam Speaker: The Hon. Member did get in on that little trick, but it will not work every time.

Some Hon. Members: Shame!

Some Hon. Members: Oh, oh!

Point of Order—Mr. Andre

POINT OF ORDER

MR. ANDRE—PROVISIONS IN SUPPLEMENTARY ESTIMATES (C), 1982-83—RULING BY MADAM SPEAKER

Madam Speaker: I would like to rule on the point of order raised by the Hon. Member for Calgary Centre (Mr. Andre). It concerns the procedural acceptability of two votes in the Supplementary Estimates (C) for the fiscal year ending March 31, 1983, namely, Vote L11c under Fisheries and Oceans and Vote 10c under Industry, Trade and Commerce. The Hon. Member argued that these two votes seek to appropriate money for purposes not authorized by Parliament. The Chair would like to express its appreciation to the Hon. Member and to the President of the Treasury Board (Mr. Gray) for their contributions on this important matter.

The Hon. Member for Calgary Centre raised, as his first point, Vote L11c under Fisheries and Oceans, the object of which is to increase the borrowing limit of the Freshwater Fish Marketing Corporation, as set out in Section 17 of the Freshwater Fish Marketing Act. The Hon. Member submitted that this vote is out of order in that it seeks to amend legislation by means of an item in the Estimates. He indicated that the borrowing limit was previously extended by Appropriation Acts from $5 million to $20 million but that rulings in 1974 and subsequently have made it abundantly clear that such a procedure is, in fact, out of order.

The Hon. President of the Treasury Board stated in rebuttal, although with little notice for study which the Hon. Member for Calgary Centre conceded, "that there are many precedents setting out the acceptability of the procedure with respect to Vote L11c, involving as it does not a request to authorize the Government to spend money, but simply to increase the level of borrowing authority".

In reviewing this matter with great care, I have noted that the borrowing limit expressed in Section 17 of the Freshwater Fish Marketing Act was extended in 1970 and 1974 by Appropriation Acts. The Hon. Member for Calgary Centre now challenges this procedure.

I should like to bring to the attention of the House my ruling of June 12, 1981, wherein I stated, having taken cognizance of the opinions of my predecessors, and I quote:

> Finally, it seems clear that it is in order to extend the purposes of an item in an Appropriation Act by means of an item in the Estimates provided that it does not amend any other legislation.

This is further supported by Citation 485(1) of Beauchesne's Fifth Edition, which says:

> Items in the Estimates which are clearly intended to amend existing legislation should come to the House by way of an amending bill rather than as an item in the Estimates.

In the present circumstances, it is clear to me that Vote L11c seeks to amend Section 17 of the Freshwater Fish Marketing Act and is therefore out of order.

The Hon. Member for Calgary Centre also objected to Vote 10c under Industry, Trade and Commerce. I agree with the Hon. Member that here the real issue is not the method used to transfer money from the Treasury Board Contingencies Vote to Vote 10c, but rather the purpose of the program for which the grant is intended. As outlined in the Estimates, the grant is to provide payments under the Small Business Investment Grant Act which is now before the House in the form of Bill C-136.

I can only repeat what I said in my ruling of June 12, 1981, that "the Appropriation Act should only seek authority to spend the money for a program that has been previously authorized by a statute." Vote 10c clearly anticipates legislation and, in that sense, seeks to establish a new program in the absence of other legislative authority and seeks also the funds to put it into operation. In accordance with rulings by my two predecessors and myself, I must agree with the Hon. Member for Calgary Centre that Vote 10c is also out of order.

Accordingly, Vote L11c under Fisheries and Oceans and Vote 10c under Industry, Trade and Commerce, being improperly before the House, shall be deleted from the Supplementary Estimates (C) for the fiscal year ending March 31, 1983, and I so order.

As a consequence of this ruling, the two notices of motions standing on this day's Notice Paper under Opposed Items Nos. 7 and 8 and seeking concurrence in Vote L11c and Vote 10c, cannot be part of today's proceedings and the main motion to concur in the Supplementary Estimates (C), 1982-83, standing in the name of the President of the Treasury Board, will be put to the House in an amended form.

I must tell Hon. Members that because of the very short time which stands between now and the time at which we will vote this evening, it will not be possible to reprint the Bill, but hand corrected copies will be circulated among Members.

[*Translation*]

Today being the final allotted day for the supply period, as usual the House will proceed with the study and adoption of the supply Bills. In keeping with the recent practice, do Hon. Members agree that copies of those Bills which will be introduced later today be distributed now? Following the ruling by the Chair, a few copies of those Bills are available, as I just said, and they will be distributed because the House will vote on them later on this afternoon.

[*English*]

Does the House agree?

Some Hon. Members: Agreed.

* * *

PRIVILEGE

MR. FRIESEN—SUPPLEMENTARY QUESTION ASKED DURING QUESTION PERIOD

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, on a question of privilege, I want to explain my question earlier today when you corrected my motive.

Madam Speaker: Order, please. That is not a question of privilege. The Hon. Member may have another chance to explain himself but I suspect he wanted to say it was supplementary in the sense that it was a question about Mr. Bush's visit. That is not a supplementary either. At any rate, he does not have a question of privilege.

ROUTINE PROCEEDINGS

[*English*]

MULTICULTURALISM

INTERNATIONAL DAY FOR THE ELIMINATION OF RACIAL DISCRIMINATION

Hon. Jim Fleming (Minister of State (Multiculturalism)): Madam Speaker, Hon. Members, today was proclaimed by the United Nations General Assembly in 1966 as the International Day for the Elimination of Racial Discrimination. It commemorates the anniversary of the massacre of unarmed people who, on March 21, 1960, were demonstrating peacefully in Sharpeville, South Africa, against that country's racial laws.

[*Translation*]

Canada is one of the signatories to the International Convention on the Elimination of All Forms of Racial Discrimination which came into force in 1969, and since then we have reported six times to the United Nations on our adherence to the provisions of that instrument.

Here in Canada, our Charter of Rights and Freedoms as well as the fact that our Constitution does acknowledge the principle of multiculturalism demonstrate clearly to what extent we want all Canadians, regardless of their culture or race, to enjoy equality and justice.

[*English*]

The policy of multiculturalism, adopted by Parliament over a decade ago, committed Canada to the concept of cultural pluralism within a bilingual framework. One of the basic thrusts of that policy is to assist all cultural groups to overcome cultural barriers to full participation in Canadian society. Discrimination against certain cultural groups is certainly a barrier to such participation. The "visible minorities", that is native peoples and people with origins in Asia and Africa, face particular difficulties in this respect.

While we in this country are making progress toward eliminating these barriers, much still remains to be done to achieve the goal of full and equal participation for all our people. In the area of racial discrimination we have begun to open up a constructive dialogue among Canadians in various fields to seek ways in which such discrimination can be eliminated in our society.

The Government of Canada has taken a number of initiatives in this area over the last few years. The most important of these are multiculturalism's tenth anniversary conference in 1981 which brought together at the national level for the first time, to begin this dialogue, leaders of business, labour, the media and visible minority groups. The symposium on Race Relations and the Law in April of last year similarly brought together leaders to deal with issues of the use of the law to fight racial discrimination.

• (1510)

A National Conference on Visible Minorities and the Media was held in the fall of 1982. Key representatives from the advertising and broadcasting industries and visible minorities discussed how Canadian media can better reflect and portray the diversity of Canadian society in its advertisements and programs. The Government of Canada has set an example in this area by adopting guidelines on the portrayal and depiction of minorities in federal Government communications.

Within my own ministry, I have established a race relations unit within the multiculturalism program to identify areas which we as a society have to address to remove racial prejudice and discrimination and to promote positive communications and relations.

We all recognize that the promotion of better understanding, tolerance and harmony among our diverse communities is a long-term undertaking. Canada is firmly committed to this undertaking.

[*Translation*]

I firmly believe that we can forge a multicultural and multiracial society which is creative, dynamic, fascinating and harmonious so as to set an example for others. Canadians have enough goodwill for that and they are ready. We must derive maximum benefits from their constructive approach and the progress we have made so far.

[*English*]

The Charter of Rights and Freedoms, with its explicit inclusion of the principle of multiculturalism, its preservation and enhancement, is a proclamation of a promise for the future. It is up to all of us to ensure that the promise is fulfilled.

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, it is my privilege to respond on behalf of my Party to the statement that has just been delivered by the Hon. Minister of State for Multiculturalism (Mr. Fleming).

When I was told an hour ago of the Minister's intention to make a statement, my immediate reaction was that we were moving closer to a general election because, as we know, multiculturalism is a very seasonal public policy with this Government. One never hears of a Minister of Multiculturalism until it is necessary for the Government to assure itself of the electoral support of those whose privilege it has not been to inherit Canada by birth but who have made their personal choice to live in Canada and share in its richness, the splendour of our natural heritage and the generosity of the people.

I can speak with authority and personal experience when I say that many of our most recent citizens made their commitment to Canada, as well, on the grounds of the official public policy and the commitment of succeeding Governments to the concept of cultural pluralism and multiculturalism. I also speak with authority and experience when I say that these commitments are often betrayed and the expectations many of us brought to Canada, together with our industry and resources, were disappointed.

The Minister's statement was prompted by the United Nations proclamation dating back to 1966 which set aside this day as the International Day for the Elimination of Racial Discrimination. This Government now feels that the Accord that was reached in the process of patriating our Constitution and the lofty ideals that are now entrenched within our Constitution are sufficient to eliminate overnight all forms of discrimination on the grounds of race, religion and colour.

It is naive in the extreme for the Government to believe it to be possible to legislate the attitudes of its citizens. We shall never be a truly multicultural society that appreciates and respects the rights of all its citizens, including those of the visible minority, until multiculturalism is recognized in our schools, in our municipal and provincial institutions of government and by all departments and agencies of the federal Government, not just the seasonally adjusted Department of Multiculturalism for which the Minister is responsible.

If the Government is serious about removing the barriers which prevent all Canadians from participating fully in the mainstream of life in our country, and if the Government is serious about progressing toward total elimination of discrimination on the grounds of race, religion and colour, it should consider the advisability of relieving the Minister of a responsibility which has traditionally been exercised purely in political terms and shifting such responsibility to a commissioner of multiculturalism who, like our Human Rights Commissioner, would ensure that all departments and agencies of the Government are held to the Government's commitment and, indeed, that the inducements necessary to ensure that the policy is understood and respected by private institutions as well are provided.

In the future, it will not be good enough for the Government merely to make available a few million dollars to cater to the various ethnic newspapers in the form of advertising Government programs in the different languages or to hold conferences of the type to which the Minister has alluded. If Canada is truly to be a multicultural community and if the Government is to take its Constitutional Accord seriously, we have to progress from the talking stage to a program of action. We will have to invite Canadians to share with us our compassion and understanding for those who live among us and find it difficult, initially at least, to assimilate to those aspects of Canadian life which are dissimilar to their own culture and religion. We will have to invite Canadians to discover the riches contained in the multicultural framework instead of the diversity.

This goal will not be achieved through meaningless discussion but through deliberate action aimed at bringing about a better understanding among all Canadians, and through public policies which are to be implemented over time, not through intimidation or coercion, but through the creation of a public spirit shared by everyone, one that will assure us that no reasonable person is left out. Only then can we travel around the world proclaiming the United Nations principles to which we are committed with a clear conscience and with our heads held high.

Mr. Laverne Lewycky (Dauphin): Madam Speaker, it is indeed a great privilege to rise on the occasion of the Minister's statement with regard to the International Day for the Elimination of Racial Discrimination. I am delighted that the Government is taking the opportunity to make use of ministerial statements. I only wish some of the other Ministers would take advantage of the opportunity so that we could respond and ask questions on these occasions.

I also wish to thank the Minister for providing me with an advance copy of his statement so that we may know what policies on multiculturalism the Government is proposing.

The Minister stated that Section 27 of the Charter of Rights and Freedoms discusses the enhancement of the multicultural heritage of Canadians. It is my hope that the Minister will use his good offices to ensure that a similar provision is included in the amendments to the Official Languages Act so that that document will also reflect the multicultural heritage that we have as Canadians.

I suspect that if the Minister had more time to make his statement he would also have mentioned that Section 15 of the Charter of Rights and Freedoms dealing with equality rights also states that there shall not be discrimination based on race, national or ethnic origin, colour, religion, sex, age and so on.

I believe it is important for us to raise the profile of multiculturalism. I believe that many people have not understood multiculturalism. Some of those people may be scholars who have written books such as "The Vertical Mosaic" and who have considered that perhaps there is no place for multiculturalism in an egalitarian society which is concerned with individual merit and upward mobility. However, in the process they have failed to realize that there are group or collective rights in Canada. We have a policy in Canada which is different from that in the United States or any other country which has a "melting pot" policy.

I would like to illustrate what I mean when we talk about Canada being multicultural rather than a melting pot society. I am reminded of an article written by Palmer in 1973 in which he describes a graduation exercise in the Ford Motor Company where English was being taught. At that time there were some 500 graduates from this particular English class. They marched off a large immigrant ship and passed into a gigantic melting pot. As they came off the ship, they were dressed in their national costumes. The teachers stirred the pot and, as the graduates came out of this melting pot, they were waving American flags and wearing the American clothes of that particular era.

• (1520)

This is not the type of multiculturalism policy that we in Canada are interested in. However, I would like to urge that when the Minister considers policies here and discusses the whole question of race relations in Canada, he should not deal with this problem of multiculturalism at the expense of eliminating any kind of funding or work which has been done concerning cultural retention in relation to some of the more established groups which have had the requirement of seeing that their heritage has been preserved. I think that is important when dealing with the whole aspect.

At this time I would call upon the Minister to press for an institute of multiculturalism in Canada so that we might have a Canadian institute which would examine these issues. It is not something new. We do have the ethnic chairs, as the Minister well knows. We have certainly received more requests concerning this whole area. However, it is time that the Minister was cognizant of some of the requests which have been made by various scholars throughout Canada that there be such an institute whereby we could have an examination of questions such as race relations, and could also study some of the other aspects of Canadian history. I would point out to the Hon. Members that Australia, which has half the population of Canada, has twice as much funding for multiculturalism.

Madam Speaker, I see that you are giving me the high sign, but I did want to make those brief comments because it is important that we ensure a higher profile for multiculturalism. I thank the Minister for his statement this afternoon.

Mr. Dave Nickerson (Western Arctic): I would like to ask a brief question of the Minister, Madam Speaker. Would the Minister undertake to look into the following problem. In my constituency, people speak languages which were spoken thousands of years before English or French was spoken on this continent. What is happening is that federal Government offices in villages and settlements are not only putting up signs in English, which everyone speaks as a lingua franca, but they are also putting them up in French, though not in the local languages. This appears to be an exercise in insensitivity. People are asking: "Why did they put signs up in the French language, which no one understands, and not in the language which everyone speaks here?"

Would the Minister undertake to review this matter and see whether it is possible to put the signs up in the local languages as well?

Mr. Fleming: Madam Speaker, that question is interesting. I am sure it is of serious concern to the people of those communities, but it is quite far beyond any responsibility of mine. Concerning the question of heritage languages, outside the school system we do have a fund of moneys on a per capita basis to provide money for teachers. We do give assistance to the Inuit to some degree, starting in the last year and a half or so. However, with respect to signage, I suspect that that would relate to the municipalities or the regions—

Some Hon. Members: The federal Government.

Mr. Fleming: —and relate through to the Minister responsible. Signage and languages of signage are not part of my responsibility.

Mr. Lewycky: Madam Speaker, I would like to address a short question to the Minister. As he knows, when dealing with race relations one of the big problems is attitude. In response, for example, to visible minorities in Canada and the United States, there have been slogans like "Black is beautiful". People such as the Inuit have rejected the label "Eskimo", which means "eaters of raw meat", in favour of "Inuit", which means "people" and so forth. There are many attitudinal changes which are necessary if we are to deal with race relations problems.

I am wondering if the Minister is currently handling any kind of studies dealing with these social and psychological aspects of self-image and identity which would assist Canadians, as a multicultural nation, to deal with problems relating to the elimination of race discrimination.

Mr. Fleming: Madam Speaker, in response to the Hon. Member, as I mentioned in my statement, we now have a race relations unit. As the Hon. Member knows, I believe about two years ago for the first time we granted moneys specifically to carry out research on race relations. The Hon. Member probably received a statement this morning that Cabinet has agreed to double my ongoing grants and contributions budget over the next 24 months. Part of that amount, about an additional $2 million, will be used to study the various ways of overcoming racial tensions in the country. I cannot specifically tell him about that kind of research because I do not have the details, but I can point out and, in fact, list for him what projects are under way at the moment.

* * *

POINT OF ORDER

MR. MUNRO—PERMANENT AND PROVISIONAL STANDING ORDERS—REQUEST FOR INDEX

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I rise on a point of order. Two months ago today, on the first day we came back after the New Year, I rose on a point of order to ask when we were to have an index for the new Permanent and Provisional Standing Orders. I have risen once since, and I just hope that it will not be necessary, in the third month, to rise again to ask for the index. The Table of Contents is really not very helpful. I do hope that when the index is provided, it will provide a cross-reference with the old Standing Orders so that we will have a full reference under these Permanent and Provisional Standing Orders available to us and will be able to find our way through them with a great deal more ease.

Madam Speaker: I thank the Hon. Member for reminding me that he had not received the index. I was under the impression that he had. We will publish an index with the Standing Orders when they are published again after the changes have

been made. However, we do have a separate index. I am sorry that the Hon. Member has not received it, but I will ensure that he does receive it.

Mr. Munro (Esquimalt-Saanich): Madam Speaker, I am not sure that anyone in this Chamber has received a copy of the index and, if the Hon. Members have not, I do not hope it will be distributed generally.

Madam Speaker: I am sorry, I thought it was ready. It will be ready in three or four days and all Hon. Members will be receiving it.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Madam Speaker, the following questions will be answered today: 4,559 and 4,567.

[*Text*]

CANADA SAVINGS BONDS

Question No. 4,559—**Mr. Thomson:**

1. Are compound interest Canada Savings Bonds the only type of bond available for purchase through payroll deduction and, if so, for what reason?

2. What is the percentage of sales between compound interest bonds and fully registered bonds?

3. What percentage of compound interest bonds are sold after one year's ownership?

Hon. Paul J. Cosgrove (Minister of State (Finance)): 1. Yes. Regular interest Canada Savings Bonds are not available on these plans because the registration information for regular interest bonds must be received by the Bank of Canada no later than August in each year in order to ensure the timely delivery of the approximately two million interest payments on November 1. Bonds purchased on payroll savings plans are not registered until payments have been completed by the purchaser, normally in October. Purchasers may, however, exchange compound interest bonds for regular interest bonds at any time.

2. For Series 32 to Series 36 inclusive, compound interest bonds average 48 per cent of total sales and varied from a minimum of 42 per cent to a maximum of 61 per cent.

3. It has been assumed that the question relates to bonds redeemed after one year from the issue date. In this respect, for Series 32 to Series 35 inclusive, the par value of compound interest bonds redeemed within the first 13 months after the date of issue averaged 40 per cent of the total of compound interest bond sales and varied from a minimum of 32 per cent to a maximum of 55 per cent. For comparative purposes, regular interest bonds of these series redeemed in the same period averaged 41 per cent of total regular bond sales and varied from a minimum of 27 per cent to a maximum of 72 per cent.

CONFECTIONERY PRODUCTS

Question No. 4,567—**Mr. Hawkes:**

1. Did the Minister of National Health and Welfare write a letter to Mr. E. J. Korhonen, President, Confectionery Manufacturers' Association of Canada, dated October 14, 1982?

2. In the letter, did the Minister ask the members of the Association to cease importing, manufacturing and distributing certain products as soon as current stocks were exhausted and, if so (a) by what authority does the Minister believe she has the power to ask this of Association members (b) how does the Minister intend to pursue the matter if the members of the Association do not voluntarily cease such importing, manufacturing and distributing?

3. (a) Were 36,233 metric tons of confectionery sugar imported into Canada in the quarter period ended September 1982 and, if so, is the Minister aware of this fact (b) is the Minister planning to monitor all such imports to determine if her orders are being carried out and, if so, how will she do this?

4. (a) What will happen to Canadian manufacturers if they fail to cease importing, manufacturing and distributing such products (b) what will happen to others who continue these activities but who do not belong to the Association and will their treatment be different in any way?

5. Is the Minister aware that the importation, manufacturing and distribution of such products is permitted by law?

6. Is the Minister aware that recipients of letters such as this might feel they are being threatened?

7. Was the decision to send this letter a decision taken by full Cabinet or by a Cabinet Committee or by the Minister acting on her own?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Yes, the Minister wrote to Mr. E. J. Korhonen, President, Confectionery Manufacturers' Association of Canada, on October 14, 1982.

2. The Minister, in her letter, stated: "I am increasingly concerned that the availability of confectionery products that resemble pipes, cigars and cigarettes may encourage children to take up the smoking habit in later life, a habit that creates serious health risks".

"I would therefore appreciate it if you could ask the members of your association to cease importing, manufacturing and distributing such products as soon as current stocks are exhausted".

(a) The Minister of Health and Welfare is responsible for the health of Canadians and for implementing the health policies of the Government. (b) The Government would have to consider other options available to it. In this connection, the Minister has instructed the Department to prepare options for her consideration.

3. (a) The Government is aware that substantial amounts of sugar are imported into Canada. (b) The Minister prefers to depend upon the voluntary co-operation of the industry.

4. (a) The Government would have to consider other options available to it. (b) Both importers and Canadian manufacturers will be asked to consider ceasing these activities.

5. Yes.

6. The Minister does not believe that appealing to public responsibility constitutes a threat.

7. The Minister has acted according to one of the mandates of the Department which is to promote healthy lifestyles for Canadians and to enhance the program objectives of the "Generation of Non-Smokers".

[*Translation*]

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

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—NON-CONFIDENCE MOTION—CONFLICT OF INTEREST

The House resumed consideration of the motion of Mr. Nielsen:

That the Standing Committee on Privileges and Elections be authorized to consider and make recommendations upon the subject-matter of Ministers and Conflict of Interest; and Public Servants and Conflict of Interest.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, I now rise to speak to the motion which is before the House and to remind Hon. Members—

[*English*]

Miss MacDonald: I rise on a point of order.

Mr. Deputy Speaker: The Hon. Member for Kingston and the Islands rises on a point of order?

Miss MacDonald: Yes, Mr. Speaker. I do not mean to interrupt or delay the Minister, but when we broke at one o'clock p.m., I was in the middle of answering questions of the—

Mr. Deputy Speaker: My understanding was that there was no one rising to ask further questions at that point.

Miss MacDonald: I was in the middle of—

Mr. Hnatyshyn: She was in the middle of answering but she was cut off.

Miss MacDonald: On the same point of order, Mr. Speaker, I was in the middle of answering a question from the Hon. Member for Gatineau (Mr. Cousineau), who had asked me whether or not I had used the figure of 2.5 million people on Unemployment Insurance and whether that was correct. I undertook to check the blues and, in fact, found that I had used the figure in error. I would like to point out that I had intended to use the figure of 1.5 million.

Mr. Deputy Speaker: Does the Hon. Member for Saskatoon West rise on a point of order?

Mr. Hnatyshyn: I just wanted to find out what the ruling is with respect to questions. If we are finished with statements—

Mr. Ouellet: We are finished.

• (1530)

Mr. Deputy Speaker: No one rose further at that point and the incumbent of the Chair, Madam Speaker, recognized the next speaker on the other side of the House to the one who had just spoken. Accordingly, the Minister of Consumer and Corporate Affairs (Mr. Ouellet) has the floor.

[*Translation*]

Mr. Ouellet: Mr. Speaker, I think it was clear that the ten minutes allowed for questions had elapsed and that it was time to proceed with the debate and recognize the next speaker.

I am pleased with this opportunity to remind the House that it is the second time in four weeks that the Opposition is spending a full day of Parliament's time on the subject of conflict of interest. I thought the Leader of the Opposition, the Hon. Member for Yukon (Mr. Nielsen) and the Hon. Member for Kingston and the Islands (Miss MacDonald) would have used this second day of debate to bring forward new elements and to present evidence in support of the as yet unwarranted allegations and accusations they made repeatedly in their speeches and comments, both today and a few weeks ago, when a full day was spent on the same subject. I think it is most unfortunate that Members on the other side of the House, and especially Progressive Conservative Members, should be raising a storm about the so-called Coalgate scandal.

Mr. Speaker, as far as I am concerned, using this expression the Progressive Conservative have tried to instil an element of mistrust in public opinion, and this attempt to discredit not only politicians but former politicians is truly reprehensible, because in fact, there is not a shred of evidence that Mr. Gillespie was given preferential treatment in this matter. Nothing that was said during the first debate or this morning during the second debate could lead anyone to believe or could prove that the former Minister, Mr. Gillespie or the present Minister of Finance (Mr. Lalonde) have been involved in a dishonourable operation. I therefore say quite honestly that on the part of the Progressive Conservative Members, this constitutes a smear operation that is unfortunate, unwarranted and unjustifiable in the circumstances.

When the Member for Kingston and the Islands made her holier than thou statement to the effect that the public must be able to trust men and women in public life and when she

referred to the public's concern about the integrity of politicians in the present Government, I would remind her that this entire story was a complete fabrication contrived by the Opposition parties a few weeks ago, while the fact of the matter is that the circumstances were known to the public and to the press, that events took place in full view of the public many months ago, namely, the announcement of a project in Nova Scotia sponsored by the Conservative Premier of Nova Scotia, an announcement that was made publicly and openly, and no one at that time or since then has tried to doubt the integrity of the people involved in this matter.

However, it is not the public that is worried or has any doubts about the integrity of Members of the Government. It is the Official Opposition that is having misgivings about its political objectives. The Hon. Member for Kingston and the Islands talks about integrity and credibility, but in my opinion, she ought to look in a mirror and ask herself whether she is really showing integrity and a sense of responsibility when she raises unfounded questions as she did today, and as the Leader of the Opposition, the Hon. Member for Yukon, did a few weeks ago and again this morning.

Mr. Speaker, it stands to reason that men and women in politics must be honest, but what is dreadful is that certain politicians hide behind parliamentary immunity to raise doubtful issues, knowing full well that they do not have a shred of evidence to back up their allegations. When they use their parliamentary immunity in this manner, not only do they reflect on the reputation of the people they attack, but they also do great harm to Parliament itself and to all those who work within Parliament.

I hope that this second day of debate will bring us somewhat closer to reality and enable us to draw sound conclusions on the sense of responsibility which must prevail on both sides of the House. We want to make sure that when politicians choose to accuse someone, they will at least have the decency not to do so under the cover of parliamentary immunity, but rather to make their accusations clearly in public outside the House and be prepared to suffer the consequences should their allegations prove to be unfounded. We are witnessing a flagrant abuse of parliamentary immunity to cast aspersions and throw mud at certain politicans, which inevitably reflect on the integrity of Parliament as a whole.

Indeed, I should like to talk about conflict of interest guidelines, Mr. Speaker, because I am the Registrar General of Canada. Shortly after implementing a conflict of interest policy applicable to each Minister of the Crown, the Prime Minister (Mr. Trudeau) requested the Office of the Assistant Deputy Registrar General to administer most of the guidelines.

Hon. Members will recall that the Prime Minister set forth that policy in July 1973, the day after the tabling of the Green Paper entitled "Members of Parliament and Conflict of Interest" prepared by the Government and presented by the then President of the Privy Council, the Hon. Allan J. MacEachen, now Deputy Prime Minister. The Government was not afraid to table that document and set conflict of interest guidelines.

In December of the same year, the Prime Minister explained in the House the guidelines applicable to public servants and senior officials appointed by Cabinet. The Public Servants Conflict of Interest Guidelines fall under the jurisdiction of the Treasury Board which made the Deputy Minister responsible for ensuring that civil servants in the various departments follow the guidelines. I can say that since then all departments have provided additional codes of ethics governing certain aspects of the official duties of their staff. Some Crown corporations and agencies have also drafted additional guidelines. And the office of the Assistant Deputy Registrar General has on different occasions helped several of those departments and agencies to draw up their own code. The guidelines on conflicts of interest for officials are used as models to set up the other codes. Indeed seven principles have been stated and in fact constitute the very basis for the lines of conduct of all individuals who have assumed responsibilities within the administration. It is interesting to note, Mr. Speaker, that in those allegations, in those half-truths and statements by Members opposite reference was never made to any misconduct as disrespect of standards by a Minister or an official. The entire so-called Coalgate affair had to do with a preferential treatment said to have been granted to a former minister who had been out of politics for many years and who at the request of a provincial government had endeavored to launch, in co-operation not only with government provincial authorities but also with private interests a job-creating project in an underdeveloped area of the country. And all those pieces of gossip and those alleged scandals have nothing to do with the people who are now governing the country and are abiding by the standards governing conflicts of interest. I would like to mention briefly those seven principles because it is essential that they be kept in mind.

• (1540)

The first principle is as follows: An individual holding an office with responsibilities in the Civil Service should not only comply with the law, but his conduct must be such as to withstand the most thorough investigation. In addition, those people should have no financial interest liable to come in conflict in any way whatsoever with the carrying out of their official duties. That is the first principle. It is interesting to examine that principle and see whether the individuals involved have violated that principle, as alleged by the Opposition. It is entirely out of the question. After considering the situation, one realizes that the principle has not been infringed upon. Now, the second principle: There must be no conflict nor any appearance of conflict between private interests and official duties. Once appointed, the officials should manage their own affairs so as to avoid any conflict of interest.

Third principle: Public servants should exercise care in the management of their private affairs so as not to benefit, or

appear to benefit, from the use of information acquired during the course of their official duties, which information is not generally available to the public.

Fourth principle: Public servants should not place themselves in a position where they could derive any direct or indirect benefit or interest from any Government contracts over which they can influence decisions.

Fifth principle: All public servants are expected to disclose to their superiors, in a manner to be notified, all business, commercial or financial interests where such interests might conceivably be construed as being in actual or potential conflict with their official duties.

Sixth principle: Public servants should hold no outside office or employment that could place on them demands inconsistent with their official duties or call into question their capacity to perform those duties in an objective manner.

And finally, seventh and last principle: Public servants should not accord, in the performance of their official duties, preferential treatment to relatives or friends or to organizations in which they or their relatives or friends have an interest, financial or otherwise.

Mr. Speaker, those principles adopted in 1973 have never been amended, neither by this Government nor by the Official Opposition when they were the Governement in 1979. Indeed they were used by the Progressive Conservative Government in 1979 to develop guidelines for their Cabinet Ministers. As I said earlier, an office within my department is responsible for administering on behalf of the Prime Minister the guidelines to be observed by Ministers of the Crown concerning conflict of interest situations. Those same guidelines apply to a number of designated ministerial staff members. Indeed, besides ministers of the Crown and designated personnel, more than 250 persons are subject to the guidelines and had to follow the procedures provided for in order to be protected. The Assistant Deputy Registrar General confirmed to me over the week-end, Mr. Speaker, that all subjected personnel, Cabinet Ministers and others, have followed the prescribed procedures and obtained either from the Prime Minister, or the Assistant Deputy Registrar General approval for the procedures they had to follow in order to meet the requirements of the guidelines. In some cases, of course, it is quite easy for a young assistant, for instance, to comply. But some people have had to make enormous personal sacrifice in order to meet the requirements and enjoy the privilege of working for the Government. No doubt, when our friends opposite formed the Government, they faced the same difficulties. I remember the former Minister of Finance and his wife had difficulty accepting such guideline requirements. But it is important to stress one thing that our friends opposite have totally sidestepped in their discussions and allegations, namely that those who must relinquish certain freedoms in order to serve the Government must know that in so doing they will not become the targets of malicious attacks or innuendoes when after serving the Government they go back to the private sector, resume some of their activities and undertake to work once again on their own. Clearly, if there are to be trials of intents, if all those who at one time or other have served as Cabinet Ministers within the Canadian Government are to be maligned, many men and women currently in the private sector who could enter politics and play an interesting role serving their country, who could make a significant contribution, will be most reluctant to do so, if we are to go on tolerating that kind of innuendoes and ill will as are now faced by some former Ministers who served their fellow Canadians with honour and dignity within the Canadian Government.

I submit that such trials of intents at this point, when there is no evidence—and I stress no evidence whatsoever—that those people enjoyed preferential treatment clearly are an unfair and unwarranted attack that does not serve the public interest and most certainly undermines the feeling some citizens could have for public life. And I suggest that those Hon. Members of the Opposition who are making these accusations and innuendoes are taking on a very heavy responsibility and they should have a guilty conscience for misleading the public in this way and for ruining the reputation of politicians who, Heaven knows, do not deserve to be treated in this way, for they have very difficult, exacting and demanding duties to carry out.

To conclude, therefore, I suggest that today's motion once again misses the point. I remind Hon. Members that in 1978 the Government had introduced a Bill respecting the independence of Parliament and conflicts of interest. At that time, the Opposition in its usual fashion, had not deemed necessary to let the Bill pass. The legislative calendar then was very heavy, just as it is today. There were then a great many good bills which died on the Order Paper because of filibustering by the Opposition. If that Bill had been adopted at the time, there would not be such a debate today.

• (1550)

[*English*]

Mr. Hnatyshyn: Mr. Speaker, I listened with considerable interest to the Minister and his rather emotional and defensive defence, if I might be permitted to put it that way, over this very innocent and worthy motion we put forward for debate today. I cannot for the life of me understand what the concern is on the Government side. They rant and rave about this motion having something to do with an attack on the integrity of politicians on the Liberal side, yet the motion is very straightforward and simple. It makes no reference to Mr. Gillespie or the Minister of Finance (Mr. Lalonde). It makes no reference to the Deputy Prime Minister (Mr. MacEachen). It makes no reference to Donald Macdonald, who took an appointment to the Board of Directors of McDonnell-Douglas Corporation within the two-year period when he was negotiating with the former Department of the Minister of Finance with respect to the F-18 aircraft. It makes no mention of Mr. Judd Buchanan with respect to his transaction in Banff

National Park and matters before the Treasury Board within two years of the time he was President of the Treasury Board.

We are not dealing with these various matters, but we have put this motion forward on the basis of answers received from the Prime Minister (Mr. Trudeau) and other Government Ministers as to the deficiencies in the conflict of interest guidelines. We have asked that the matter be referred to a committee. Now, what can be wrong with that? What can be wrong with a reference to a committee, especially when the Deputy Prime Minister, who has answered questions about the Coalgate matter and conflict of interest guidelines, back on July 17, 1973, said, with reference to conflict of interest legislation:

> What I consider to be central to the success of the others is the recommendation that a standing committee of each House be designated and charged with a permanent reference to investigate all questions of conflict of interest, to provide Members on request with advisory opinions and to advise the House on a regular basis of any changes which are needed in the rules governing conflict of interest.

These are not the words of the Opposition, they are the words of the Deputy Prime Minister, who now sits next to the Prime Minister of this country—

Mr. Ouellet: What year?

Mr. Hnatyshyn: This was said in July, 1973.

Mr. Deputy Speaker: With all due respect to the Hon. Member, the Chair recognizes that a number of Hon. Members, especially on his own side, are seeking to be recognized.

Mr. Hnatyshyn: I will ask a question. It is just that I am amazed that this does not go through without debate.

Why is the Minister now so defensive about a straightforward reference to a committee dealing with the substance of conflict of interest? Is it that the Government has something to hide? Secondly, why does the Minister take a position diametrically opposed to that of the Deputy Prime Minister who supported a permanent reference of conflict of interest matters to a standing committee?

[*Translation*]

Mr. Ouellet: Mr. Speaker, I am pleased to answer this question from the Hon. Member. It is clear that the Government has absolutely nothing to hide, and if it had not been for this trick of Parliamentary procedure which the Opposition pulled at the very last minute last Friday afternoon, we would not be dealing with this motion which may jeopardize the Government's very existence. This is a motion dealing with conflicts of interest which could bring down the Government when it is put to a vote later today; it is imperative, therefore, that we, on the Government side, should vote against it. We have no choice. We are not quite as naive as Hon. Members opposite when they were in power to propose a vote and insist that such a vote could bring about the Government's demise. We are not going to vote in favour of our own downfall; we are, therefore, unable to accept the terms of the motion as moved with reference of the subject-matter of the motion to a Parliamentary committee, for it would bring the Government down.

That is the reason why we will vote against this motion. That notwithstanding, when the Hon. Member for Saskatoon West (Mr. Hnatyshyn) wants to know why we refuse to do what the Deputy Prime Minister had recommended in 1973, I must say to him that the circumstances now are quite different. In 1973, we had just received the Green Paper which had been tabled in the House on July 17, 1973, and which had to be considered in committee. That was the first time the Government was tabling a Green Paper on the subject, so it was quite in order to refer the subject-matter to a Parliamentary committee, which was done. However, the Hon. Member is trying to create—

Mr. Deputy Speaker: Order! I am sorry but I have to interrupt the Hon. Minister, for several Hon. Members are anxious to direct questions to him.

[*English*]

Mr. Friesen: Mr. Speaker, the Minister says that this motion is an attack on the integrity of Liberal Cabinet Ministers. The motion was first drafted by the former President of the Privy Council, the Liberal Cabinet Minister, Mr. Sharp. Whom was he attacking?

[*Translation*]

Mr. Ouellet: I repeat that when the suggestion was made quite a while ago in this House, it involved introducing a Bill following publication of a Green Paper. This was suggested during a first discussion on this subject some time between February and May 1975. A first Bill, Bill C-62, was then introduced in the House of Commons, in June 1978, I believe. During the following session, this same piece of legislation was introduced again as Bill C-6 in October 1978. Obviously, as the Hon. Member has noted in his question, the subject had to be referred to a Committee for consideration, and the Bill was indeed referred to the Standing Committee on Privileges and Elections between February and May 1975.

This is why the proposal was justified at the time. At this time, it would not be justified to refer this question to a Committee when those who have spoken, the Leader of the Opposition as well as the Hon. Member for Saskatoon West—

Mr. Deputy Speaker: Order, please. Once again, I am sorry to interrupt the Hon. Minister. When questions are lengthy, answers may also be lengthy. However, the last question was rather brief and I want to recognize the Hon. Member for Kingston and the Islands (Miss MacDonald).

Miss MacDonald: Mr. Speaker, the Hon. Minister is very sensitive. I doubt that he respects parliamentary traditions, but I may be wrong. He now has an opportunity to prove his good faith by agreeing to refer this motion to the Committee so that the guidelines may be examined. Why is he afraid?

Mr. Ouellet: I am certainly not afraid, Mr. Speaker. I think that it is the Opposition who is afraid because it had a choice. It did not have to call for a non-confidence vote. When the Opposition introduced the motion now under consideration, it could have ensured that there would not be a vote at the end of the debate today, and especially not a vote which might result in the fall of the Government. I do not think that the Canadian people will be fooled. The Hon. Member and her colleague for Saskatoon-West (M. Hnatyshyn) mentioned a few names earlier. They say that the motion does not refer to anyone in particular, but they still give names; they talk about Coalgate and give a whole list of former ministers. I call this a witch hunt and I believe that the Members opposite are afraid to be consistent, of going outside the House and making specific charges against certain individuals. To simply insinuate certain things does not take much courage. The Hon. Member has asked me why I am afraid. I shall ask her the same question: Why is she afraid? Let her rise and put her seat on the line and make a formal accusation against someone! We shall see whether she is afraid or not!

Mr. Deputy Speaker: The question period has now expired. I now recognize the Hon. Member for Joliette (Mr. La Salle).

• (1600)

Hon. Roch La Salle (Joliette): Mr. Speaker, the House has heard a number of comments on this important question which is the subject of a motion put by my party today, and therefore, following the comments made by the Minister of Consumer and Corporate Affairs (Mr. Ouellet), I should like to remind the House that there is indeed justification for bringing this motion forward today.

I do not think the purpose of this motion is to go over the so-called Gillespie affair again. However, considering what has been going on in the House for a number of months and especially in the last two or three weeks, I think in the light of this information, the Opposition had a duty to ask the questions it did on a subject which in fact was directly related to what are also known as the conflict of interest guidelines.

Mr. Speaker, perhaps we should recall how at first, the former Minister of Energy, Mines and Resources refused to answer any questions. Perhaps we should also recall that he misled his Prime Minister, and that as a result, the Right Hon. Prime Minister (Mr. Trudeau), misled the House. Excuses were made, and indeed, how easy it would be for anyone who wanted to do something wrong to excuse himself afterwards in the House. Sure, I stole this or that from you, but I am sorry, I needed it or may be I had some other reason. In the circumstances, I think we had a duty to put this question regarding the guidelines and the policy that were tabled by the Right Hon. Prime Minister himself.

Mr. Speaker, I think Canadians ought to know whether the Members of this House really intend to provide that credibility which Canadians have a right to expect. I think that is the question before the House today, and we are giving Hon. Members an opportunity to take part in the debate and to support a motion that would simply be referred to the Standing Committee on Privileges and Elections for an in-depth study, and the Committee would then formulate recommendations for the House. It should not be left up to the Right Hon. Prime Minister of Canada. Furthermore, today, the guidelines and recent events have proved without a doubt that the Right Hon. Prime Minister is actually both judge and party to the case. Let him judge himself whether he should ask for or demand the resignation of a Minister and the Deputy Prime Minister (Mr. MacEachen), who tells us that as far as he is concerned, it is a matter of conscience. Therefore, if the Minister who spoke earlier told the House that the public is not easily misled, that is absolutely true, and all this business will unfortunately make the Government lose its credibility and give the public the impression that politics is an unsavory profession.

To restore confidence in this institution so that it will get the respect it deserves and have the credibility it needs to govern the country and make it progress, we are presenting a motion that is entirely non-partisan. We are asking that this matter be referred to a Standing Committee of the House, where all three political parties will have an opportunity to make sensible recommendations so that it will not be left up to the Right Hon. Prime Minister to judge whether his Minister did or did not do wrong.

Depending on the importance of his Minister, the Prime Minister might not always give us the same opinion. Had the whole Gillespie affair involved a minister of State without portfolio, how long would the Prime Minister have stood by him? The general public has the right to wonder about that. We know perfectly well that due to the circumstances, everybody decided to back up the accused and reached the conclusion that it is a matter of conscience and that the guidelines are flexible enough to allow for some leeway in their application. One must realize, Mr. Speaker, that the people have not been fooled. We were right to keep at it during Question Period because the more questions we asked, the more we came to realize that something was wrong with the application of the guidelines. Members of the Liberal Party held that same view in the past. It was said earlier today that Mr. Sharp had let it be known at the time that he wished to propose a policy under which Parliament would have and would have been in a position to compel all former Ministers, all civil servants and Members of the Government to comply with the guidelines.

Today, we propose this motion and I do not think I am wrong when I say to the Minister who tells us that our motion automatically entails a non-confidence vote, that we did give the Government this morning the opportunity to waive the no-confidence aspect of the motion in order to avoid to put the Government in a difficult situation. We were ready to do it, as was the New Democratic Party, and with the unanimous

consent of the House, we could have avoided that no-confidence motion in order to get the Government Members to vote in favour of the motion and refer the matter directly to the Standing Committee on Privileges and Elections. The Government rejected that offer. The Minister neglected to say that earlier. The Government refused to waive the no-confidence aspect of the motion. In my opinion, if the Government had wanted to show some credibility and honesty vis-à-vis the people who are listening to us today, it would have accepted our proposal this morning. Therefore, Members who truly want to restore to this institution the credibility it deserves and to the respect they its Members deserve also, would have been given that opportunity.

In view of this refusal, Mr. Speaker, it is clear that the Government does not want to change its way of operating and that the Prime Minister still wants to assume responsibility for the enforcement of these guidelines. When we see all that is going on, Mr. Speaker who is going to believe and ask the public to believe that the Government deserves the confidence it is asking for today. It is outrageous, Mr. Speaker! We are simply asking that the matter be referred to an non-partisan committee which will make recommendations to the House that would come into force should someone act improperly or at least to make sure that Parliament is protected from any impropriety. That is the purpose of today's motion. It is very well drafted, in a non-partisan way. One has only to read it to feel the deep desire of the Progressive Conservative Party, today, to give the general public all the safeguards they are entitled to when it comes to the credibility and integrity of this Parliament.

Therefore, Mr. Speaker, I repeat once more that I shall support this motion without hesitation. I deeply regret that the Government has rejected the proposal that was made at the outset of the debate this morning, which would have allowed it to support this motion without jeopardizing its own future. In doing so, they would have proved that they were not afraid to give a mandate to the Standing Committee of privileges and elections with a view to establishing guidelines regarding conflicts of interest. The Government refused, Mr. Speaker. This refusal by the Government proves its bad faith. It does not want any committee to be responsible for establishing guidelines because they would be much less partisan than they are now, or at the very least, they would be assessed by a non-partisan committee and not by the Right Hon. Prime Minister of Canada.

I have been in politics for over 15 years, Mr. Speaker, and I do not think that I could have any confidence in the Prime Minister of Canada if he were to guarantee that his guidelines would be applied in a non-partisan manner. It is impossible. We have seen certain things in this House. The fact is that we not only can, but must question certain actions of this Government. When I hear the Minister of Consumer and Corporate Affairs (Mr. Ouellet) complain and try to criticize the Opposition for its lack of objectivity or honesty, all I can say is that it is our duty to ask some questions and I shall never believe that the Government would expect the Opposition to stop raising controversial issues one fine day. It is our duty to do so to ensure that this country is well governed, and the results that we have seen both with regard to the administration and the behaviour of the Government towards certain individuals, urge us to be even more aggressive and demanding. I believe that the public want us and order us to be more particular about the administration and the judgments of this Government recently. This is why we introduced this motion, so that the Government may take some action if it truly wants this institution to regain the credibility that it is now losing because of the conduct of its Members.

Having in mind this objective that we all share in this House, we have introduced this motion so that the people may have confidence in this institution and in the men and women who have decided to work on the political scene. Of course, certain periods are more difficult than others for the Government, but if the Right Hon. Prime Minister had applied the rules as they were written at the proper time, Canadians would be able to trust this Government. However, the Right Hon. Prime Minister refused to apply the rules as he had said that he would. Instead, he has decided to be lenient to a Minister who lied to him in the House and misled him, because of which the Right Hon. Prime Minister had to recognize that he had himself misled Parliament. He said that he was sorry and washed his hands of the whole affair: "I said I was sorry and that is all there is to it."

I believe, Mr. Speaker, that we have to be more exacting than that. If the Right Hon. Prime Minister is willing to allow his ministers to apply the rules as their conscience dictates, I for one cannot accept it and I do not believe that the Canadian people will accept that every Minister can apply the rules according to his own conscience. I believe that this kind of flexibility is unacceptable and reprehensible, and this is why we can no longer trust the people who govern this country. We are asking that the three political parties represented in this House and this Parliament can at least have their say about the implementation of the guidelines. What should the guidelines be? How can we make sure that there is no conflict of interest? That is important for the credibility and sound management of this country, and that is why once again we recommend that motion today because we were hoping that Hon. Members would find a way to refer this whole issue to a non-partisan Standing Committee. We have provided the Government with an opportunity to do just that, but they refused. Of course, we will be forced to challenge the Government by holding a vote later today, and that will justify Government Members to defeat our motion because otherwise they would be the architects of their own downfall! The one and only justification for the Government to reject our motion was to refuse that we delete the non-confidence feature of the

motion. Had they accepted, we could have voted regardless of party lines and very objectively on the need to change the guidelines, and I am convinced that many Members on the other side are convinced as I am that they need to be changed. The Prime Minister can talk about changing the guidelines! But why all of a sudden does he agree to change the guidelines if we were wrong to raise questions on this issue for the past 15 days? I suggest that our attitude in the House forces the Prime Minister to say that he is prepared to make some changes. What would they be worth if the Prime Minister were to act as both judge and jury with respect to the implementation of those guidelines? People pass judgment on the attitude of the Prime Minister these past few days. Let him tell me that he will indeed change the guidelines! But if he maintains that only he can make recommendations concerning their implementation, that would not leave me any more confident than I was 15 days ago, and the people have absolutely no guarantee that such changes would restore the credibility we are seeking.

• (1610)

Therefore, if we are to have a thorough review of the application of these guidelines, we think it should be done by a Standing Committee of the House and that is why we are putting a motion to that effect today. We had hoped, and we shall continue to do so until the vote is held, that Hon. Members would understand the impact of this motion. It is a motion that is very important to all Canadians, a motion that is non partisan and whose aim is to restore the integrity and the credibility of Parliament and respect for the individuals who sit as Members of Parliament and represent their parties.

That is why we are putting this motion today. We thought the Government would have been serious, courageous and honest enough to accept our motion, in view of our aims and to provide Canadians with a profound sense of honesty and fairness. The Government has refused or will refuse, and at 5:45 p.m., Canadians will be the judge of the Government's actions, and we shall remind Canadians that the Government is entirely unwilling to take any kind of corrective action that might restore to Parliament the respect it deserves.

Mr. Deputy Speaker: Any questions? In that case, the Hon. Parliamentary Secretary to the Minister of the Environment (Mr. Ethier) has the floor.

[*English*]

Mr. Denis Ethier (Parliamentary Secretary to Minister of the Environment): Mr. Speaker, it is also my privilege to speak on the motion of the Hon. Leader of the Opposition (Mr. Nielsen) which reads as follows:

> That the Standing Committee of Privileges and Elections be authorized to consider and make recommendations upon the subject matter of Ministers and conflict of interest; and public servants and conflict of interest.

I intend to restrict my comments to Ministers, Parliamentary Secretaries and their exempt staff, and individuals appointed by Governor in Council. I said that it was my privilege to speak on this subject, and I mean it sincerely. At last I have an opportunity to tell my fellow Canadians the alarm and dismay I feel with respect to the unjustified and often vicious attacks on the integrity of my fellow colleagues, colleagues who work tirelessly and assiduously in the service of Her Majesty's Government, often at a great sacrifice to their personal health and families.

The extent of this attack is unparalleled. Is the Canadian public really to believe that such honourable and distinguished Canadians as the Minister of Finance (Mr. Lalonde), the Deputy Prime Minister (Mr. MacEachen), Alastair Gillespie, the late Robert Andras, the Hon. Member for Lincoln (Mr. Mackasey) and Norman Cafik are guilty of engaging in some as yet unknown dishourable activities? These men have devoted the main part of their lives to public duty.

It is my contention that the Opposition has deliberately misinterpreted the content and intent of the Government's conflict of interest and post-employment guidelines and has engaged in a ruthless, unfounded and unprecedented attack on the good character of both current and former Ministers of the Crown. I will leave it to others to speculate why, but I think it is obvious.

However, the Opposition has the effrontery to suggest that the Standing Committee on Privileges and Elections should both consider and make recommendations upon the subject matter of Ministers and conflict of interest guidelines. Why should the House even contemplate such an absurd suggestion? For the last month the House has heard allegations of wrong-doing by current and former Ministers of the Crown but not one scrap of evidence.

• (1620)

I submit that this House has had enough of these unwarranted and slanderous attacks. Referral of the guidelines to a committee at this stage would only continue this partisan charade and prolong the unnecessary suspicion and humiliation of innocent Ministers and their families.

If the Opposition is sincere in its suggestion, then I would suggest they participate fully in any of the committee hearings with respect to the Hon. Member for Lincoln (Mr. Mackasey). It is important that the House renew its confidence and that of the Canadian public in the basic integrity of all Members of Parliament. This integrity is the cornerstone of democracy and is absolutely essential to our Canadian system of Government. Parliament, and I say Parliament, must cleanse itself, and quickly, from any lingering image of shadowy or unscrupulous dealings that may have been created by the series of malicious and unfounded allegations. Further review by a parliamentary committee would lead to the continuation of virulent and partisan attacks on the integrity of public officials and further undermine the faith of Canadians in their democratic institutions.

As I mentioned earlier, Mr. Speaker, I believe that Members of the Opposition Parties have deliberately misinterpreted the guidelines. In addition, they have repeatedly confused the requirements of present Ministers of the Crown with respect to

the cooling off periods required of former Ministers. As Members of the Opposition should know, Ministers, Parliamentary Secretaries, Governor in Council appointees, public servants, and exempt staff members may not accord preferential treatment in relation to any official matter to relatives or friends or to organizations in which their relatives or friends have an interest. In addition, in any official dealings with former office holders, Ministers must ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

I would like to remind all Members that the guidelines do refer to official dealings with former office holders. They do not, as many of the Opposition spokesmen have continually tried to imply, prohibit contact with former office holders. The guidelines applying to employment and commercial activities of former Ministers were established pursuant to the principles set out in the conflict of interest guidelines and were to be applied in accordance with those principles and with the aim of protecting the individual liberty of former Ministers to the fullest extent possible.

The question of post-employment guidelines is a complex area, as I am sure other Members now realize, and involves the questions of judgment by both Ministers and Members. The prime requirement of Ministers, either former Ministers or those still in office, is that they must at all times ensure that they act and provide the appearance of acting in an impartial and objective manner. These principles are of vital importance in a parliamentary democracy, and I believe that all Ministers including. I sincerely hope, former Ministers of Conservative Governments, do take them seriously. However, what saddens me about the latest controversy is the low regard in which Members seem to hold the integrity of their fellow Members.

The guidelines prepared by the Government require interpretation by the individual involved and the ultimate onus is on the individual. It is an individual judgment, and it should be an individual judgment. The integrity of the individual, and particularly of the Member of Parliament, is the cornerstone of our present democracy. I do not believe that a parliamentary committee should be the forum of further unfounded attacks on the most fundamental principle of our system of Government.

I would contend that it is obvious that the Opposition has run out of steam and would like to establish a review of the conflict of interest guidelines by the parliamentary committee solely to engage in a scandalous and unproductive witch hunt. The Government has nothing to fear and nothing to hide but it can see no useful purpose in such a review. It is also well aware of the adverse impact that a review would have on the image of all Parliamentarians, but most important the attention of Members and of all the Canadian public would be diverted from our most vital problems, the economy and the unemployed. I and my colleagues do not feel that Canada deserves or can afford further diversions of the minds of its elected Parliament from the pressing problems of the day.

History will record this passage in the time of the House of Commons as an irresponsible and expensive waste of the taxpayers' money and of the opportunity to develop responsible programs and policies for all Canadians. There have been no improprieties, only unfounded, partisan and slanderous allegations.

All discussions were conducted openly. No pressure of any kind was ever exerted on officials, and most important, at no time were any former Ministers, whether Mr. Gillespie, Mr. Andras or Mr. Cafik, their partners or colleagues, treated any differently from the way any other citizens would have been.

I would also remind Members that in two of the recent allegations, those with respect to Mr. Gillespie and the late Bob Andras, provincial Governments were intimately involved in all the dealings, yet not once has the Opposition suggested preferential treatment on the part of the Provinces. I submit that in both these cases it was an Opposition tactic to take precious time from the House to tarnish reputations—

Mr. Lewis: You cannot tarnish Gillespie's reputation. It is impossible. He has done it himself.

Mr. Ethier: —while being protected by parliamentary immunity, and above all to draw the attention of the public in the hope of bolstering the image of one candidate in the leadership of the Tory Party, namely, the past Leader, the choice of the Hon. Member for the Yukon (Mr. Nielsen). The Opposition is engaging in political vaudeville. I would laugh, if I could, but when I think of my former colleague, the late Hon. Robert Andras, being deliberately defamed, I can feel only shame. What has this House come to? Members of Parliament attacking a former respected, honest and hard working colleague, strictly for political gains.

Mr. Nielsen: That was the media.

Mr. Ethier: I urge my fellow Members to stop this unnecessary scandalmongering and return to the country's business. We must restore the integrity of the House, which has been so long under attack, and confirm Canadian's longstanding support of their democratic institutions.

The Opposition has alleged over the last month that former Ministers have contravened the guidelines with respect to lobbying within the two-year time period. I would like to stress that the intent of the guidelines was that wrongdoing should be prevented, not that former Ministers should never receive information from their former Departments.

If the intent of the guidelines was "no contact" then that is what the guidelines would have said. In fact, the guidelines specifically refer to the line of conduct Ministers must observe "in any official dealings" with former office holders. Members should remember that the responsibility for policing the guidelines is solely individual conscience. There is no enforcement mechanism, nor should there be. It is not incumbent upon Ministers or Members of Parliament to question the moral integrity of their former colleagues. The integrity of the conscience of every individual Member of Parliament is the cornerstone of our parliamentary democracy, and I cannot

accept that this integrity is in any way eroded upon leaving Parliament.

• (1630)

I believe that our policies with respect to former Ministers are sound. May I quote from the Prime Minister's letter to Ministers on October 18, 1976, which was tabled in the House of Commons on December 17, 1976 with the draft guidelines. It reads:

> The new policy reflects the delicate balance that we have struck between our desire, on the one hand, to respect the right of the individual to use his or her knowledge and abilities for economic gain and personal development and, on the other hand, the requirement of protecting the right of the public to have reasonable assurance that the public interest will not suffer in the process. In adopting this policy, we have been keenly aware of the fact that measures designed to remove every opportunity to act unwisely would require a severe reduction of the traditional rights enjoyed by all Canadians, and place us in jeopardy of losing the spirit, competence and perhaps even the integrity itself of the Canadian public service, which have been so painstakingly nurtured over the years.
>
> We must also avoid the danger of reducing the public benefit which results from the movement of individuals among the various sectors of society—governmental, commercial, industrial, academic and professional. The real concern and focus of our policy is to protect the integrity of government service, and to prevent private exploitation of the public trust.

Many may interpret the Opposition's criticisms as a plea for the prohibition of all contact between Ministers and former Ministers. I would ask all Members to consider what kind of Parliament would result from the implementation of such guidelines. Only the most independent and wealthy individuals could stand for public office under such strict regulations. The pressures to retain office would be inordinate, to the consequent detriment of our system of Government. Perhaps the Opposition would favour such a development, but I personally find it repugnant.

In a true democracy, the elected representatives should be drawn from all walks of life and not the privileged few. Surely my colleagues on both sides of the floor realize the magnitude of the personal and family sacrifices involved in political life. I would humbly suggest that those of a Cabinet Minister are even higher in terms of the demands for work and time. Now more than ever Canada needs its ablest minds in Cabinet. Can we afford to put even further limits and impose greater sacrifices on these individuals? I say no.

There should never be preferential treatment for former office holders, Ministers, Parliamentary Secretaries, the Ministers' exempt staff and senior Governor in Council appointees, but surely they cannot be denied the basic right of Canadian citizens to access to the federal Government. The present guidelines adequately protect the public interest during any period of contact with the Government. I cannot envisage any workable system of the type implied by Opposition critics that would prohibit contact of any kind.

I would suggest that if the Hon. Leader of the Opposition or the Leader of the New Democratic Party (Mr. Broadbent) were at least serious about their motion, they would have consulted the Government House Leader. If they were in fact serious about the suggestion they made at the opening of today's debate, they would have contacted someone in our Party. They chose instead to bring this motion on the floor of the House in the form of a non-confidence motion. That is how we will deal with it, and we will put an end to this witch hunt which seems to be the sole preoccupation of the Hon. Leader of the Opposition. Knowing the limited knowledge the Hon. Member for Yukon has on economic matters, perhaps that justifies his continual witch hunting.

Mr. Deputy Speaker: Are Hon. Members rising to ask questions?

Mr. Blenkarn: Would the Parliamentary Secretary tell us what he is asking for? He said that Parliament must cleanse itself, and then he said that the Government has nothing to fear and nothing to hide. If that is the case, why would the House not approve of this motion? This motion is in exactly the same terms as the one put to the House in 1974 by a former and respected Member of the House, the Hon. Mitchell Sharp.

If the Government has nothing to fear and nothing to hide, and if Parliament must cleanse itself, why would the House not want this matter to go to committee to be dealt with there? Or, is there something to hide?

Mr. Ethier: Mr. Speaker, I think I anticipated that question and I answered it before I sat down. I told them that they did not have the decency to consult with anyone in our Party before presenting that motion of non-confidence. That is how it will be treated, as a non-confidence motion.

Mr. Blenkarn: Mr. Speaker, the terms of the motion are identical to the motion that the Government itself put to the House in the past. Surely it is unusual for the Opposition to suggest to the Government to vote as if this was not a non-confidence motion. Does the Government insist upon this being a non-confidence motion? We are prepared to treat this motion as not being one on a matter of confidence.

The Parliamentary Secretary must have something to hide because he is quite at liberty to vote against it. We will not treat this matter as a matter of confidence.

Mr. Ethier: Mr. Speaker, I find that difficult to understand. We have to keep repeating our view, but they never seem to understand or want to understand. They could have brought this matter up on any other Opposition day without its being a motion of confidence. The Opposition chose to proceed in this manner and we are now dealing under their rules. I find it very strange—the House Leader smiles—

Mr. Nielsen: I am not the House Leader.

Mr. Ethier: The Canadian public knows by now his ability to come to the House and play these tricks. But I do not think that we will buy it.

Mr. Nielsen: Will the Hon. Parliamentary Secretary tell me, since the House unanimously passed their motion on December 10, 1974, and they are now objecting to passing their motion which was not dealt with after it was passed by the

House, why the Government is objecting to passing it unanimously on this occasion? What has changed between then and now?

Mr. Ethier: Mr. Speaker, nothing has changed. It is the way it was introduced today by the Leader of the Opposition. Let him introduce it on any other way and we will see what we do then. But introducing it as a non-confidence motion is inviting us to the gallows.

Mr. Friesen: Mr. Speaker, I believe that the Hon. Member used the word "absurd" in relation to this motion, stating that it was an absurdity to have it presented. He presumably supported the motion when it was introduced by Mr. Sharp because it was passed unanimously. Did he support a motion eight years ago that he now thinks is absurd and is now voting against? Which side is he on?

Mr. Ethier: Mr. Speaker, I regret that the Hon. Member is putting words into my speech that I did not use. I did not use the word "absurd" as to the motion.

Mr. McDermid: Mr. Speaker, I listened with great interest to the speech of the Hon. Parliamentary Secretary. I gather from what he said that because Cabinet Ministers work so hard and sacrifice so much, there is no difficulty with their contacting other sitting Cabinet Ministers after they have finished their tour of duty, either voluntarily or involuntarily. Is the Hon. Parliamentary Secretary saying that there is no problem with contacting sitting Cabinet Ministers and negotiating deals? I almost brought out the violins when he was saying how they sacrificed.

Every Member sacrifices in the House. Hon. Members realize the sacrifices they must make, and they should not be treated any differently from the honest businessman who is trying to get a contract with the Government to proceed with a project which he may have.

Is he telling me that there is nothing wrong with a Cabinet Minister contacting other Cabinet Ministers, especially because they worked so hard and are special? Is that what he was trying to say in his speech?

Mr. Ethier: I said that every Member of Parliament works very hard and their jobs are demanding on their families and themselves. I said that these demands are even greater on Cabinet Ministers. I would say that again.

Mr. Lewis: Mr. Speaker, due to the Parliamentary Secretary's experience in the Chair, I am sure that he will realize that no suggestion can be made on the debate of a non-confidence motion until it is called. For that reason we immediately agreed with the NDP, in the interest of having this matter examined so that the reputations of reputable people like Mr. Gillespie can be untarnished, that it be examined in committee. Since this was the Government's motion back in 1974, and it has not changed at all, what we on this side cannot understand is why the Government is stonewalling attempts for the truth to come out.

• (1640)

Mr. McDermid: Cover-up.

Mr. Ethier: I find it very strange that the House Leader of the Opposition, himself, gets into this matter, asking these questions. I say, in all courtesy, that he is the one who should have called the House Leader for our Party over the weekend. He could have called him and suggested what he is suggesting this morning.

Mr. Deputy Speaker: I recognize the Hon. Member for Winnipeg-Birds Hill.

Mr. Blaikie: I am not rising on a question, Mr. Speaker.

Mr. Blais: I would like to ask a question.

Some Hon. Members: Oh, oh!

Mr. Deputy Speaker: The period for—I recognize the Minister of Supply and Services.

Mr. Blais: Mr. Speaker, I would like to ask the Parliamentary Secretary whether he, in effect, is not aware of the fact that today is basically the end of the Supply period. On this day, the Opposition is permitted to present a non-confidence motion in accordance with the rules. In effect, that non-confidence motion must be voted upon, and if it is not, we are, of course, infringing the rules. Under the circumstances, is he not aware of the fact that—

Mr. Blenkarn: Nonsense.

Mr. Blais: —that if the Opposition motion, in effect, is voted and if the Opposition wins that particular vote for one reason or another, then the Government must resign?

Mr. Blenkarn: Not so. There is supply to vote after, and that is the non-confidence.

Mr. Ethier: I understand it quite well, no one understands it more than the Leader of the Opposition or the House Leader of the Opposition, and that is why the Opposition brought it in this morning.

Mr. Nielsen: Will the distinguished Parliamentary Secretary, who has occupied the Chair so often in the past, readily admit to me that he is having his leg pulled a mile by the Minister who just spoke? Because, as he well knows, and I am asking him to agree with me, if the Government side consented, as requested by the Leader of the NDP, and it was agreed to by us, the provisions of Standing Order 62(9) could be suspended. That was the purpose in asking for consent, and the Government side is refusing that consent. Please tell us that the Minister is all wet.

Mr. Blais: No, he is not. He is as dry as anything.

Mr. Ethier: Mr. Speaker, I think that the Leader of the Opposition is all wet. We will not fall into the games that he

wants to play and the tricks that he brought in this morning, and we will be a responsible Government.

Mr. Deputy Speaker: The Chair will recognize the Hon. Member for Saskatoon West.

Hon. Ray Hnatyshyn (Saskatoon West): I have been following the debate today with some interest. I want to address my remarks to some of the questions which have been raised by Government Members, in particular by the apologists for the Government who oppose, and I think in an unthinking way, a very serious and very straightforward proposition, that is to say, that the House of Commons be given a mandate, through its Committee on Privileges and Elections, to review the present state of conflict of interest guidelines which were first brought down as a result of parliamentary inquiry, investigation and reference by this House ten years ago.

On a number of occasions we have attempted, as a Party and as individuals in the Opposition, to make this request. The Parliamentary Secretary who just spoke said that there should have been consultation as to whether the motion should go through as a matter of consent between the Parties. On different occasions, the question was asked in Question Period of the Prime Minister (Mr. Trudeau) and the Deputy Prime Minister (Mr. MacEachen) as to whether or not they would consider a reference to the Standing Committee on Privileges and Elections. On each occasion, the Prime Minister or the Deputy Prime Minister refused to agree to that during the course of Question Period.

Therefore, there was only one course of action which could be taken by any responsible Opposition which felt that the honour and dignity of this institution were at stake with respect to these important matters involving conflict of interest, that is, to bring forward a motion on the first available Opposition day. We went further this morning, when the Leader of the New Democratic Party stood in his place and suggested that unanimous consent of the House be obtained. We sought such unanimous consent, and we in the House agreed that the motion would not be taken as being a motion of confidence, and would thus allow every Hon. Member, including those on the Government side, to vote in favour of the motion without any fear of the Government falling as a result of its passage. That has been denied, not by this Party, because we have agreed, through our House Leader—

Mr. Nielsen: Nor by the NDP.

Mr. Hnatyshyn: —nor by the New Democratic Party, not by the backbenchers of the Government Party, but, rather, by Government Ministers. They were the ones who stood up and blocked this very reasonable reference—

Mr. Riis: That's right.

Mr. Hnatyshyn: —of a motion to a committee.

Mr. Nielsen: It was the Minister of Consumer and Corporate Affairs.

Mr. Riis: A shameful act.

Mr. Hnatyshyn: It was the Minister of Consumer and Corporate Affairs (Mr. Blais), that great defender of integrity and politicians. He was the one who said, "Nay".

Mr. Nielsen: Maybe he wanted to call for advice.

Mr. Hnatyshyn: I say that it was tantamount to contempt of Parliament for the Minister of Consumer and Corporate Affairs to have taken that position.

I also want to point out that it is important that we have a review at this time—

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

Mr. Blenkarn: You will get an opportunity at the end of the speech to ask questions.

Mr. Blais: Mr. Speaker, surely the hon. gentleman, in accusing a Minister of contempt of Parliament, is behaving in a way which the Chair ought not to accept. Indeed, those are very serious allegations which ought not to be made lightly. I would suggest that the hon. gentleman withdraw that statement.

Mr. Lewis: Nonsense.

The Acting Speaker (Mr. Blaker): I want to indicate what was visually obvious to the House, that is, that I have just taken my place in the Chair following the departure of the Deputy Speaker. While I was being seated, I did not hear the Hon. Member's remarks. I would have some concern over an accusation that an Hon. Member has attempted to make before the House. However, before I go further, I would say that it is only a concern and not to be considered as a ruling.

Mr. Hnatyshyn: Mr. Speaker, I have great respect for this institution. When I say one has contempt for the institution, if I believe that to be the case, I do not believe that that is an unparliamentary term. If I believe that the Minister of Consumer and Corporate Affairs has shown contempt for this institution by the position he has taken on this issue, that is a strong contention on my part. If it is unparliamentary, I will certainly withdraw it—

Mr. Nielsen: No, it is a contemptible position.

Mr. Hnatyshyn: —because I respect this institution and everything for which it stands as being the last court of appeal for the people of Canada against arbitrary action on the part of a Government supported by a majority.

Mr. McDermid: Say it again.

Mr. Hnatyshyn: I want to make the observation that everyone publicly agrees that there are many good reasons for conflict of interest guidelines. The Prime Minister has spoken in very high terms on why there should be guidelines for Cabinet Ministers. He has mentioned this in the House and repeated it outside the House. In addition, all Hon. Members on this side of the House fully subscribe to that view. It is fundamental, going to the roots of the faith we have in our

elected officials, the way in which they conduct official business and the way mistakes are dealt with if they are covered up by the Opposition or, indeed, by the press.

The fact is that if there are weaknesses in that system of guidelines, then it is incumbent on us, as Members of the House of Commons, to consider in a committee of the House ways in which these guidelines can be made more effective. Let me just make a couple of points as to why we should have these guidelines and where they are defective.

They are defective, as I see it, on the basis of debate which has taken place, particularly as they relate to former office holders. One reason is that we have seen instances of communications, of dealings between former office holders, former Cabinet Ministers, and their former Departments. I mention a couple only by way of examples, not that I am trying to make this a personal reference. However, the fact is that these are cases in point.

Mr. Donald Macdonald was Minister of Finance before his resignation. The guidelines stated that there should be no dealings with one's former Department for a two year period. Within a period of two years of his resignation, Mr. Donald Macdonald was placed on the Board of Directors of the McDonnell Douglas Corporation, which was involved in negotiating the fighter aircraft contract with the federal Government. A major player in the negotiations with respect to the awarding of that contract was the Department of Finance. What was wrong with Members of the Opposition at that time raising questions as to whether there was a breach of the conflict of interest guidelines respecting a former office holder?

• (1650)

In the case of Alastair Gillespie, which we have recently gone through, a similar situation obtained. There is no question as to the facts. Mr. Gillespie was in touch with his former Department, clearly dealing with Government assistants in putting his promotion through, which led him to a profit situation. He profited from the transaction. He profited from moneys being paid to the consortium. I do not draw any conclusion. I am only saying that these are former office holders who have clearly, on the face of it, breached the conflict of interest guidelines.

We asked the Prime Minister what he could do about the situation. The Prime Minister said he could do nothing. The question is very simple: what should we be doing? Should we review the situation as to how to handle breaches of the conflict of interest guidelines by former office holders? The answer to any reasonable observer of the scene should be, yes, there should be an opportunity to look at them.

The second consideration may well be this: is it good enough under the present circumstances for the matter to be left completely at the discretion of the Prime Minister whenever there is an allegation or charge made of conflict of interest breaches? The Prime Minister and the Minister of State for International Trade (Mr. Regan), who started off for the Government side on this motion, argue that that is the way our system works, it is the way it should be, and it should be left with the Prime Minister to decide whether there have been any breaches and what action should be taken with respect to current office holders.

These same arguments were used with respect to the whole concept of freedom of information, the concept that the Government will be judged on its actions as to whether it releases information to the public, that if people are unhappy with the way the Government deals with the matter, they will vote against it. In every election there is an opportunity for Canadians to exercise their franchise with respect to how the Government operated while in power. It was only after very diligent pursuit by the Opposition that the Government finally agreed to the concept of an independent judicial or quasi-judicial officer who would be able to pass judgment as to whether or not Government documents would be released to the citizens of this country.

This is an analogous situation. It is something that the Standing Committee on Privileges and Elections could consider. Do we now require an independent officer who can receive complaints with respect to conflict of interest situations and have the full power and ability, quite independently of the Government, to investigate those charges?

What is wrong with that kind of situation, analogous as it is to the freedom of information legislation? There is nothing wrong with it. I find a growing feeling among the public that the time has now come to have a very close review of the guidelines and the sanctions available or not available, as well as the question of whether legislation should or should not be introduced.

What can be wrong, after an experience of some ten years following the time when the matter was first raised, for a standing committee to be given the authority to review what is happening? I direct my remarks to the Hon. Member for Vaudreuil (Mr. Herbert) because he raised these questions in an earlier part of this debate. I will give him some examples of questions that could be considered by the Standing Committee on Elections and Privileges.

First, should there be an independent quasi-judicial official established by legislation to deal with these matters? Second, what are the sanctions that can be applied in terms of former office holders if they do breach the guidelines? Third, should we consider legislation to deal with sanctions that should take place if there is a breach of the guidelines by current office holders? That will be a fairly full plate for any standing committee. It is germane and legitimate.

As I indicated, this debate follows an episode which, in my opinion, can only be described as a flagrant breach of the Prime Minister's own guidelines. I referred earlier to Donald Macdonald, Alastair Gillespie and Judd Buchanan who was involved in dealings with the Banff National Park. It involved negotiations with Treasury Board of which he was President, and it was within a two-year period. I am not charging any illegality, but the guidelines say that there should be no perception of preferred access or treatment with Government Departments by a former office holder.

How could any of us, or in fact any citizen of Canada, have these matters addressed? The only way for them is to write to the Prime Minister and say they think it is wrong. If the Prime Minister replies that he has considered the matter and does not agree with them, that is the end of it under the present system. Do Members on the Government side understand that this is not a question of partisanship, a question of the Liberal Party versus the Conservative Party or New Democratic Party?

Circumstances change. Indeed, it is my expectation, based on the very sound advice I get from the people of Canada, that after the next election, the Conservatives will be sitting on the Government side and the Liberals will be sitting here. That does not make the argument any less relevant. In fact, it is more relevant. We should be accountable. The highest standards should apply to any Government in which I serve. I say that regardless of which side of the House we are on.

There are other examples of cases that have arisen with respect to former office holders in particular. I will not name them. Quite apart from the situation that we have, there is some serious question about the activities of current office holders.

It is time to look at where we are going in terms of morality in Government, the question of whether a Government can, with impunity, reward its friends through a system of turning the other cheek when former office holders come back to deal with their former Departments. That time has long since passed. The people of Canada will not tolerate that kind of activity. They want Parliament to address this matter. There are no names attached to this motion. It allows the committee to deal with the matter in a very dispassionate way in order to see exactly what steps should be taken.

There have been other examples of committees of this House which have worked very well. The Select Committee on Procedure and Organization is doing an excellent job. It is now attempting to bring our rules up to date to suit these modern times. It is acting as a group, considering what should be done, and making representations and recommendations to the House. The same can be said for the Standing Committee on Privileges and Elections. This motion would allow that Committee to see what we should be doing in terms of conflict of interest. Indeed, it would be following a fine tradition.

Some ten years ago we had the consent of the whole House to refer this same said subject matter to the Committee. The Parliamentary Secretary who spoke before me was in the House at that time and his name is recorded in the vote on that issue. We did not hear him stand up at that time to say to Mr. Sharp, the then Government House Leader, that he did not agree with him because he thought it was a shoddy business and might affect the reputation of some members of Cabinet. At that time he said "ready, aye, ready", as did all Liberals. He did not say anything in the House.

I do not understand why Government Members who have supported the concept of more power for individual Members of Parliament do not take advantage of the offer now being made available to them. It would make this House, both Members and Cabinet Ministers, more accountable for their actions. They could speak independently rather than under the threat of the Government whip. They have the suggestion of the House Leader of the NDP who said he was prepared to move with unanimous consent to have this matter regarded as a non-confidence motion.

• (1700)

I would like simply to deal with a couple of aspects with respect to the background of this matter in order to make abundantly clear what has transpired in the history of this matter, so there can be no misunderstanding as to where we are today in terms of parliamentary history in Canada. Hon. Members will remember that on July 17, 1973, a statement was made by the President of the Privy Council, the present Deputy Prime Minister and Secretary of State for External Affairs, with respect to conflict of interest of Members of Parliament when he tabled a Green Paper entitled, "Members of Parliament and Conflict of Interest". On July 18, 1973, the Prime Minister made a statement regarding conflict of interest in relation to Cabinet Ministers, at which time he urged the House to consider this matter through reference to committee, indicating his intention to bring forward conflict of interest guidelines at that time with respect to Cabinet Ministers. On December 18, 1973, the Prime Minister made a further statement on guidelines for public servants and Order in Council appointees. On December 9, 1974, the then President of the Privy Council, the Hon. Mitchell Sharp, had an agreement with the Opposition House Leaders, through a proposed special order, relating to the allotted day of December 10, 1974, on conflict of interest. The proposal received unanimous consent of the House. That motion, Mr. Speaker, was identical, couched in absolutely identical terms, to the one we are now debating today. So that December 10, 1974, was the allotted day under Standing Order 58(10), when the Green Paper was referred to the Standing Committee on Privileges and Elections, and the Committee was asked to make recommendations with respect to Ministers and conflict of interest and public servants and conflict of interest. The wording is identical. The motion was adopted by all Parties of the House.

On June 10, 1975, the Chairman of the Committee on Privileges and Elections, Mr. Speaker, yourself, that is to say the present occupant of the Chair, presented a fifth report to the House of Commons endorsing the principles set forth in the Green Paper and recommending the proposal, subject to amendments in the fifth report.

The committee sat from February 20, 1975 to June 4, 1975. In July, 1976 the Senate Legal and Constitutional Affairs Committee made a report to that body. On June 26, 1978, Bill C-62 was introduced in the House and given first reading. On October 16, 1978, Bill C-6, the Independence of Parliament and Conflict of Interest of Senators and Members of the House of Commons Act, was introduced at first reading. It was the revised Bill C-62. On March 8, 1979, Bill C-6 received second reading.

That is the chronology, Mr. Speaker. As we stand now, the matter has never been resolved with respect to the whole question of conflict of interest. It is still a current topic which is extant, still before us, never finally resolved, and is a matter which I believe this Committee, indeed, should take seriously.

As there was willingness in 1974 to deal with this issue, let there be willingness again today. It is a subject of immense importance to Parliament and Parliamentarians, for if this House is to have any meaning or any relevancy, it must be able to scrutinize the executive and draw the rules under which Ministers of the Crown conduct their affairs. As I have indicated before, today it affects Liberal Ministers; tomorrow it will be Ministers from this side of the House. In that sense, when it comes before Committee it will not be a particularly partisan issue, but undoubtedly will be treated with the same degree of concern and co-operation as the current committee on parliamentary reform. We on this side of the House have again sacrificed another Opposition Day to this issue, as we did in 1974, and I urge Government Members to accept this motion as we have presented it today.

Mr. Herbert: Mr. Speaker, the Hon. Member for Saskatoon West (Mr. Hnatyshyn) who has just spoken is a Member of the select Committee on Procedure and Organization, as he has indicated, and, therefore, is very well aware of the Standing Orders of this House. I believe it is quite appropriate to put the question to him since the motion proposed today has been proposed under Standing Order 62(9), dealing with non-confidence motions, and since Standing Order 62(9) clearly states:

On the last day appointed for proceedings on a no-confidence motion—

The vote shall be proceeded with forthwith. If the Hon. Member for Saskatoon West is sincere, and if the other speakers from his Party who preceded him are sincere, why did they not put today's motion under Standing Order 62(11)?

Mr. Hnatyshyn: Mr. Speaker, I appreciate the question because it gives me an opportunity again to reiterate a point which I made. First, we attempted through the Question Period and other opportunities to get the agreement of the Prime Minister and the Deputy Prime Minister to have this reference to the Committee made without the necessity of a debate on an allotted day.

Second, this motion was brought forward in reaction to a refusal by the Government, and it was the only method which we had as the Official Opposition to indicate our strong feelings that the Government was wrong and that it was a matter of confidence, as far as we were concerned, because it was so serious.

Third, we did not propose that the House agree. We did not initiate the proposal that the House agree by unanimous consent to waive the motion under Standing Order 62(9). Indeed, it was the Leader of the New Democratic Party (Mr. Broadbent) who stood in his place on a point of order and asked the House for a waiver of that particular rule for the purposes of this debate. At that time there was quick consultation by Hon. Members of this side of the House. Our House Leader, the Hon. Member for Simcoe North (Mr. Lewis), stood on behalf of the Conservative Party and said that we were prepared to agree to the proposal put by the Leader of the NDP. It was then up to the Minister of Consumer and Corporate Affairs (Mr. Ouellet), who refused that unanimous consent, as well as the Minister of State for International Trade, who was the first Government speaker.

Mr. Herbert: I repeat, Mr. Speaker, whatever agreement was made, we have a Standing Order, and the Standing Order is quite clear. On Friday of last week, the Official Opposition decided to pursue today's proceedings under Standing Order 62(9). Whatever the Leader of the New Democratic Party (Mr. Broadbent) might have suggested, it was not he who was responsible for proposing today's motion under Standing Order 62(9). That was the choice of Her Majesty's Loyal Opposition. I repeat again, if that Party was sincere in what it was saying today, why was today's motion not proposed under Standing Order 62(11)?

Mr. Hnatyshyn: Mr. Speaker, I do not want to speak at cross purposes. I am trying to deal squarely and precisely with the question raised by the Hon. Member for Vaudreuil. The point is this: this is the final Opposition day in this period of supply. We were obliged to bring forward the motion under that rule because it did require a vote.

Mr. Herbert: Why?

Mr. Hnatyshyn: It is the last opportunity in a supply period. That is a technicality which we, as it turned out, on the suggestion on the New Democratic Party, were quite prepared to overlook and not hold the Government to confidence on this particular vote. There are other opportunities where we will pursue our right to bring the Government down. In this instance, we thought the matter would be of such importance and of such relevance and of such a non-partisan nature, we were prepared to accept and agree with the proposal made by the Leader of the NDP.

Mr. Herbert: Mr. Speaker, just to conclude this point, Standing Order 62(9) says:

—not more than two Opposition motions shall be no-confidence motions against the Government.

Therefore, the Opposition has the choice to let one non-confidence motion go. Today's motion did not need to be called under 62(9).

Mr. Hnatyshyn: Mr. Speaker, all I can do again is just repeat myself. Maybe the Hon. Member for Vaudreuil and I should exchange memos on this very learned point. All I can tell him is that I have great faith in the House Leader of my Party and in the mover of this motion, the Leader of the Opposition (Mr. Nielsen), that if there was any way they could have made it easier for the Hon. Member for Vaudreuil to vote for it, they would have done so. But they were obliged by the rules to bring in this motion in the form in which it was. If that is not clear to the Hon. Member for Vaudreuil, I can make another couple of suggestions; he can absent himself from the House if it is causing him too much humiliation to have to

oppose this most reasonable motion, as many of his colleagues can, and let the matter go through and we will have an election. But we do not want to cause him that trouble. We want the matter dealt with, and that is why we are doing what we are doing today and being very reasonable to boot.

• (1710)

Mr. Ethier: Mr. Speaker, they repeat and repeat all day that we can vote for this motion and that would not be considered a vote of confidence. As my colleague, the Hon. Member for Vaudreuil (Mr. Herbert), said, you could have introduced the motion as other than a vote of confidence. But you chose to do it this way, and I think you have been misleading Canadians all day. I asked a while ago if Hon. Members were sincere in their motion. I would ask them now if they are honest in that motion. Tell the Canadian people exactly what it is. In voting for the motion, you are voting to defeat the Government. It is a vote of confidence. Say it in those terms. The Hon. Member for Mississauga South (Mr. Blenkarn) is saying it is.

Mr. Blenkarn: We are not voting to defeat the Government. We will defeat you on the Estimates.

Mr. Ethier: The Hon. Member for Saskatoon West (Mr. Hnatyshyn) is saying the same.

Mr. Hnatyshyn: Mr. Speaker, I am sorry I do not have a blackboard because I would like to put it down in writing. If anyone over there is listening and able to understand simple logic, what we are saying in the proposal put forward is that we can accomplish anything with unanimous consent. As a former Deputy Speaker, the Parliamentary Secretary knows that. By unanimous consent we can agree to anything in any procedure we want to. What has happened is that an opportunity was proposed by the NDP, agreed to unanimously by Members of the Official Opposition, for this motion to not be a vote of confidence. A vote would be taken, and if the motion was carried, it would not be considered a vote of confidence in the Government.

I just want to explain one more thing. The Parliamentary Secretary will remember, because he was sitting in his place watching all this, that much to my surprise and probably to the surprise of thousands of Canadians who were watching, the Minister of Consumer and Corporate Affairs refused to give unanimous consent, as did the Minister of State for International Trade. It was not indeed anyone on this side of the House, but rather Government Members themselves who refused the opportunity of carrying on with this vote so it would not be a vote of confidence. We did our best, we tried to make it easy for Members on the Government side, but unfortunately their leaders have let them down again.

The Acting Speaker (Mr. Blaker): The Hon. Member for Burin-St. George's (Mr. Simmons) in debate.

Some Hon. Members: Oh, no.

Mr. Roger Simmons (Burin-St. George's): Mr. Speaker, they are going to like what I am going to say because this motion is a motherhood statement, and everyone knows that. Please do not tell me that anyone in this House would dare vote against this mouthful of motherhood. Just listen to it, Mr. Speaker:

> That the Standing Committee on Privileges and Elections be authorized to consider and make recommendations upon the subject-matter of Ministers and conflict of interest; and public servants and conflict of interest.

Now, Mr. Speaker, I ask you who in his right mind, what self-respecting Parliamentarian could be against that particular mouthful of motherhood?

Mr. Blenkarn: You are.

Mr. Simmons: I am. I am against it.

Mr. Blenkarn: You are not self respecting.

Mr. Simmons: I will tell you why I am against it, Mr. Speaker. It is because I know a Trojan horse when I see one, even a clumsily built Trojan horse. I can recognize even a poorly crafted Trojan horse when I see one.

Mr. Lewis: Did one kick you in the arm?

Mr. Simmons: This motion gives itself away, Mr. Speaker, by its very simplicity and sweet innocence. The whole purpose of the motion, we are told, is to have a nice, civil, academic exercise about conflict of interest as it relates to Ministers and public servants. Do they think we are too green to burn over here, Mr. Speaker? Do they really expect us to believe that elementary nonsense? That clumsy obfuscation, that transparent doubletalk from the Tories today, do they really expect us to believe that?

Now, who is the author of this motion, Mr. Speaker? Who is the carpenter foreman who built this Trojan horse? None other than the Leader of the Opposition (Mr. Nielsen), the Hon. Member for Yukon. The kneecapper. Old "kneecapsen" himself. We know his record in this House, his self-appointed smear assignment, his lifelong crusade to undermine, to drag in the mud, to tear to shreds the good reputation of any who dare to call themselves Liberals. That in his eyes is their crime, their only crime. The only required crime. We are asked to believe that the Hon. Member for Yukon crafted this innocent sounding motion for innocent reasons. Of that, Mr. Speaker, he is totally incapable. He is totally incapable of crafting this motion for innocent reasons. That would be absolutely out of character for the Hon. Member for Yukon. Let us see this motion for what it is, for what the Leader of the Opposition intends it to be, a licence to conduct another witchhunt, to unleash the venom, the bile of the Hon. Member for Yukon in the guise of a study by a parliamentary committee.

Well, Mr. Speaker, I for one will not give him consent to do that. I will not acquiesce. I will not aid and abet his vicious and voracious appetite for jugulars. If he has charges to make, let him make them like a man. I invite him to contain his invective. I appeal to him to put a lid on his cowardly and unprincipaled innuendo.

Some Hon. Members: Order.

Mr. Simmons: I appeal to him to stop the low theatrics and to allow the legitimate work of this House to proceed. What the Opposition is asking for in this motion is a kangaroo court.

Mr. Blenkarn: Payola to continue.

Mr. Hnatyshyn: What have you got against Australians?

Mr. Simmons: I cannot oblige the Opposition's request because I do not believe in kangaroo courts and I will not be part of one. I tell the Leader of the Opposition and his merry band over there that the lynch mobs went out over a century ago. They may want to turn back the clock a hundred years or more but they cannot expect my blessing to do so.

Perhaps, Mr. Speaker, the most touching moment today was when the Hon. Member for Joliette (Mr. La Salle) decided to participate in the debate. Old sweet innocence himself, the Hon. Member for Joliette. This is the same fellow who said, when he was in Government in 1979, that he would see to it that the Tories would get all the gravy. He would see to it that the Tories got preferred treatment. He would ensure—and he said this publicly because I have the clipping if someone would like to check my facts—that the Tories in Quebec got all the Government goodies. Today, Mr. Speaker—he stands for impartiality. He is on the side of truth and fairness today. He is on the side of academic purity. How perfectly touching. How completely heart-rending.

Now, Mr. Speaker, who is this honourable crowd, these crusading Tories who are suddenly seized by a concern for conflict of interest guidelines? Who are they? They include my good friend, the Hon. Member for St. John's West (Mr. Crosbie). When he was Minister in the Government of 1979 he told his Prime Minister publicly that he could not live with the guidelines.

• (1720)

Mr. McDermid: But he did.

Mr. Simmons: He said he had no intention of doing so. He stuck by his word and did not live by them.

Some Hon. Members: He did.

An Hon. Member: Who are they?

Mr. Simmons: My good friend, the Hon. Member for Brampton-Georgetown (Mr. McDermid) may not like the truth, but I would ask him to check the record. I have the clippings. The Hon. Member for St. John's West said he would not abide by the guidelines, and did not do so.

Mr. McDermid: Mr. Speaker, I rise on a point of order. The Hon. Member is deliberately misleading the House. The Hon. Member for St. John's West in fact—

Mr. Pinard: Withdraw that.

Mr. McDermid: —did live by the guidelines.

The Acting Speaker (Mr. Blaker): Order, please. I thought the Hon. Member rose on a point of order to question the issue of parliamentary language. Unfortunately, if that was his intention, he began his comments with unparliamentary language as well.

It is with regret that I have to advise the Hon. Member that he should withdraw the expression "deliberately misleading". I shall then recognize him for the point of order.

Mr. McDermid: Thank you for the correction, Mr. Speaker. I do withdraw those words, but the Hon. Member is misleading the House. The Hon. Member for St. John's West did in fact live by the guidelines.

Mr. Simmons: As you will clearly see, Mr. Speaker, it is my word against that of the Hon. Member for Brampton-Georgetown.

Mr. McDermid: It is your word against the record.

Mr. Simmons: Perhaps we could leave it at that, Mr. Speaker, because that speaks for itself.

Mr. Blenkarn: Tell us where he broke the guidelines.

Mr. Simmons: These crusaders for the conflict of interest rules include my good friend, the Hon. Member for Etobicoke Centre (Mr. Wilson), who also said publicly at the time that he was going to have real difficulty living by the guidelines.

Mr. Blenkarn: But he did.

Mr. Simmons: Those crusaders include the Hon. Member for York-Peel (Mr. Stevens) who had some real reservations about the guidelines.

Mr. McDermid: But he did live by them.

Mr. Simmons: Those same crusading Tories who are now seized with concern for conflict of interest guidelines, a concern they have come to very lately—

Mr. Blenkarn: Oh, no!

Mr. Simmons: —include my good friend, the Hon. Member for Capilano (Mr. Huntington), who said publicly at the time that he would have to rethink his whole commitment to public life if he were to be obliged to live by the guidelines brought in by the Hon. Member for Yellowhead (Mr. Clark) who was then the Prime Minister. These are some of the people—

Mr. Blenkarn: Who live by those guidelines.

Mr. Simmons: —who today want to point fingers. The jig is up, Mr. Speaker.

I ask the Hon. Member for Mississauga South (Mr. Blenkarn) to compare notes with the Hon. Member for Saskatoon West (Mr. Hnatyshyn) who spent the last 20 minutes of what was, for the most part, a very good speech, saying that he was all for sweet innocence, for a non-partisan approach. He said that finger-pointing was not part of his approach. The Hon.

Member for Mississauga South has just said, for the record, that he is for finger-pointing.

Mr. Blenkarn: At you.

Mr. Simmons: He is for looking for skeletons in closets and is for dragging them out in public. He is for conjuring up wrongdoings.

Mr. Blenkarn: Tell us where they broke the guidelines, you muckraker.

Mr. Simmons: If the Hon. Member for Mississauga South does not agree with me, then I am pleased. The day I say things that he agrees with I will be in deep, deep trouble.

My good friend from Saskatoon West gave what I thought was a rather good speech. Although I do not agree with many of the points he made, I listened with interest to what he had to say. He said that this is not a partisan issue for him. That is the calibre of man that makes this House worth-while. Even behind a hideous motion such as this there are people like him who are prepared to divorce themselves from finger-pointing and skeleton-hunting. He is prepared to say what really is on his mind. I think it took great courage for the Hon. Member to divorce himself from the despicable intent of the motion.

For the record, he said that he was not for a partisan approach to this particular subject. Where was he during the past month or so when the Leader of the Opposition (Mr. Nielsen) was doing exactly that? In very partisan fashion he was off on another of his search and destroy missions. That Hon. Member had few qualms about whether the issue was going to be partisan or not. Once again we find that the Tory Party embraces so many different points of view—those who are for something and those who are against something, those who like finger-pointing and those who do not. It is a great Party. I would not want to belong to it, though.

Mr. Lewis: No chance!

Mr. Simmons: They can hold the invitation, Mr. Speaker. I am not going over there. They can hold their breath.

I say to the Hon. Member for Saskatoon West that his professed naivete on this motion does him no credit at all. While he spoke from a sincere heart saying that he did not want the partisan approach, he should realize that he is surrounded by a bunch of professional with-hunters. They have spent so much time in opposition that they are not comfortable unless they are calling others names or impugning the reputation of someone. As long as they can make charges and use innuendo or invective, they never let the facts stand in the way of an accusation.

We are spending another whole day on this when thousands of Canadians are looking to us to address the job situation in the country. But the Tories are playing the same old, tired game. They are hallucinating again about skeletons in closets. Such hallucinating, such spiteful daydreaming, such clumsy plotting does nothing about the real problems in the country. There are the problems of the unemployed, the problems of housing needs, the problems of poverty, and they are passing up the opportunity to do something about these things. Their priorities are as badly mixed up today as they were in Winnipeg. They would rather hunt skeletons than solutions.

The old lynch-mob approach to politics and to life went out a long time ago in this country—except for the Tory Party. There it is alive and well, as the Hon. Member for Yellowhead must know. Because they have practised dissecting people in their own Party, is that justification enough for the country as a whole to be subjected to the same kind of despicable performance day in and day out? Do they have an over-all objective? Is there something that motivates them other than hate? Is there something that keeps them ticking, other than a passion to destroy or drag people's reputation in the mud? Do they all get their jollies from contriving some new and warped way to destroy innocent people?

• (1730)

Mr. Lewis: Name one.

Mr. Simmons: Name one what? Name one person who gets his jollies from impugning reputations? The Hon. Member for Mississauga South is one.

An Hon. Member: Joe Clark.

Mr. Simmons: I could name others. Is he talking about victims or assailants?

I realized that this would be a very sensitive subject for the Tories. I realized that they did not expect the people of Canada to see through the device of a very simplistic, motherhood, butter-melt-in-your-mouth type of motion or resolution which says, "let us have another committee, let us look at conflict of interest guidelines, let us see how they apply to Ministers and to public servants". Mr. Speaker, you have to take off your hat to the kneecapper, the Hon. Member for Yukon. He was able to restrain himself for a sufficient period of time to craft that fun-loving motion, but we know him too well. We have seen too often his performance in this particular House. It is always the same. If you understand the real intent of this motion, Mr. Speaker, you have to see it as a Trojan horse and you have to realize that the Hon. Member for Yukon was just proceeding to the next step in his ever vicious campaign, a campaign which he carried on in Question Period for the last few weeks while ignoring the problems of the country.

There was not a question for a week and a half in Question Period, for an hour a day, day in and day out, week after week, about a single item of concern—about the poor, the unemployed or the elderly of the country; about the economic situation generally. There was not a whit of concern because he was on a witch-hunt. Now somebody has said to him in caucus one day, "You had better package it differently. You are looking too transparent." People are beginning to say to us Tories as we go back to our ridings, "When will you get back on the problems of the economy?"

Mr. Blenkarn: That is not what they are saying.

Mr. Simmons: Then they came up with this simplistic device today—a motherhood motion, a Trojan horse, a weak, transparent attempt once more to mislead the people of the country. There they are, all seven, eight or nine of them over there—eight and a half anyway—who have dragged themselves into the House this afternoon to support this great crusade for purity once again! I want them to know that they do not have the market cornered on purity. I tell them that the last thing the House needs right now is another academic exercise. I would like to get on with the business of the House. Why do we not do that?

The Acting Speaker (Mr. Blaker): Questions, answers and comments. Is the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) rising upon questions and answers during the ten-minute exchange?

Mr. Blaikie: No, to make a speech, Mr. Speaker. There is no one else rising.

The Acting Speaker (Mr. Blaker): The Chair will wait a moment to determine if there are others rising on questions and answers.

Some Hon. Members: Oh, oh!

An Hon. Member: Who wants to ask him a question?

The Acting Speaker (Mr. Blaker): Order, please. I am not sure which Hon. Member made the comment, but I would think that the House vests the requirement in the Chair that it is its responsibility to determine whether or not there are questions and answers during the ten-minute period. I certainly do not mind advice, but I would like any Hon. Member who seeks to advise the chair to have the courtesy to rise and do so on his feet. The Hon. Member for Winnipeg-Birds Hill.

Mr. Blaikie: Mr. Speaker, am I being recognized for debate, for the purpose of—

The Acting Speaker (Mr. Blaker): My apologies. I think I now see the Hon. Parliamentary Secretary on the questions and answers section.

Mr. Tobin: Mr. Speaker, I listened with great interest to the Hon. Member for Burin-St. George's (Mr. Simmons) just a moment ago and I must say as a—

Mr. Blenkarn: What is the question?

Mr. Tobin: I will put my question, but I will make the same kind of preface as do Hon. Members opposite. I will make a quick comment. As a first-time elected Member of Parliament, one who came here with great expectations and one who was taught immediately that I was part of a—and I am not talking in a partisan sense, but in the sense of service to the country—very unique club. By that I do not mean this caucus; I mean the House. I must say that I found my bubble has not been burst, but it has been a discouraging experience for me these last weeks to see the kind of practice and approach which has been exercised opposite by Members, who as my Hon. colleague and friend from Newfoundland so aptly put it, are in the business of kneecapping rather than in the business of representing the needs, the concerns and the voice of the people of Canada in the House.

Some Hon. Members: What is the question?

Mr. Tobin: Sometimes one must yell to be heard. I understood that I would be allowed a comment first. Am I allowed a comment? May I carry on?

The Acting Speaker (Mr. Blaker): I want to remind all Hon. Members that it is not an issue of whether there is a question, answer, debate or comment. The new reformed procedures of the House of Commons refer to "short and sharp questions, answers and comments". My concern in the chair is not as to whether it is identified as a question, a comment or an answer, but rather that it be short and sharp. A good indication of short and sharp would be taken as 90 seconds.

Mr. Tobin: Mr. Speaker, I am looking at the clock and trying to gauge it. With these new rules we need a second-hand on the clock. It is very difficult to see 90 seconds from here.

My question is quite a serious one which I put to the Hon. Member for Burin-St. George's (Mr. Simmons). I ask him, because, obviously he has taken a great deal of time and a great deal of sincerity in looking at the motion put today, whether he can even conceive of one positive thing being accomplished by it. The Hon. Member has a reputation of having a balanced view; he is one of those individuals who will always explore in great depth every side of an issue, so I know he has looked hard at this motion—45 seconds and counting, Mr. Speaker. Can he conceive of one positive thing being accomplished by having this kind of motion accepted by the House?

Mr. Baker (Nepean-Carleton): Yes or no?

Mr. Simmons: Mr. Speaker, there is no question that there is a positive side of this particular motion. I was remiss, really, in making my remarks to the House and not pointing out what is the positive side of this motion. Clearly the positive side of it is that it allows the people of Canada to see the Opposition for what it is. I believe this afternoon that anyone who has watched this particular debate with all the rhetoric of Members of the Opposition—and I must exclude my good friend, the Hon. Member for Saskatoon West because he gave what was a courageous speech and dissociated himself from the motion in many ways; he is the only one I heard doing that—will see the charade which the Conservative Opposition is carrying on. If we serve that purpose, at least we spent some worth-while time this afternoon.

The Acting Speaker (Mr. Blaker): The Hon. Member for Winnipeg-Birds Hill on a point of order.

Mr. Blaikie: No, I am rising to participate in the debate, Mr. Speaker, but it is obvious the Government does not intend

to allow me to have my opportunity to speak. That is why we have trained seals like the Member from Newfoundland getting up to ask another Member from Newfoundland a question.

The Acting Speaker (Mr. Blaker): Order, please.

Mr. Blaikie: I had the floor, Mr. Speaker; I had the floor.

The Acting Speaker (Mr. Blaker): I have no difficulty—

Mr. Blaikie: Nobody else was standing, Mr. Speaker, and I rose to debate; then we had this idiot getting up here and asking—

Some Hon. Members: Right on.

Mr. Blaikie: It is an absolutely disgusting show of one Liberal asking another a question.

The Acting Speaker (Mr. Blaker): Order, please. I think the best contribution I could make to the House at the moment—

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

The Acting Speaker (Mr. Blaker): Order, please. The best contribution I could make at the moment is to attempt to put aside what are remarks being made across the floor and are not officially coming to the Chair. I want to explain something to Hon. Members. There is no question but that the Chair is obligated under the Standing Orders to recognize any Member who rises on questions, answers and debate during the ten-minute period, regardless whether that Member comes from the same Party as the previous member.

Mr. Blaikie: And no one did.

• (1740)

The Acting Speaker (Mr. Blaker): Order, please. I have applied that rule since January 1 and unless I receive instructions otherwise from the House of Commons, I shall continue to apply them.

The Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) was recognized by the Chair as he was beginning to stand up. I think I was reasonable when I suggested that I saw another Member at that very moment rising during the ten-minute question period. I understand the difficulty of the Hon. Member for Winnipeg-Birds Hill and I understand the difficulty of any other Member who may feel time is going by and they are being denied the opportunity to speak. That is a political issue. As a procedural issue, I will continue to recognize any Hon. Member who rises on questions, answers and comments during the ten-minute period. May I recognize the Hon. Member for Winnipeg-Birds Hill in that regard?

The Parliamentary Secretary to the Minister of Fisheries and Oceans is rising on a point of order.

Mr. Tobin: Mr. Speaker, I rise on a point of order. I will not be long because I want to hear the Hon. Member opposite. I want to say that when the Hon. Member exploded with the little bit of poison that spurted across the way—

Mr. Lewis: I do not blame him.

Mr. Tobin: —I was rising to leave the House.

Mr. Blenkarn: Well, why don't you leave?

Mr. Tobin: I want to say to the Hon. Member that it is obvious by his explosion—

The Acting Speaker (Mr. Blaker): Order, please. That is precisely—

Mr. Tobin: —that he has the same respect for the rules—

The Acting Speaker (Mr. Blaker): Order, please. I would like the Hon. Member to sit down. That is precisely what I do not want to hear as a point of order. The Hon. Member for Winnipeg-Birds Hill.

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, if there is no one rising on a question, may I speak to the debate? In my view, this is what I could have done some time ago.

The Liberals have made a point this afternoon, I think, of missing the thrust of the motion. They presented us with two very different Catch 22s. If there is a general motion, then they say there is something terrible behind it. If it is a specific motion, it would be muckraking. The second Catch 22, Mr. Speaker, is that Liberals cannot accept the motion because it is a motion of non-confidence. On the other hand, there is no other way that we could bring it before the House except in this form. Now that it is in the House in this form and we ask the unanimous consent for it not to be regarded in the form they object to, they refuse unanimous consent. Therefore, we have a couple of convenient Catch 22s operating in favour of the Government, which, as far as I am concerned, pushes us back upon the larger question of confidence. This is the question I was hoping to speak to this afternoon but which cannot be dealt with in the short time frame. One of the reasons it cannot be dealt with, so I will not even try at this point, is the fact that my time has been used up by a Member of the Liberal Party asking another Member of the Liberal Party a question—which I quite admit is within the rules of the House of Commons and is within the rules as set up in the experiment, but I contend the quality of the question was such that it constituted an abuse of the rules because it was quite clear they were simply trying to use up time.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): The Hon. Member for Burin-St. George's (Mr. Simmons) is rising on a point of order.

Mr. Simmons: Mr. Speaker, the Hon. Member for Winnipeg-Birds Hill, as I am, is a member of a committee which recommended to this House that we ought to have 20 minute speeches followed by a ten-minute intervention from various

Members. My friend, the Parliamentary Secretary to the Minister of Fisheries and Oceans (Mr. Tobin), carefully waited until there was no one from other Parties to rise, and he then rose.

Mr. Blaikie: I was standing.

The Acting Speaker (Mr. Blaker): Order, please. There are seconds remaining. If the Hon. Member wishes to make a point of order, I would ask that he do that immediately.

Mr. Simmons: Mr. Speaker, the point is that the Hon. Member for Winnipeg-Birds Hill does not have the right to question the quality of questions put during the ten-minute question period—

Mr. Baker (Nepean-Carleton): But the public does.

Mr. Tobin: —especially when the quality was so high.

The Acting Speaker (Mr. Blaker): Order, please. I consider it appropriate for Hon. Members to comment on exchanges that take place during the question and answer period. The Hon. Member for Winnipeg-Birds Hill.

Mr. Blaikie: Mr. Speaker, there is no time left. What happened between those two Liberal Members of Parliament who used up the time in which I had hoped to make some helpful comments is an example of why we have to move these kinds of motions and why the whole bunch on the other side are so corrupt that they are beyond redemption.

Mr. Speaker, I have nothing more to say.

Some Hon. Members: Order.

An Hon. Member: Withdraw or resign.

The Acting Speaker (Mr. Blaker): Order, please. The Chair is having some difficulty. I wonder whether the snow storm is responsible for this, but I have to explain to the Hon. Member for Winnipeg-Birds Hill that it is considered to be unparliamentary language to use the word "corrupt". I will give consideration as to whether or not I should make a request that he withdraw it immediately. I think the easier way would be if perhaps the Hon. Member would take another moment and withdraw that word. That would be helpful. Otherwise, in due course, I will have to make a ruling.

Mr. Blaikie: Mr. Speaker, I am not an expert on what constitutes unparliamentary language. But I referred to Members on the other side collectively, as a bunch. I did not refer to the character of any individual Member of Parliament. I stand by my description of the Liberal Party and its Government.

Mr. Baker (Nepean-Carleton): That is not unparliamentary.

The Acting Speaker (Mr. Blaker): May I point out to Hon. Members that by an order made earlier the House is now expected to consider the question before it. Is the Parliamentary Secretary to the Minister of Fisheries and Oceans rising to contribute to a point of order on the word "corrupt"?

Mr. Tobin: No, Mr. Speaker.

The Acting Speaker (Mr. Blaker): In that case, I thank the Hon. Member. I believe we should proceed as follows. Over the evening and tomorrow, I will consider the use of the word, and I will take counsel in that regard. It is possible that other Hon. Members may wish to contribute. I would suggest that that be done tomorrow. At this point I ought to put the question before the House. Accordingly, it being 5.45 p.m. it is my duty pursuant to Standing Order 62(10), to interrupt the proceedings and put forthwith every question necessary to dispose of the business of Supply.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): All those in favour of the motion please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed to the motion please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

And more than five Members having risen:

The House divided on the motion (Mr. Nielsen) which was negatived on the following division:

(*Division No. 304*)

YEAS

Messrs.

Althouse
Andre
Baker (Nepean-Carleton)
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Cossitt (Mrs.)
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss) (Kingston and the Islands)
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta

Messrs.

Neil	Roche	Skelly
Nickerson	Rose	Speyer
Nielsen	Sargeant	Stewart
Nystrom	Schellenberger	Thacker
Oberle	Scott (Hamilton-Wentworth)	Thomson
Ogle	Scott (Victoria-Haliburton)	Towers
Orlikow	Shields	Vankoughnet
Parker	Siddon	Wright
Patterson		Young—105.
Riis		

NAYS

Messrs.

Allmand	Dupras	Lefebvre
Appolloni (Mrs.)	Duquet	Loiselle
Axworthy	Erola (Mrs.)	Lumley
Bachand	Ethier	MacBain
Baker (Gander-Twillingate)	Ferguson	MacEachen
Beauchamp-Niquet (Mrs.)	Fisher	MacGuigan
Bégin (Miss)	Fleming	Mackasey
Berger	Flis	MacLellan
Blais	Foster	Malépart
Blaker	Fox	Maltais
Bloomfield	Francis	Marceau
Bockstael	Frith	Massé
Bossy	Garant	Masters
Breau	Gauthier	McRae
Bujold	Gendron	Munro (Hamilton East)
Burghardt	Gimaïel	Olivier
Caccia	Gingras	Ostiguy
Campbell (Miss) (South West Nova)	Gourd (Argenteuil-Papineau)	Ouellet
Campbell (Cardigan)	Gourde (Lévis)	Parent
Chénier	Gray	Pelletier
Collenette	Guilbault	Penner
Comtois	Harquail	Pepin
Corbin	Henderson	Peterson
Cosgrove	Herbert	Pinard
Côté (Mrs.)	Hervieux-Payette (Mrs.)	Portelance
Cousineau	Hopkins	Prud'homme
Cullen	Hudecki	Reid (Kenora-Rainy River)
Cyr	Irwin	Roberts
Daudlin	Isabelle	Rompkey
Dawson	Ittinuar	Rooney
De Bané	Johnston	Rossi
de Corneille	Joyal	Roy
Deniger	Kelly	Savard
Desmarais	Killens (Mrs.)	Schroder
Dingwall	Lachance	Simmons
Dion	Lajoie	Smith
Dionne (Chicoutimi)	Lalonde	Tessier
Dionne (Northumberland-Miramichi)	Landers	Tobin
Duclos	Lang	Tousignant
Dupont	Laniel	Trudeau
	Lapierre	Turner
	Lapointe (Beauce)	Watson
	Leduc	Weatherhead
		Whelan—127.

[*Translation*]

Madam Speaker: I declare the motion lost.

Motion negatived.

MOTION FOR CONCURRENCE IN VOTE 2c, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS

Hon. Herb Gray (President of Treasury Board) moved:

That Vote 2c, in the amount of $816,400 under the Department of Consumer and Corporate Affairs—Metric Commission—Operating expenditures, in the Supplementary Estimates (C) for the fiscal year ending March 31, 1983, be concurred in.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

• (1815)

[*English*]

Mr. Lewis: Madam Speaker, there have been discussions amongst House Leaders and I believe you will find that if you were to put the question on the first item and have the division recorded on that item, and then put items Nos. 2, 3, 4, 5, 6 and 9, you will find there is a general disposition among the Parties to apply the division taken on item 1 to the subsequent six items, and that that division be recorded in *Hansard* on each of the items Nos. 2, 3, 4, 5, 6 and 9. Thus Members will avoid having to rise that many times.

Madam Speaker: That will be very helpful.

The question is on motion No. 1. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Madam Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Madam Speaker: In my opinion, the yeas have it.

And more than five Members having risen:

Madam Speaker: We will dispense with the bells at all times.

The House divided on the motion which was agreed to on the following division:

(*Division No. 305*)

YEAS

Messrs.

Allmand	Campbell (Cardigan)	Dionne (Chicoutimi)
Appolloni (Mrs.)	Chénier	Dionne (Northumberland-Miramichi)
Axworthy	Collenette	Duclos
Bachand	Comtois	Dupont
Baker (Gander-Twillingate)	Corbin	Dupras
Beauchamp-Niquet (Mrs.)	Corriveau	Duquet
Bégin (Miss)	Cosgrove	Erola (Mrs.)
Berger	Côté (Mrs.)	Ethier
Blais	Cousineau	Ferguson
Blaker	Cullen	Fisher
Bloomfield	Cyr	Fleming
Bockstael	Daudlin	Flis
Bossy	Dawson	Foster
Breau	De Bané	Fox
Bujold	de Corneille	Francis
Burghardt	Deniger	Frith
Caccia	Desmarais	Garant
Campbell (Miss) (South West Nova)	Dingwall	Gauthier
	Dion	

Messrs.

Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Munro
(Hamilton East)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid
(Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead
Whelan—128.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Cossitt (Mrs.)
Crosby
(Halifax West)
Crouse
Dantzer
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Hawkes
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro
(Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Riis
Roche
Rose
Sargeant
Schellenberger
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Siddon
Skelly
Speyer
Stewart
Thacker
Towers
Vankoughnet
Wright
Young—105.

● (1820)

Madam Speaker: The motion is carried and this vote applies to motions Nos. 2, 3, 4, 5, 6, and 9 and should be reported thus in *Hansard*.

MOTION FOR CONCURRENCE IN VOTE 3c, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS

Hon. Herb Gray (President of Treasury Board) moved:

That Vote 3c, in the amount of $4,500,000 under the Department of Consumer and Corporate Affairs—Metric Commission—Contributions, in the Supplementary Estimates (C) for the fiscal year ending March 31, 1983, be concurred in.

The House divided on the motion wich was agreed to on the following division:

(*Division No. 306*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker
(Gander-Twillingate)
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Caccia
Campbell (Miss)
(South West Nova)
Campbell
(Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Deniger
Desmarais
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Munro
(Hamilton East)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid
(Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead
Whelan—128.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Cossitt (Mrs.)
Crosby
(Halifax West)
Crouse
Dantzer
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Hawkes
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence

Messrs.

Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro
(Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Riis
Roche
Rose
Sargeant
Schellenberger
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Siddon
Skelly
Speyer
Stewart
Thacker
Towers
Vankoughnet
Wright
Young—105.

Madam Speaker: I declare the motion carried.

Motion No. 2 agreed to.

MOTION FOR CONCURRENCE IN VOTE 6c, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS

Hon. Herb Gray (President of Treasury Board) moved:

That Vote 6c, in the amount of $1,028,134 under the Department of Consumer and Corporate Affairs—Payment to Canada Post Corporation for special purposes, in the Supplementary Estimates (C) for the fiscal year ending March 31, 1983, be concurred in.

The House divided on the motion which was agreed to on the following division:

(Division No. 307)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker
(Gander-Twillingate)
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Caccia
Campbell (Miss)
(South West Nova)
Campbell
(Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Deniger
Desmarais
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Munro
(Hamilton East)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid
(Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead
Whelan—128.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Cossitt (Mrs.)
Crosby
(Halifax West)
Crouse
Dantzer
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Hawkes
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro
(Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Riis
Roche
Rose
Sargeant
Schellenberger
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Siddon
Skelly
Speyer
Stewart
Thacker
Towers
Vankoughnet
Wright
Young—105.

Madam Speaker: I declare the motion carried.

Motion No. 3 agreed to.

MOTION FOR CONCURRENCE IN VOTE 1c, DEPARTMENT OF ENERGY, MINES AND RESOURCES

Hon. Herb Gray (President of Treasury Board) moved:

That Vote 1c, in the amount of $140,000 under the Department of Energy, Mines and Resources—Administration—Program expenditures, in the Supplementary Estimates (C) for the fiscal year ending March 31, 1983, be concurred in.

The House divided on the motion which was agreed to on the following division:

(Division No. 308)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker
(Gander-Twillingate)

Messrs.

Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Munro (Hamilton East)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead
Whelan—128.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Cossitt (Mrs.)
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss) (Kingston and the Islands)
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Riis
Roche
Rose
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Skelly
Speyer
Stewart
Thacker
Towers
Vankoughnet
Wright
Young—105.

Madam Speaker: I declare the motion carried.

Motion No. 4 agreed to.

MOTION FOR CONCURRENCE IN VOTE 31c, DEPARTMENT OF ENERGY, MINES AND RESOURCES

Hon. Herb Gray (President of Treasury Board) moved:

That Vote 31c, in the amount of $900,000 under the Department of Energy, Mines and Resources—Energy—Payment to Canertech Inc. for the Ethanol from Cellulose Program, in the Supplementary Estimates (C) for the fiscal year ending March 31, 1983, be concurred in.

The House divided on the motion which was agreed to on the following division:

(*Division No. 309*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Munro (Hamilton East)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead
Whelan—128.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Cossitt (Mrs.)
Crosby
(Halifax West)
Crouse
Dantzer
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Hawkes
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro
(Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Riis
Roche
Rose
Sargeant
Schellenberger
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Siddon
Skelly
Speyer
Stewart
Thacker
Towers
Vankoughnet
Wright
Young—105.

Madam Speaker: I declare the motion carried.

Motion No. 5 agreed to.

MOTION FOR CONCURRENCE IN VOTE 1c, DEPARTMENT OF FINANCE

Hon. Herb Gray (President of Treasury Board) moved:

That Vote 1c, in the amount of $2,487,000 under the Department of Finance—Financial and Economic Policies—Program expenditures, in the Supplementary Estimates (C) for the fiscal year ending March 31, 1983, be concurred in.

The House divided on the motion which was agreed to on the following division:

(*Division No. 310*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker
(Gander-Twillingate)
Beauchamp-Niquet
(Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Caccia
Campbell (Miss)
(South West Nova)
Campbell
(Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Deniger
Desmarais
Dingwall
Dion
Dionne
(Chicoutimi)
Dionne
(Northumberland-
Miramichi)
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Munro
(Hamilton East)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid
(Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead
Whelan—128.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Cossitt (Mrs.)
Crosby
(Halifax West)
Crouse
Dantzer
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Hawkes
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro
(Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Riis
Roche
Rose
Sargeant
Schellenberger
Scott
(Hamilton-Wentworth)
Scott
(Victoria-Haliburton)
Shields
Siddon
Skelly
Speyer
Stewart
Thacker
Towers
Vankoughnet
Wright
Young—105.

Madam Speaker: I declare the motion carried.

Motion No. 6 agreed to.

Supply

MOTION FOR CONCURRENCE IN VOTE 10c, DEPARTMENT OF PUBLIC WORKS

Hon. Herb Gray (President of Treasury Board) moved:

That Vote 10c, in the amount of $14,973,382 under the Department of Public Works—Accommodation—Operating expenditures, in the Supplementary Estimates (C) for the fiscal year ending March 31, 1983, be concurred in.

The House divided on the motion which was agreed to on the following division:

(Division No. 311)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bujold
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Campbell (Cardigan)
Chénier
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Ittinuar
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McRae
Munro (Hamilton East)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Prud'homme
Reid (Kenora-Rainy River)
Roberts
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tessier
Tobin
Tousignant
Trudeau
Turner
Watson
Weatherhead
Whelan—128.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Blackburn
Blaikie
Blenkarn
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Cossitt (Mrs.)
Crosby (Halifax West)
Crouse
Dantzer
Darling
Deans
Dick
Domm
Ellis
Elzinga
Epp
Fennell
Fraser
Fretz
Friesen
Fulton
Gamble
Gass
Greenaway
Gurbin
Gustafson
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Hees
Hnatyshyn
Howie
Huntington
Jarvis
Jelinek
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss) (Kingston and the Islands)
MacKay
Malone
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Miller
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nystrom
Oberle
Ogle
Orlikow
Parker
Patterson
Riis
Roche
Rose
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Shields
Siddon
Skelly
Speyer
Stewart
Thacker
Towers
Vankoughnet
Wright
Young—105.

Madam Speaker: I declare the motion agreed to.

Motion No. 9 agreed to.

MOTION FOR CONCURRENCE IN SUPPLEMENTARY ESTIMATES (C), 1983

Hon. Herb Gray (President of Treasury Board) moved:

That the Supplementary Estimates (C) for the fiscal year ending March 31, 1983, laid upon the Table, Wednesday, March 2, 1983, except those items disposed of earlier this day and the items ruled out by the Chair, be concurred in.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Mr. Nielsen: On division.

Motion agreed to on division.

● (1825)

[*Translation*]

Mr. Gray moved that Bill C-145, an Act for granting to Her Majety certain sums of money for the Government of Canada for the financial year ending March 31, 1983, be read the first time and printed.

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

Mr. Gray moved that Bill C-145, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1983, be read the second time and referred to the Committee of the Whole.

Motion agreed to, Bill read the second time and the House went into Committee thereon, Mr. Blaker in the Chair.

Clause 2 to 7 inclusive agreed to on division.

Schedule agreed to on division.

Clause 1 agreed to on division.

Preamble agreed to on division.

Title agreed to on division.

[*English*]

The Deputy Chairman: Shall I rise and report the Bill?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Bill reported.

[*Translation*]

Mr. Gray moved that the Bill be concurred in.

Some Hon. Members: On division.

Motion agreed to.

Mr. Gray moved that the Bill be read the third time and do pass.

Some Hon. Members: On division.

Motion agreed to, Bill read the third time and passed.

INTERIM SUPPLY

[*English*]

Mr. Gray moved that Bill C-146, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1984, be read the first time and be printed.

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

• (1830)

Mr. Gray thereupon moved that Bill C-146, an Act granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984, be read the second time and referred to the Committee of the Whole.

Motion agreed to, Bill read the second time and the House went into committee thereon, Mr. Blaker in the Chair.

Clauses 1 to 5 inclusive agreed to on division.

Schedule A to E inclusive agreed to on division.

The Deputy Chairman: Shall Clause 1 carry?

Some Hon. Members: On division.

Clause 1 agreed to.

The Deputy Chairman: Shall the preamble carry?

Some Hon. Members: On division.

Preamble agreed to.

The Deputy Chairman: Shall the title carry?

Some Hon. Members: On division.

Title agreed to.

The Deputy Chairman: Shall I rise and report the Bill?

Some Hon. Members: On division.

Bill reported.

[*Translation*]

Mr. Gray moved that the Bill be concurred in.

Some Hon. Members: On division.

Motion agreed to.

Mr. Gray moved that the Bill be read the third time and do pass.

Some Hon. Members: On division.

Motion agreed to, Bill read the third time and passed.

Madam Speaker: It being past 6.30 p.m., this House stands adjourned until eleven o'clock tomorrow morning, pursuant to Standing Order 2(1).

At 6.34 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, March 22, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House proceeded to the consideration of Bill C-143, to provide Supplementary Borrowing Authority, as reported (with an amendment) from the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Don Blenkarn (Mississauga South) moved:

That Bill C-143, An Act to provide supplementary borrowing authority, be amended in Clause 4 by striking out lines 19 and 20 at page 2 and substituting the following therefor:

"exceeding in the whole, one dollar, as may be required for public works and".

Miss Pat Carney (Vancouver Centre): Mr. Speaker, this is the third time that I have risen in the House to debate Bill C-143, an Act to provide supplementary borrowing authority for the Government of Canada. In the past we have expressed our concern over the size of the borrowing authority which the Government is asking Parliament to approve. We have expressed alarm over the apparent lack of accountability by the Government in requesting permission to borrow $19 billion without, in our view, adequately presenting a valid case.

Today I want to stress the adverse effects that this Bill may have on the fragile recovery which may be stirring in the Canadian economy. In particular, I want to outline some of the dangers inherent in this Bill which might start interest rates on an upward course again, a course which has proved so destructive in the last two years, which has wreaked so much hardship on people and their families and their plans for the future, and which has proved so damaging to the national incentive to sustain our farms, our plants, our jobs, and our hope for the future. It is a concern which is apparently not shared by the Government.

There has been considerable debate on this Bill, Mr. Speaker. It has already been through first and second reading and we have debated it in committee hearings until two o'clock in the morning. We are now at report stage and our Party alone has at least 25 MPs who are anxious to discuss its implications for our country and our constituents. We are no closer to the answers we sought than we were when we started. We have been asking all the right questions; let me repeat some of them.

Why does the Government need to borrow billions of dollars in a Bill of this magnitude? Where are the Government's financial forecasts to show how this borrowing fits into an over-all fiscal framework or game plan? Exactly how is this borrowing going to affect borrowing in the private sector? How will borrowing on this scale affect the ability of Provinces to borrow funds for their deficits? Will the Provinces and the private sector be crowded out of the money market, the source of much of the required financing? Is it all the Government requires in the fiscal year which is facing us? Exactly how will the Government arrange this borrowing in the time frame it has set? Will it strangle or choke off the uncertain and diffident recovery which may be under way? Why can the Government not split this Bill into smaller stages, returning to Parliament to borrow as the money is required?

• (1110)

The answers we have gleaned from the Government to date have been all the wrong answers. They have been vague and simplistic. At best these answers have been evasive. At worst they have been openly hostile to Parliament and to the parliamentary process.

Let me give some examples. When asked why the Government needs to borrow $19 billion now, the Minister of Finance (Mr. Lalonde) simply says "to pay the costs incurred by the recession". When asked for its fiscal forecasts, the Minister says simply to wait until spring when he may introduce a budget. When asked how this borrowing is going to affect the economy, the Minister says neither he nor his Department has done the necessary studies to identify the kind of impact which could be generated on interest rates.

When we express our concern over the ability of the private sector and the Provinces to raise money from the limited resources available to them in Canada, the Minister states that corporations are not borrowing anyway and he implies that the Provinces can look after themselves. He dismisses any possibility of crowding these potential customers out of the money market.

Faced with his own statement that the Government has been borrowing at the rate of roughly $500 million a month, the Minister states flatly that he expects to borrow in the neighbourhood of $2 billion between now and the end of March, which is only seven working days away.

When asked how he is going to raise the $16 billion which he is seeking authority to borrow after March 31, including the roll-over, the Minister and his Department of Finance

officials simply say they do not normally announce their borrowing plans in advance.

When asked how he can, in effect, double his current volume of borrowing without adversely affecting interest rates, the Minister said, and I quote: "You do not broadcast your plans well in advance to those who are loaning the money".

When asked specifically to detail the nature of the analysis which has been made by his Department of the impact of this borrowing on interest rates, the Minister told the Finance Committee that there was no specific analysis made of the impact of interest rates on this particular borrowing.

When asked whether he fears that borrowing of this magnitude in a short time frame—the Minister told us in Committee that he expects to have spent this money by mid-summer—will lead to higher interest rates, the Minister simply said he does not believe that there is any danger of that happening in 1983, and if he is still Minister of Finance in 1984, he will be happy to let us know his views at that time.

When asked why the Government does not split this Bill and borrow part of the money before the budget and the rest of it later in the year, the Minister says he will be back for more money later in the year as it is. He implies that he does not trust Parliament to approve his borrowing requirements. In fact his whole stance before the Committee seemed to indicate that it was easier to borrow the whole batch now rather than subject the Government to parliamentary scrutiny again in the near future.

The only emphatic stance he took at Committee was to underline his need to get the whole $19 billion through now. For instance, when I asked him if he was going to exhaust the $14 or $15 or $16 billion by summer, that that implies that he was going to borrow an awful lot of money in a limited time, the Minister said "absolutely".

These are not the kinds of answers which inspire much confidence in the Minister as a prudent and knowledgeable manager of the fiscal side of the economy. They are not the kind of answers which inspire confidence in the hearts of businessmen who must plan now for plant improvements or possibly even plant expansions in the future.

People have been so stung by the vicious swing in interest rates in the last little while, their fingers have been so burned, their pocketbooks so emptied and their credit ratings so strained, that they want—they demand—some sense of stability about interest rates in the future. They want, and increasingly they demand, some guarantee that they will be able to pursue their plans, that they will be able to invest their money, that they will be able to place their orders for new equipment and materials without suffering the shocks they incurred during the great recession.

There is some evidence that this reluctance to proceed on the basis of future growth is already threatening inflationary pressure on the economy. Recently leading economists have told me that even though there are encouraging signs of recovery, businessmen are still reluctant to call back laid-off workers, or to restock their inventory, or to start producing enough production runs to meet anticipated demands. It is clear that consumers who are still saving at the rate of about 13.4 per cent of personal disposable income are not rushing out to spend their hard-earned savings on new cars, new appliances or a whole variety of consumer goods.

● (1115)

Statistics Canada predicts that the Canadian economy could show real growth in the first quarter of this year after declining steadily for six quarters and contracting a full 5 per cent in 1982. Statistics Canada is suggesting that a cyclical upturn may be at hand, if it is not already under way, but we know that this recovery must be nursed with tender loving care. We know that a national recovery plan is imperative if we are to put people back to work and to hire the young Canadians who are entering the labour force.

Yet at the same time we know that the size of the deficit in the coming fiscal year will be about 8.5 per cent of GNP. That is the highest percentage in the industrial world, with the exception of Italy. We know that the $30 billion deficit, which the Minister has indicated he may require in the fiscal year, amounts to roughly half the total savings of Canadians.

We know that employment in Canada dropped 5.5 per cent last year compared with only 1.5 per cent in the United States. We know that the amount which the Minister and the Government is asking Parliament to approve is equal to the size of the entire budget of the whole country ten years ago.

We feel that the Government can send a clear signal that it plans to regain control over Government spending, that it will attempt to master the country's economic problems, that it will mount new and effective job-creation programs by measures targeted at increasing economic growth without resorting to unlimited borrowing. That signal would be a move by the Government to split this borrowing authority. That would be a responsible course of action, one for which Canadians are waiting.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, once again I am very pleased to rise in the House to address Bill C-143, an Act to borrow $19 billion, only to realize that this is a totally impossible request which the Government is making of the House of Commons. The reason I say it is a very impractical request is that I believe we are seeing across the aisle a Government which is essentially adopting the Christopher Columbus school of economic theory.

I remind the Minister of State for Finance (Mr. Cosgrove) that it was Christopher Columbus who set out on a mission on borrowed money. As a matter of fact, not only was it borrowed but it was borrowed from a foreign country, and he was dependent upon foreign decision-makers as to what he could do. He set out and on the way he lost some ships because they were buffeted by winds, just as the Government is obviously buffeted by the winds of public mood. One day the ship of state is lurching in one direction; the next day it is lurching in another direction.

When Christopher Columbus got to where he thought he was going, he was not certain where he was, and he was not certain where he had been when he returned. I remind Hon. Members opposite that when Christopher Columbus actually arrived in the new world, he did not bring new technology, new approaches or golden riches. He brought syphilis to the new world. That is the kind of contribution Christopher Columbus made to the Caribbean countries. To apply Liberal economic planning to the Christopher Columbus school of economic theory is an apt comparison.

Today the House of Commons is expected to support the borrowing of $19 billion. I must say that we in the New Democratic Party will be supporting the amendment before the House to reduce that $19 billion request to $5 billion plus $1. There is no question in the deliberations we have had that the Government requires $5 billion to get through this particular fiscal year, to bring us to the end of the month of March. That is a fait accompli. That is something of the past. We are prepared to co-operate to that level.

• (1120)

To think that we are going to approve the borrowing of $14 billion when still to this day the Minister of State for Finance, the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) and the Minister of Finance (Mr. Lalonde) himself, have refused to outline in any definitive way how this money will be utilized is simply asking too much at this time. I do not think it is an unfair request for Members of Parliament to expect to have some indication of what the Government is going to do with this $14 billion. I do not think that is unreasonable at all.

We keep hearing the Government Members say that we have to wait until the budget comes down, to have faith in it because it will be a good budget and then everything will be fine. I want to remind the Minister of State for Finance that we have just heard from the Government's top financial adviser, Governor Bouey of the Bank of Canada. The other day Governor Bouey went out of his way to describe what he felt was the solution to our economic problems. He said ignore the fact that there are nearly two million people unemployed in this country today from every single region and from every sector of the economy. He said ignore that and ignore the fact that there are nearly two million people on welfare in what has to be the richest country in the world. He said ignore the fact that there are hundreds of thousands of young people about to enter the job market, many for the first time, in the next few weeks who are bound to be disappointed because there are no jobs. He said to ignore those young people and ignore the people who are living daily under the threat of lay-off and plant closure. He said ignore the thousands of small and medium-sized businesses that are either in the stages of receivership or foreclosure, or are being threatened by bankruptcy. He said ignore the farmers who are being requested to sell off their property so as to access any operating capital for spring planting. He said ignore the poor of Canada. Quite frankly, Mr. Speaker, one begins to wonder whether the Governor of the Bank of Canada has not lost touch with reality.

We hear Members of the Official Opposition and Members opposite say that a recovery requires the business sector to invest money, to expand plants, to expand operations. We hear them say that a recovery depends on Canadians spending their money on goods and services.

There is absolutely no way that economic recovery can occur in this country when businessmen are being faced with the threat of bankruptcy in every corner of the community. This is no environment in which to expand or to invest in the future. There is no incentive for consumers of Canada to buy new goods and services and to spend their hard earned money when they see their relatives—their brothers-in-law, their sons and their daughters—out of work and their friends probably being threatened on a daily basis with loss of work.

There is a fear in this land. There is a fear in the business community and among the consuming public. This fear can be abated only when the Government of Canada brings forward a budget that will show the Government is prepared to accept its leadership mandate given to it a few years ago and that it will provide some bold, imaginative and creative schemes for serious job creation in that budget.

In other words, the Government should bring in a program that will put those two million people who are out of work back into meaningful positions so they can make a contribution to Canadian society and to the Canadian economy. But I hear the Governor of the Bank of Canada telling us to ignore that, just bite the bullet and wait it out. He says there are positive signs and recovery is beginning.

I would ask any Ottawa Member in this House who has been in his riding in the last two or three weeks to identify those sources, the indicators of any serious economic recovery. I suggest that the closest one can get is to identify two or three sectors where there is some slight, moderate or barely perceptible indication that things may be turning around. For every sector where that slight and feeble indication of recovery is taking place, I suspect one can identify a number of sectors where the situation is continuing to deteriorate and others where there is simply a bottoming out. I believe it is improper and unnecessary for anyone to suggest that recovery will take place in Canada by simply standing by with our hands in our pockets and waiting for someone else to solve our problems and create confidence in this country. Quite frankly, when one considers the human tragedy and suffering that is occurring in this country, that approach to solving our economic problems, I suggest, is quite immoral.

• (1125)

Mr. Stevens: How are you doing in France?

Mr. Riis: Let us consider the fact that the bankers and business leaders in 1931 were saying the same thing as bankers and business leaders are saying today. They said at that time that there were all kinds of indicators which showed that recovery was around the corner. They were asking people to be patient because the stock markets were active. Imagine the President of the United States at that time having an adviser

like Governor Bouey. Imagine what the "new deal" in the United States would have been like. I suspect we would still be climbing out of a depression. However, there was an adviser who suggested that the country take action and be bold.

I want to tell the Hon. Member for York-Peel (Mr. Stevens) that I am not suggesting that the Government should be spending money like a drunken sailor. I am suggesting that it is time for the Government to begin acting like any sound businessman who would borrow money to invest in the future of his corporation and country.

This country needs an investment in infrastructure. We need to improve our rails, our port facilities and our municipal works. That is the kind of investment that this country requires.

Hon. Paul J. Cosgrove (Minister of State (Finance)): Mr. Speaker, the debate which commenced this morning on the motion put by the Opposition did dwell for a few moments on the debate which occurred with respect to the Government's request for additional borrowing authority to meet its ongoing support for the economy and those social programs which we all recognize are necessary due to the present state of the economy.

In order to remind Hon. Members, I think it is important to put on the record the amount of debate on the Bill which has occurred thus far. To this point, Members have spoken on this legislation for over 29 hours and there have been six days of parliamentary consideration of this borrowing request by the Government. In six days of debate there have been 14 speakers for the Government, 61 speakers for the Progressive Conservative Party and 21 speakers for the New Democratic Party.

Considering the amount of debate and attention given to the Bill by Parliament, I was somewhat disappointed to see the type of motion that was moved by the Opposition this morning. I was dismayed by the lack of imagination and constructive, biting analysis that one would have expected from the Opposition after 30 hours of debate. What was their proposition? It was that the borrowing authority for the operation of the Government be reduced to $1.

It is quite apparent that the Opposition does not intend to debate seriously the plight of Canadians who are looking to the Government either for unemployment assistance or for assistance in maintaining employment. It is quite obvious that the Opposition either has no intention or is unable seriously to debate the Government's request to continue the economic management of this country because of the particular problem within their own Party at this time. It is rather obvious that a significant number of Opposition Members are concerned only with their jobs or their aspirations regarding the job of Leader of the Opposition. It is quite apparent that those who are left in the ranks of the Opposition have but one thought in mind, and that is to attempt to distract the attention of the country, the Government and others who are observing, from the plight of the Conservative Party, with its preoccupation with the job of one Canadian in this country.

• (1130)

Mr. Riis: It's the Official Opposition.

Mr. Cosgrove: How else can one reconcile the intent of the motion that the Government of Canada be closed down, that the Unemployment Insurance offices in this country be closed, that the Regional Economic Expansion offices be closed, that the total—

Mr. Mayer: You know better than to make stupid statements like that.

Mr. Cosgrove: —Government support to Canadians now in need be shut down.

Mr. Blais: Forgive them, for they know not what they do.

Mr. Cosgrove: As the Hon. Member for the NDP has signalled, Canadians in need are looking for Government assistance, for unemployment benefits, for welfare assistance and for job training assistance. Concerning the NEED Program, the Government's initiative of $500 million has been taken up by some Provinces so that that Program is now providing, this day, jobs to Canadians looking for jobs. The Government has committed the expenditure of some $2 billion toward getting the housing industry moving and doing other things. Funds have been committed toward regional and economic expansion. The suggestion of the Opposition is that we close down those operations. Its members say to Canadians looking to those programs for help: "That is too bad, but we are really concerned about our problems, the problem of finding a leader and the more serious problem, no doubt, of finding some type of policy which will address the future".

Mr. Blenkarn: You need more than a leader.

Mr. Cosgrove: That is what the Opposition has proposed, as I say, through a motion that we restrict spending to $1 and that we close down assistance which the Government of Canada is offering to Canadians at this time. It is obviously not a serious proposition.

However, then there is the difficulty which the Opposition faces. Are there perhaps a dozen candidates for leadership? There are a dozen suggestions as to how the problem should be approached. I warn that every Member of the Opposition who now stands will have a different theory to contradict the 12 other theories that we have heard from 12 different candidates as to what Canada should be doing now in addressing the future and addressing the recovery which is now under way.

Mr. Mayer: Tell us where you stand.

Mr. Blais: He's not running for your leadership.

Mr. Mayer: He doesn't stand. He's supposed to be a responsible Member, but he doesn't stand for anything.

Mr. Cosgrove: The Hon. Member who has had responsibility in this House as Finance critic of the Opposition Party, at least for a week or so, has indicated that there are no signals,

that the Government has not indicated where these expenditures are directed, notwithstanding our commitment to these social programs. What is the record of the Government in addressing the efficient management of the economy, the efficient management of—

Mr. Stevens: A very poor record.

Mr. Cosgrove: —the funds for which we are requesting borrowing authority? I am very happy that the Hon. Member who had responsibility for the Treasury Board operation of the former Conservative administration is present in the House. He well knows that when the Conservatives took control following the Liberal administration, they carried on with these programs upon which I can just barely touch in the few moments remaining to me, where the Government took initiative, addressing Government efficiency and concern for proper management of the expenditure of funds.

I refer, of course, to the policy and expenditure management system which was put in place in 1979 by the Official Opposition while in Government. This is a program where spending is broken into ten expenditure categories. Cabinet committees take responsibility for expenditure management within this envelope system. Each envelope is provided with a policy reserve and it functions as a bank account with unallocated funds. Priorities must be struck and, for any expenditure from those funds, a careful study must be done and all Ministers affected must express an opinion. This envelope system helps to ensure that Ministers trade off a request for new expenditures with ongoing priorities.

I would like to draw a second matter to the attention of Hon. Members. Of course, I am also glad that the Hon. Member who was the Minister responsible for the Treasury Board while the loyal Opposition was in power is here because he knows that the Main Estimates and Supplementary Estimates are placed before Government. They have been introduced by the President of the Treasury Board (Mr. Gray) with a detailed, minute breakdown, comprising hundreds and thousands of pages, showing the allocation of the expenditure of funds for which borrowing authority is requested.

Within the Government, the Treasury Board itself, in its ongoing, every day operation, rigorously examines all requests for spending authority by Government Departments and agencies. I remind Hon. Members that the office of the Comptroller General has substantially added to efficiency in Government programming and evaluation. I think of the improvement in the Management Practice and Controls Program, again a Program which was adopted by the Opposition during its brief period of responsibility in Government.

Another example of control of expenditures is that the Auditor General carefully examines the Government's financial statements and reports to Parliament on his findings. The Government and Hon. Members opposite, Parliamentarians, then have the opportunity to taking the report and the Estimates through detailed study and, in committees of Parliament, have an opportunity to review Government spending.

Continuing on to a new point, I remind Hon. Members that in 1975, as a matter of policy, the Government announced that it would endeavour to hold trend growth in expenditures to no more than trend growth in the economy. All of these—

The Acting Speaker (Mr. Corbin): Order. I regret to inform the Minister that his allotted time has expired.

Mr. Blais: Consent to continue.

Mr. Cosgrove: I would not add to my comments, except—

The Acting Speaker (Mr. Corbin): Order. Is the Minister seeking unanimous consent to continue his remarks?

Mr. Cosgrove: Yes, I would, Mr. Speaker.

The Acting Speaker (Mr. Corbin): Is there unanimous consent?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Corbin): It is agreed.

Mr. Cosgrove: Mr. Speaker, I appreciate the opportunity to sum up, not by introducing anything new, but merely by recounting the fact that the Government has set out in detail the ways in which the borrowing authority and moneys sought will be expended. I have attempted to outline, in point form, the ways in which the Government, throughout the last year, has detailed its plan for efficient management of its expenditures. I believe that in fact Hon. Members are not surprised by any of this material.

The Acting Speaker (Mr. Corbin): Order. The Chair would normally be prepared to recognize the Hon. Member for Mississauga South (Mr. Blenkarn).

Mr. Blais: It's hard to miss.

The Acting Speaker (Mr. Corbin): However, it finds itself in procedural difficulty. The Hon. Member for Mississauga South was the mover of the motion which is presently being debated, and the Hon. Member, at the time he moved the motion, chose not to speak. Therefore, it is presumed, under our rules and practices, that the Hon. Member has spoken, and there are a number of precedents which the Chair would be prepared to quote in support of that argument. However, the difficulty could easily be resolved if the House were to give its unanimous consent to recognize the Hon. Member for Mississauga South at this time.

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Corbin): I gather that there is unanimous consent.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, involvement with another matter made it necessary for my colleague, the Hon. Member for Vancouver Centre (Miss Carney), to speak before me.

We have witnessed what I consider to be a disgraceful performance on the part of the Minister of State for Finance (Mr. Cosgrove). He gave a sad explanation of the Government's fiscal stance. The Minister confused in his remarks borrowing with spending, with unallocated funds, and said that we have hundreds and thousands of pages of Estimates showing where the money is to go.

That is not what we are here to discuss. We are here to discuss the question whether a Government should be entitled to borrow money without presenting a fiscal plan for that borrowing for the fiscal year commencing on April 1 next. We are dealing with an amendment to Part II of this Bill, which deals with borrowing which is to take place in the fiscal year 1983-1984. We in this Party have moved an amendment to reduce that borrowing authority for that fiscal year to one dollar. We made that motion after a great deal of soul searching and thought as to where this Government and the Parliament of Canada should go.

• (1140)

I first of all want to quote to the House what the Minister of Finance (Mr. Lalonde) said on October 27, 1982, as reported on page 20081 of *Hansard*. On that date the Minister said:

> In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-84 and future fiscal years, and then seek additional borrowing authority as required.

The Minister finally, after a great deal of persuasion in Committee, gave us a reasonable explanation of the economic position of the country with respect to the current fiscal year. He has absolutely totally and completely refused to give us any proper projection with respect to where we are going in the year 1983-1984, as he promised to do.

Therefore, it would be totally improper for this House to authorize that Minister to go to the public of Canada and borrow money for some cause for which he has no plan and, for some method of proceeding for which he has no direction from this House of Commons.

Mr. Speaker, we are not so naive as to believe that the Government can get along without money. We are not so naive as to believe that we are somehow, by halting the Government in its tracks and, by opposing the borrowing under Part II of this Bill, going to stop what is going on in the country and prevent old age pensions being paid, the NEED Program being carried on, and the like. We must take a look at the financial situation of the country as it presently exists. That is what I would have thought the Minister would have dealt with this morning. But the Minister did not do that.

On March 18 the Minister had on deposit with chartered banks in Canada $4,310 million. The Minister has already borrowed illegally, as we all well know, by taking advantage of Section 39 of the Financial Administration Act, $1,100 million from the marketplace. This Bill, as it now proceeds, will give the Minister an additional $3.9 billion in borrowing authority.

If we add what the Government has presently in the bank to the borrowing authority here, the Government will have, should this Bill with the amendment pass, the right to borrow or have at hand a total of $8,210 million. That is more than enough to carry this Government through, at least until the May 24 holiday. And that is all the freedom this Government should have. This Government has an obligation to present to the people of Canada a budget, and it can do that. The Government promised to do that, and we call upon it to deliver on its promise.

Mr. Blais: So let us pass the Bill.

Mr. Blenkarn: We will not pass a Bill that allows the Government to get out of its promises. This Government promised to come before the country early in 1983. We are already into the spring of 1983.

Mr. Cosgrove: It looks like winter to me.

Mr. Blenkarn: We have no indication when it will bring forward a budget. It would be totally wrong for this House of Commons to allow the full borrowing set out in Part II of the Bill to proceed. We have suggested in our amendment that it be reduced to one dollar, that is to say, no borrowing without a budget. The Government does not need any borrowing without a budget. It has enough money to carry on well into May and it has ample opportunity to produce a budget tomorrow, next week or immediately on April 11 when we come back here. It has ample opportunity to produce a budget, ample opportunity to give a proper financial accounting to the people of Canada and ample opportunity to give the people of Canada projections to show where it is taking us. Indications so far this year are that it is taking us down the road to total and complete financial collapse.

In the Estimates produced by the Minister of Finance on November 12, 1981 for this current this fiscal year, the Minister forecast revenues as being in excess of $80 billion. The Minister now forecasts revenues of only $66 billion, a drop in revenues of over 17 per cent, yet we are expected to approve borrowing without a forecast of what the revenues will be and without even a forecast of where the Government is going to constrain expenditures. The Government expects to just produce an estimate of what it would like to spend and tells the House of Commons that it is entitled to borrow it—borrow it or borrow more—and maybe print it. Our party has real concern about the fact that since November of last year the Bank of Canada has monetized to the extent of $1 billion, which is nearly 10 per cent of the cash available in the country.

We must be responsible, as Members of Parliament, to make sure that our country is managed properly. It is totally ridiculous and utterly unfounded to allow the Government to come to the country and say that it is entitled to borrow $14 billion without a budget, without a projection, or without a statement in any form as to where we are going.

We would have opposed Part I of the Bill had the Minister of Finance not made reasonable disclosures to us in Committee. Indeed, Mr. Speaker, you will recall that the debate in this House ran on for many days and was finally terminated by closure. That debate would not have had to be terminated in

that way had the Minister of Finance come clean with the people and with us when he made his statement on February 17. Had the Minister of Finance produced on February 17 the kind of figures and analysis that he produced in Committee, the debate with respect to Part I of this Bill would not have needed to be nearly as long. It was only because we dragged it out of him at the Committee hearing, which lasted until almost two o'clock in the morning, and then for half a day again; we finally persuaded the Minister to give us the projections of what was going to happen this year. There were no projections for next year, yet he demands $14 billion toward next year without even a whisper of where we are going. It is unconscionable to ask this House of Commons to approve Part II of the Bill.

Therefore I say to you, sir, that it would be totally improper for this House to allow Part II of the Bill to remain as presented. I call on Hon. Members of this House to act as responsible Members of Parliament and to vote for the amendment.

• (1150)

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Madam Speaker, this morning we are discussing the Government's borrowing authority. I just heard the Member for Mississauga South (Mr. Blenkarn)—an excellent Member of Parliament, I may say—make a speech in this House on the Government's finances and the budget. A marvelous speech, I must say, but I think the Hon. Member has, unwittingly, strayed very far from the actual needs of Canadians. Clearly, the Member for Mississauga South (Mr. Blenkarn) is more interested in the speeches he is making here in the House and in those he could make if the Minister of Finance (Mr. Lalonde) had tabled a budget a few weeks ago. The Hon. Member would have been able to turn on his eloquence for Canadians, and I must admit that he is a past master of the art. However, if we look at what a budget really is for, it is to inform people what the Government is doing with their money. Today, Mr. Speaker, Canadians certainly do know what the Government of Canada is doing with their money. In the Bill before the House today, the Government is asking for authority to borrow $19 billion. This may seem like a lot. It is nearly $1,000 for every person living in Canada. I know that many people are wondering where these deficits are going to lead us, why they exist and whether there is any risk involved. I think that as politicians, we have a duty to speak up, and I think there are several reasons for doing so. First of all, we must help Canadians understand that this country of ours which in my mind is a country that, although it is only a little over 100 years' old, is way ahead of any other country in the world, because of its principle of sharing. In this country, people have never been forced to have only one language, one colour, one race or one philosophy. This is a great country, and its aim has been to give the people who live in it—wherever they may be in this immense territory which is the second largest in the world—an insurance policy, as it were, giving people the right to life, health, liberty, food, housing, education and all kinds of benefits which make life livable, even in its darkest moments.

Today, the Government of Canada is obliged to borrow more than usual, because all those policies that have been established in the past to assist Canadians who are in need were not meant to be there only when Canadians did not need them. They were meant to be used by Canadians when they needed help. Mr. Speaker, it is all so very simple. After going through the first great depression in the thirties, Canadians said: We will never let people go through that experience again. Never again are people going to be homeless because they are out of work. Never again will they be stripped of their self-respect.

Mr. Speaker, I realize there is a limit to the amount of money one can borrow. When the Government is the borrower, and the Member for Mississauga South is aware of what is involved here, I believe people should be informed about the consequences of Government borrowing. If the Canadian Government were to borrow outside the country the $30 billion it will probably need when the next budget is brought down, I would be worried. I would also be worried if more than fifty per cent of the money in this country were concentrated in the hands of a few individuals or families. But what does the Canadian Government do when it borrows $30 billion? It gets the $30 billion from the Canadian banks and from the Canadian people through Canada Savings Bonds. And what does that mean? That means sharing, Mr. Speaker. I know people who are going to buy Canada Savings Bonds this year. Part of the money they will spend on Savings Bonds will be used to pay for the Canada Savings Bonds they purchased ten or twenty years ago.

That is one way for generations and individuals to share the wealth. The strength of our state, of our country, and especially of each and every Canadian lies in the fact that there is not a single Canadian who, by saying that he will take his money out of the country, can seriously jeopardize our economy because the money in Canada belongs to everybody. The richest Canadian is poor in terms of the total amount of money which belongs to all Canadians. That is what matters, Mr. Speaker, and over the years, Canadians have shown that they were prepared to share with others, and that is why people in my riding can survive. I thank all Members of the House as well as those who were here before me who voted for sound policies, I thank them sincerely. Right now my region is going through difficult times. It has developed since the turn of the century thanks to industry. That industry is now in a slump, the unemployment rate is very high, but the people in my riding know that the Canadian Government now spends over $1 million in weekly unemployment benefits in a small town such as Alma alone, with a population of 30,000 and not even that much. I wonder how we would manage if our pensioners

had smaller old age security payments. We often forget that the Canadian Mortgage and Housing Corporation is the only agency in my region which makes mortgage loans and, if the Government had not provided that tool for Canadians, how much would people in my region have to pay for the mortgage loans which they now get at ridiculously low rates?

I should mention our young people who are given help through welfare payments, unemployment insurance benefits or job creation programs, and who are still free to plan their future as they see fit. Soon a youth hostel will open in my region thanks to the tens of thousands of dollars spent by the Canadian Government. Why? To give young people an opportunity to become independent, to express their views and to meet one another. That is what the Government wants to achieve through its various policies.

The Canadian Government is handing out huge amounts under the various health programs—$17 billion this year in equalization payments to the provinces—not to mention direct payments to the people through grants to the agricultural and industrial sectors or direct job-creation programs. And why do we do that? Simply to keep the economy going.

Mr. Speaker, I think that the worst enemy of any country is the narrow-mindedness of some people, and, unfortunately, I have come to realize that Members opposite are often narrow-minded. How easy it is to say that one is against the metric system or for the 6 and 5 program, but that it should not be implemented, and what not. That is what we are fighting against and what Canada has fought against. Those billions of dollars end up in the pockets of Canadians somewhere. That is where they end up and, in my opinion, Parliament ought to give the Government an opportunity to help Canadians weather the difficult times we are now going through.

[*English*]

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I have been following with some care but some difficulty the kind of verbal convulsions coming from the Hon. Member for Lac-Saint-Jean (Mr. Gimaïel). But we are used to his kind of verbal convulsions. I recall about 18 months ago he defined for us in the House what constitutes a Liberal. It was quite a definition and he ended up by saying that anyone could be a Liberal even if it takes being a communist. You could be a Liberal and a communist at the same time.

Mr. Fisher: We are democratic. We do not try to keep people out. We are open-minded.

Mr. Friesen: Well, Mr. Speaker, *Hansard* records what the Hon. Member said at that time. I listened with care to his theory of economics today. I must confess I believe he got his theory from Marx, but it was not Karl Marx, it was Groucho Marx. What he had to say about what constitutes economic theory was nothing short of humorous.

He said, and I believe I quote him accurately: "A budget merely tells the Canadian people what the Government is doing with the money". I suspect that that might be one of the functions of a budget, but certainly, Mr. Speaker, it is a lot more than that. I hope on reflection the Member will recognize that the budget sends some very definite signals to the business community as to the intention to involve the co-operation of all other aspects of the Canadian economy in the business of the country.

• (1200)

I have with me, Mr. Speaker, the current issue of the Surrey Chamber of Commerce "Bulletin", and it so happens that it contains a quotation from the former President of the Treasury Board, the current Minister of State for Economic Development (Mr. Johnston), the economic czar of Canada. He said:

> My concern is the desperate need we face in this country to find more equity, risk money, to finance new ventures, and indeed to reduce the present excessive dependence of business on bank credit. It is new investment in capital equipment and technology that generates productivity gains, brings down our costs, and improves our international competitive position. To the extent that equity replaces borrowed capital, it reduces the upward pressure on our interest rates. A number of proposals to encourage investment have been put forward. The president of the Toronto Stock Exchange proposes tax credits for the purchase of treasury shares in Canadian corporations. Everyone in the business wants something done about the capital gains tax, and I must say I have sympathy for this plea—particularly from the point of view of recognizing and allowing for the inflationary content in long term gains.

Now, Mr. Speaker, one of the problems the business community faces is the confused signals coming from the Government benches. If a trumpet gives an uncertain sound, how can one prepare for battle? On the one hand, you have those so-called rigid economists like the former President of the Treasury Board, who say that Government borrowing hurts the business community. On the other hand, you have all the other Ministers of this Government saying we have to borrow more money, as the Hon. Member for Lac-Saint-Jean says, in order to be compassionate. As long as the Government speaks with two voices there will never be a clear, dependable signal to the business community as to how it can arrange its own projections.

The fact is that the former President of the Treasury Board is exactly right. When the Government borrows money the way it is today, $30 billion for one year, most of it from Canadian citizens, the Government enters into direct competition with the business community for that capital. Now, as soon as the Government competes with the business community for money it puts pressure on interest rates. In my community one lending institution sold $1.5 million worth of Savings Bonds because the interest rate the Government offered was so high that it was more attractive than what the business community could offer. In one day it took $1.5 million which could have been lent to the business community. Then you have $30 billion being borrowed by the Government this year alone in order to run its affairs, and that is $30 billion which could have been used by the business community in Canada. In doing so the Government has narrowed the option of the business community so that it cannot function properly. That is the first bad effect of this borrowing.

Secondly, Mr. Speaker, it appeared to me that borrowing at the level this Government borrows is neither democratic nor compassionate. I know that all of us in this House want to be democratic. We believe in democracy in the election process, but we certainly do not believe it in the borrowing Bills. I see the Hon. Member taking notes here; I expect a response. It seems to me, Mr. Speaker, that we have a country in debt to the tune of $120 billion to $130 billion and we can safely assume that not one Member here in this chamber is going to help pay off that debt. Not one of us. Yet we are today discussing increasing the indebtedness by another $19 billion, which not one of us will help to pay.

Now, presumably a democratic principle is that those people affected by a decision should be able to vote on that decision. Yet none of us are going to pay this debt. Probably our children will not pay it. Very likely the first people who will have to pay this debt will be our grandchildren who are not even around today.

The Hon. Member for Lac-Saint-Jean says we have a whole new list of rights guaranteed to us. He forgot one. It is a new right which has now been passed on to all succeeding generations in Canada, the right to be in debt for thousands of dollars, immediately on birth, to the Government of Canada. I ask you, Mr. Speaker, is it democratic to impose on children not yet born something they have no voice in, something about which they cannot choose? I ask Hon. Members, would you in your own household incur the kind of indebtedness that you are forcing on your children and grandchildren? No, you would not. Yet as a Government you seem to think it is moral and upright and democratic to do this. I say, Mr. Speaker, that this kind of indebtedness, which produces nothing and returns nothing, has the aura of democracy but has no democracy at all. It has the shell of compassion but no content. It simply produces anxiety and anguish for future generations.

The third point I want to make is that my friends to the left and their spokesman, the Hon. Member for Kamloops-Shuswap (Mr. Riis), want to increase Government indebtedness by another $10 billion. On the one hand, they want to increase the indebtedness by that much; on the other hand, they do not want any more borrowing. On the one hand, they want to be the champions of small-businessmen, their new-found crusade. They want to help the small business community. On the other hand, they want to increase the indebtedness of the Canadian taxpayer by another $10 billion and again put pressure on the small business community by increasing the competition for the money that community needs to increase productivity.

Well, they cannot have it both ways. Either they want to have a Government which is accountable for its spending and limits its expenditures in such a way that it lowers its indebtedness in time and frees up money for the business community, or it carries on in its own merry way, as it has historically. They cannot have it both ways. They cannot be the friends of small business and the friends of higher Government debt at the same time. The two just do not mix. Sooner or later they are going to have to make an ideological choice, and sooner or later the people of Canada are going to—well, they have already when you look at the last poll—catch on to that little gimmick dreamed up by these people. So we have to see this borrowing Bill for what it really is. It represents competition with the business community in the free marketplace for funds which could be used to increase productivity. It is taking that money to be used by a non-productive entity, namely the Government. It is borrowing which is neither democratic nor compassionate.

• (1210)

[*Translation*]

Mr. Bernard Loiselle (Verchères): Mr. Speaker, I feel that in this debate on legislation to determine the Federal Government's borrowing authority, a number of points have been made, and I would like to start by commenting on the point argued by my hon. colleague that the Government, in stating its intention to borrow this very substantial amount is going to reduce the private sector's room to manoeuvre to the point that small and medium-sized businesses and large multinational or Canadian corporations will no longer be able to find in this country the risk money they need to carry out their projects. My hon. colleague can rest assured that I am very concerned about the extent of the federal deficit. Like my hon. colleague opposite, I am indeed concerned about the economy's ability to support these projects. In fact, I am preparing a study on the availability of risk capital in this country.

However, in 1983, now that the Government will probably be bringing down its next budget very shortly, perhaps we should go beyond these generalities and provide some figures. I may say that the very grave concern I can read from my hon. friend's face is unfounded, because if we look at the present availability of savings capital in Canada—I think there are probably various approaches to the question—there is no danger that either the Federal Government or the Provinces, who will be borrowing as well, will bring about a crowding out of financing in Canada. The total amount Canadians are expected to save next year will be a little over $60 billion, and that is after consumers have met their own borrowing requirements. This means that once the Federal Government has borrowed $30 billion and the Provinces and municipal governments have borrowed $15 billion, we still have $15 billion left for the private sector, and unless the private sector wants to invest in some megaprojects or other ventures, which does not seem very likely if we look at their present investment plans, there will certainly not be the kind of problem described by my Opposition friend.

However, we should be concerned about this, and I think that when the next budget is brought down, I will comment on this particular point. However, something must be done now. We must have guidelines and we must set up criteria. We must find out how the Government could and should reduce the deficit in a very radical way as soon as the economy recovers, since the deficit, far from being structural, is linked to the economy. If we look at the room for manoeuvre ... I was

listening just now to my colleague who seems to be saying: The Government is not taking the situation seriously and it should cut its expenditures. Nevertheless, none of the Opposition Members, and that includes my hon. colleague, were able to suggest a single program where we could make cuts. On the one hand, I entirely disagree with my friends on the opposite side of the House who talk about billions the way other people talk about nickels and dimes, and on the other hand I note that my hon. colleague opposite has failed to identify a single program where the Federal Government could make cuts that would substantially reduce the deficit. Should cuts be made in unemployment insurance benefits? Or should cuts be made—

Take, for instance, transfer payments to individuals or the Provinces, if there is no room to manoeuvre as far as debt payments are concerned: when we wanted to bring equalization payments to the Provinces back to more reasonable proportions, the Opposition Members told us that we were destroying the fabric of Canadian federalism and abdicating our responsibilities. Yet, this cutback was necessary because the idea behind these transfers, whether for health insurance, hospital insurance, post-secondary education or social services, is that the Federal Government will guarantee equivalent services, for all Canadians, by paying 50 per cent of all costs.

This is the principle of transfer payments to the provinces, but even by simply limiting the rate of growth of transfers—and this does not mean a reduction of the payments in absolute terms—and even though the transfers will increase only by 11 per cent a year over the next five years, in spite of these cutbacks, the Federal Government this year will pay just over 60 per cent of the costs of post-secondary education, a little over 50 per cent of health and 50 per cent of social services costs. Is this normal? For our part, we tried to trim the Federal share to fairer and more equitable proportions which would be more in keeping with the spirit of co-operative federalism. Yet, when we announced the cutbacks, there was a general outcry on the other side of the House.

We cannot cut back on our equalization payments to the provinces, and are told that we cannot reduce unemployment insurance benefits or old age pensions—a fact which we are fully aware of—and have no say in the market-set interest rates, while hoping that the various Governments would never try to distort the rules of the market when borrowing—for all those reasons our freedom of movement is reduced by 70 per cent and we are left with about 30 per cent of federal expenditures directly related to programs under our jurisdiction.

This is the only room we have to manoeuver. This is the situation because, regarding the first three elements which make up 70 per cent of our expenditures, we have had no suggestions as to how we could cut back on our spending. As for the remaining 30 per cent, can anyone tell us which programs are ineffective and in which ones we could make substantial cutbacks? Even if we accept cutbacks due to the economic situation and if as my colleague for Lac-Saint-Jean (Mr. Gimaïel) put it, we must show some compassion for hard pressed Canadians in this difficult period, we must cast aside any partisanship and ask ourselves how we could bring down the present deficits to more acceptable levels as soon as the economy recovers. Indeed at that time even more so than today, the private sector will need some risk capital, and I hope that federal expenditures will be directed at sectors about which my colleague mentioned non-productive borrowings earlier. One important issue in Canada at that time will be to turn around the present trend concerning productivity to ensure that we can maintain our position as an exporting country because with our small market of only 24 million people, we have to be able to compete with other countries. That is the challenge that we must face. I think that, together, the 282 Members of this House should look ahead to the next two, three and four years to reverse the situation properly and leaving behind the present crisis find means to make sure this will never occur again.

[*English*]

Mr. Jim Hawkes (Calgary West): Mr. Speaker, it was a great pleasure to listen to the Hon. Member for Verchères (Mr. Loiselle). He asks what we would do differently to present programs. On other occasions I have pointed out to Hon. Members opposite that the indirect subsidy to Petro-Canada is $1 billion per year, direct grants and add-ons amount to $400 million, and the PIP and LEAP Programs bring it even higher. You can get up to $2 billion without even trying, with those kinds of expenditures.

• (1220)

We on this side of the House have asked why the Government is so determined to increase the size of the House of Commons by some 30-odd Members at a cost of millions of dollars. Also we on this side of the House have asked whether it is really worth while to have a man like Donald Macdonald working on the public payroll at $800 per day when we will not even provide pensioners with $800 per month. We on this side of the House have asked whether it is really necessary for the Government of Canada to spend in excess of $100 million per year on Government advertising to promote, by and large, the Liberal Party of Canada.

If the Hon. Member opposite is really sincerely interested in the issue of public policy spending choice, I suggest he read the speeches which have been made in the House in the last two and a half to three years. I ask him and Members of his Party why they stood in the House in December, 1979 and turfed out a Government which was creating jobs at the rate of 30,000 per month in the private sector, which was reducing the borrowing requirements of Government by 30 per cent in the first year, which would have taken the pressure off capital markets, which would have kept the pressure off interest rates, which would have kept inflation down and would have kept Canadians employed.

When we stop and examine history, it is clear that it is the history of Government by the Liberal Party of Canada which has taken us to the situation of today. When the Hon. Member says that the problem is not structural, he is wrong. It is structural. It has been built in by the Liberal Party of Canada.

The election of 1972 was the beginning of that structural problem. In relative terms those were good times in Canada. The electorate of Canada sent a minority Government to the House, and it was a Liberal minority Government. The Liberals jumped in to bed with NDP Members. The Prime Minister (Mr. Trudeau) appointed as Finance Minister a man named John Turner. In those very good times the Liberal Party of Canada, along with the New Democratic Party of Canada, decided to start borrowing money, decided to start bribing the voters of Canada with borrowed dollars. That is when it began. There were huge expansions of programs and budgetary increases under John Turner of 30 per cent a year for the two years he was Finance Minister. Those budgets were supported by the NDP and the Liberal Party. We did not need to expand Government services in that period of time for any sane, common-sense purpose, but they were expanded for political purposes, for political gain and for the purpose of bribing Canadian voters.

What the Liberal Party and the NDP said to Canadian voters in that period of our history was: "We will give you more services, we will give you more goodies, and we will not raise your taxes". This seems like magic until we look behind it and see that they were giving away those things with borrowed dollars. Canadians can fool themselves for some limited period of time that life is better. They can go down to the bank and, if they have any assets, they can borrow money and spend it. They can eat supper out every night, take marvellous vacations and spend beyond what they earn. But some day the bailiff will show up at the door, their possessions will be repossessed, they will be declared bankrupt and they will be in an awful mess if they do that for any length of time.

That is the history of what brings us to the House at this time. It was the minority period of 1972-73 when the Liberal Party and the New Democratic Party acted together and borrowed money. We did not need to expand programs we did not need, and this has caused the structural problem of today. We lived through the five-year period from 1974 to 1979 when the Liberals were the majority, and they continued to expand programs but not expand taxes. They continued to expand the deficit in good times.

Here we are today in bad times when we really need those dollars to provide assistance to people in trouble. Instead, where is the money going? An absolutely huge portion of it is going to pay the interest on the public debt. It is not available for UIC claimants, small businesses or farmers. It is going to pay the interest on the money which the Liberal Government borrowed when we did not need to borrow. That is the reason for the difficulty we are in today.

To compound that error, we had a short-lived Government, the government of the Right Hon. Member for Yellowhead (Mr. Clark). What was its record? On the job-creation side, not only did it create over 30,000 jobs per month on average in its nine-month period of time, but it put Canadians to work and turned them into taxpayers. Those jobs were not created in the public tax-spending sector of the economy. For the first time in a decade jobs were being created in the goods-producing sector of the economy. If we chart labour market statistics in the country, it was the only time in a decade when jobs in the productive sector of the economy were growing faster than jobs in the service sector, and it was the only time when jobs in the public sector were declining slightly. Right there is the prescription for economic health in Canada.

What did the Conservative Government find when it laid out a budgetary plan, not for a single year but for five years ahead to get us out of the borrowing cycle and to economic health and continued job creation? We found that the Liberal Party and the New Democratic Party together had four more Members in the House of Commons than the Conservative Party of Canada. They stood in the Chamber on the first confidence day on that budget and turned the Government out of office. Then they ran election campaigns claiming that 18 cents per gallon of gasoline was too much, and we stand here three years later knowing that prices have increased well over $1.

This reminds us of the 1974 campaign promise that 90 days of wage and income controls were too much, and Canadians got three years. Three years when 90 days was too much; over $1 when 18 cents was too much. Those kinds of election promises are very consistent with the kind of moral attitude that would borrow money in good times, with a minority Government from 1972 to 1974, in an attempt to bribe voters with their own money. I guess it is a sad commentary on the Canadian people that it has succeeded and that perhaps its success has led us to a kind of moral turpitude which is problematic for all of us in the House.

If we were the Government tomorrow, could we stop the borrowing requirement of the Government? The answer is no. It is in there structurally and it is a long, slow, difficult process to turn it around. But if we were to demonstrate a little common sense and a great deal of determination to turn it around and to move the country back toward a balanced budget, then out there in the land people who are aggressive would take some hope, and with that hope would stick out their personal necks a little further and start to create jobs and employ Canadians. If that psychological turn-around were to occur, we would be creating more taxpayers and fewer taxspenders. If we were to create more taxpayers and fewer taxspenders, we would be well launched on a path toward deficit reduction.

If I were standing in the House today with a full budget that laid out the spending plans of Government, and if the cornerstone of that budget was to borrow money to create infrastructure or permanent, lasting things in the country, then I would be able to look at the deficit in a somewhat different light. Instead, I cannot think of a single example where this Government has tried to cut down on waste, but instead is forcing us

to vote for increased borrowing, in the face of this lack of determination to cut out waste I urge every Member of this House to stand when the moment comes and deny the Government the borrowing opportunity it seeks.

• (1230)

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Mr. Speaker, in this Bill we are addressing one aspect of an economic package. Let us be clear; the economy in Canada is not where we want to see it today. We have not yet had that resurgence of consumer confidence which so many have told us is the key to economic recovery.

Let me point out that this borrowing authority is necessary in these weak economic times because it is critical that there be stimulus from the public sector. I have not heard any concrete alternatives proposed by the Opposition. The Opposition has talked about cutting back on Government waste. We are all in favour of that.

Mr. Huntington: Why don't you do something about it, then?

Mr. Peterson: I would like to see the Opposition come to us with its list. There are like-minded people on all sides of this House who are prepared to get away from useless expenditures and see that money is directed toward job creation. But with what specifics has the Opposition come forward? There has been absolutely none, Mr. Speaker.

Mr. Thacker: Name yours.

Mr. Peterson: Until the Opposition is prepared to come forth with concrete alternatives, I do not feel its Members have the credibility to stand up and say: "There is waste, and therefore we will not vote for this Bill". Let the Opposition come forth with concrete alternatives.

Mr. Thacker: We have.

Mr. Peterson: I have some ideas I would like to try on Members in this House. First, consumer confidence is critical.

Mr. Shields: There is none.

Mr. Peterson: I think there are signs of a turn-around. We cannot guarantee that this economy will turn around. Many people think that the secret of our economic recovery is based on what will happen in the United States. Yes, a turn-around there will be helpful. Does that mean that we as Canadians should not attempt to be better in our own country? Does this mean that we should not attempt to be more competitive and that we should not endeavour, each one of us, to bring to our jobs and daily tasks a new-found attitude of commitment and desire to be better? We can do that. That is something the Government cannot legislate. It is something that we have to do as Canadians.

I believe we could be doing something to help restore consumer confidence. We have many excellent manufacturers in this country, people who make good products, products which when given the right boost by our consumer markets could take off and become world leaders. The Science Council of Canada identified 200 threshold firms who were on the verge of take-off and have developed a competitive edge and demonstrated excellence in their production. We could be giving these firms an added lift if all Canadians as individuals were to engage in a "Buy or shop Canadian" program. Canadians could say to themselves: "In the past we have been looking to foreign producers to give us the goods we want to buy; could we not find those same goods in Canada?"

Let me refer to farm products. Our farms are highly mechanized and competitive. Some of the most competitive and productive industries in Canada are our primary industries, bar none in the world. Canadians should be looking to Canadian produce. Why do we always have to have fresh foods imported at high cost during the winter months from foreign countries? Why should we not support our own primary manufacturers to a far greater extent?

Some Hon. Members: Hear, hear!

Mr. Peterson: Why should we as consumers not say: "Yes, we have preserved that old car and the old car has seen better days but let us take a look now at cars produced in Canada by Canadian workers". Many automobile producers in Canada have demonstrated that they can downsize models, be competitive and produce cars which consume less fuel and others that run on natural gas and propane. Why cannot Canadian consumers say: "We are going to take a fresh look at what the North American producers have been doing and what our workers have been building in our own plants in Canada"? These decisions consumers can make and they are important.

One of my colleagues talked about the lack of incentive for infrastructure production. Where was he when we were talking about the NEED Program that we have brought in, encouraging municipalities to come forth with infrastructure projects which will contribute to the long-run productivity of Canada? More important, it will be producing more jobs in the short run for the people who need them most. Here is a directed program. Has the Opposition come up with a better program for creating jobs? It is not perfect, of course, but have we heard better alternatives from the other side?

Mr. Huntington: You are the Government.

Mr. Peterson: Until the Opposition comes up with a better program, let the Opposition look to the infrastructure projects that we are prepared to create with our NEED Program.

I believe there are other areas where we could take advantage of our great strengths. Our service sector in Canada is without parallel in the world. Our financial institutions, our lawyers, our insurance companies and our accountants have a collective reputation unmatched by any other country in the world.

Mr. Thacker: That does not hold for the Government.

Mr. Huntington: We need all those people just to interpret the Income Tax Act.

Mr. Peterson: Are we doing everything possible? I hear a lot of babbling from the other side, Mr. Speaker. It is obvious that Members over there feel that maybe they have not come forth with the concrete alternative which they know they owe to their constituents.

Mr. Huntington: You are the Government.

Mr. Shields: Get rid of the National Energy Program.

The Acting Speaker (Mr. Corbin): Order, please.

Mr. Peterson: Let me talk about the service sector and how we can be more productive. I believe Canada's reputation in the service sector—

Mr. Huntington: Is disgusting.

Mr. Peterson: The Hon. Member opposite says that the reputation of our service sector is disgusting. That is an insult.

Mr. Huntington: Our Armed Services are in terrible shape.

Mr. Peterson: That is an insult to our service industry. He has not worked in that sector. Could we not take these service sectors and parlay their reputation into making Canada a headquarters for the multinational corporations—

An Hon. Member: The only service you create is bigger government.

Mr. Peterson: —whereby they could bring in more foreign capital, service it here, add value and then serve as a base for funnelling it around the world. This would require some amendments to our tax system. We would have to look at our tax treaties and the way we should tax foreign income coming into Canada to be the conduit tax principle, and that flows out again. This is a way in which we could utilize to even greater advantage the skills and abilities of Canadian firms and institutions.

This does not mean I have total confidence in everything that all of these sectors are doing during these tough times.

Mr. Shields: What about the Government?

Mr. Peterson: We all have an obligation to ensure that Canadians who are working and striving to keep their businesses, their farms and their homes are given every benefit of the doubt during these tough times, so that when we emerge from this recession we will be able to meet the demands of the new technologies that will be necessary for Canadians to compete in the decades ahead.

None of us like this period. We are not proud of it but we are fighting to cope with it. When we emerge from this period we want these sectors, our home owners, our business people and our farmers, to have their capital intact so they can perform the functions required of them in this country. It is not this borrowing authority, it is the lack of any concrete alternatives put forward by the Opposition that I stand and condemn today.

• (1240)

Mr. Rod Murphy (Churchill): Mr. Speaker, I listened to the speech made by the Hon. Member for Willowdale (Mr. Peterson). He talked about the need for stronger Canadian input into the automobile industry and about control of or more direction in foreign ownership in this country. As I listened, I asked myself what he is doing on that side of the House. Has he forgotten that there has been a Liberal Government in Canada for the last 20 years? Has he forgotten that for most of the last half century it has been the Liberal Party which has been running the country, and running it into the ground? Our automobile industry, our forest industry and our oil and gas industry have been ruined. They have been ruined by a Liberal Government that has not taken control of the economy or provided the very leadership that that Liberal Member talked about.

Mr. Shields: Supported by the NDP.

Mr. Murphy: I would say to my strange friends to the right that I listened to their last speaker, the Hon. Member for Calgary West (Mr. Hawkes). Like so many Tories have done in the House, he whined and cried about the fact that in December of 1979 the Liberals and the NDP brought down the Government. The Social Credit Party, who were their allies in the House, would not vote with them. They forget that two months later the people of Canada voted against the Conservative Government which was under the leadership of the Prime Minister of the day. It is interesting to note that the Conservative Party is now throwing out the same leader that we and the people of Canada disposed of. I tell them not to blame us. They are finally realizing the situation and taking the same action themselves.

Our Party supports the amendment which would limit the Government's borrowing authority. I support the amendment for all the reasons that were given by our finance critic, the Hon. Member for Kamloops-Shuswap (Mr. Riis). I believe it would be criminal to give the Government $14 billion in addition to the $5 billion that it has already spent and is asking for in this legislation without first receiving any economic rationale or indication of how that money will be spent. Members of Parliament should not allow the Government to have that money without knowing whether it will be spent on jobs, pensioners, small business development or whether it will be used to hire more Government appointees, provide grants to the Liberals' friends, or for more advertising to promote the Government Party rather than Government programs. That $14 billion should not be granted unless we know how it will be spent.

The Government's lack of economic planning is evident from its NEED Program. The Government announced that Program in its budget of last October. We have heard that Program defended by many Members on the Government side over the last six months. But let us see what has happened with that Program. In its October budget, the Government talked

about creating 50,000 jobs for Canadians. It spent four months promoting and advertising the Program while the Minister of Employment and Immigration travelled across the country bragging about it, but it was four months before any information was given to those groups who are eligible to apply under the Program. It was four months before the Government completed the brochures that it would send to those eligible groups such as native communities, unions and small businesses. The Government spent much time advertising and promoting its Program but did little to take concrete action to provide jobs. As a result, almost six months after the Program was announced, only 4,000 or 5,000 jobs have been created. Canadians have spent a dismal winter of unemployment, and Unemployment Insurance benefits have been lost at a rate of up to 70,000 a month. However, in that same period the Government has created 4,000 or 5,000 jobs through that widely promoted Program.

We in the New Democratic Party believe that the Government does have a role to play in the economy. We believe that there must be job-creation programs implemented and that many Government workers are honestly trying to do a good job, despite what some Conservatives say. However, they are not being provided with the necessary leadership to make these programs work. The groundwork and preparation for the NEED Program should have been completed when it was announced in October. The Government should have been ready to proceed and create jobs for the winter we have just gone through. Once again, those jobs were not available because the Government failed to do the work that was initially required.

For that reason, the NDP cannot support this borrowing Bill. We cannot sanction giving a blank cheque to a Government which did not provide the proper leadership for the expenditure of the money it had last winter.

We have no knowledge of where this money will be spent. Will it be used to help the pensioners? We have already seen White Papers and Green Papers and pronouncements by Ministers on the needs of pensioners, but there has been no pension reform. Will the money be spent on medical services? We have heard announcements from the Minister of National Health and Welfare (Miss Bégin) about the need for a better health Act in the country. We have heard much about what she would do about extra billing and about doctors who opt out of medicare plans. Will the $14 billion be used to improve medical services? Will the Government use this, rather, to send out its message through news releases and other means about what it might do five years or six years down the road? If that is what it intends to do, then the money would be wasted. While the money is needed for pensions, medical services and jobs, we have absolutely no knowledge of where the Government's priorities lie.

Another indication of the Government's lack of planning is that this Bill has been brought before the House before we have seen the budget. Members should be aware of the Government's plans before giving it borrowing authority. We should not give the Government a blank cheque without knowing what it will do with the money.

We in the New Democratic Party want action and leadership for Canadians and direction for the Canadian economy. We want to help the unemployed in Schefferville, those people who have been laid off by a heartless company which had a heartless president. We want jobs for the people who have been laid off in Sault Ste Marie, Sudbury, Port Alberni, Leaf Rapids, Kamloops, Sydney, Windsor, Hamilton and Gimli. We want security for those in Winnipeg, Regina, and Toronto who fear losing their jobs. We want the Government to respond to the need for jobs and help those who want to keep their jobs. That help is not coming from the Government.

Action must be taken to help the farmers, such as the De Mings family in Manitoba whose farm is being foreclosed by the Royal Bank. That is a bank that has not paid one cent in federal income tax in the last year and has a $20 million tax credit which it can use to defer or prevent it from paying taxes in the coming year. Farmers are losing their farms to banks which are making record profits. At the same time, small businessmen are losing their businesses.

• (1250)

In closing—because I realize my allotted time has almost expired—what we are saying is that there are a number of Canadians who are facing a very difficult financial situation. They are losing their jobs, their customers, their farms, their offices and their businesses. We have sympathy for those Canadians, but we want more than sympathy, we want leadership from the Government. We do not want to give the Government money without any leadership. If it provides the leadership, then we will help to provide the dollars; but until then, we say "No, no, no" to more Government spending without a purpose.

Some Hon. Members: Hear, hear!

Mr. Cosgrove: Shame, shame, shame.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I rise to speak on Bill C-143, through which, as Your Honour knows, the Government is requesting $5 billion to take it to end of this month, and then $14 billion as an interim advance on next year's deficit. Your Honour will know that this Party is opposing this Bill and that we have proposed an amendment to reduce the $14 billion to $1. The $5 billion plus the carry-over will take the Government well into May, even into early June, and at that time it can come back to the House and quite properly request funds with documentation as to how that money will be spent.

Before the Hon. Member for Willowdale (Mr. Peterson) leaves, I want to address the point which he raised. He asked why Canadians cannot buy Canadian cars. The reason Canadians cannot buy Canadian cars is that the Liberal Government made a decision back in the early seventies that we would not go to the world price in energy. By that one decision made in

the early seventies to hold down and subsidize the price of oil in Canada, the Government is now taking away jobs from the automobile workers in Oshawa and southern Ontario.

Mr. Cosgrove: Do you want to charge them more for fuel?

Mr. Thacker: The reason is that that Government decision sent a message, sent signals to us as ordinary Canadians, to buy big cars and to the manufacturers to continue to produce those big cars. That is what the marketplace does.

Mr. Blais: What about the Americans? Tell us about the Americans.

Mr. Thacker: The United States made exactly the same mistake. Meanwhile, Japan, Germany and the other—

Mr. Blais: The Americans went to world prices.

Mr. Thacker: —countries that had to go to world price immediately turned their engineers and technicians toward building cheaper, more efficient cars, so that eight years later they were just whipping us in the marketplace because their cars were more fuel efficient.

If the Government gives a subsidy of 15 per cent, I can absolutely guarantee that that subsidy of 15 per cent will become an inefficiency of 15 per cent. Therefore, as those automobile workers line up in the unemployment lines and as they turn to welfare, as they must in some cases, they should know that that is the direct result of the Liberal Government's decision in the early seventies that we were not to be blackmailed by some Arabs. It was felt that that was an artificial market and that we were not to be subjected to that. However, there is an international marketplace, and now Canadians are paying to realize that lesson.

Your Honour remembers that Bill C-143 was closed out on second reading. Marathon sessions were held during the committee stage which finally ended, I believe, at two o'clock one morning. Now we are at the report stage and we have proposed the amendment to reduce the $14 billion to $1.

What is the purpose of Parliament? What was the historical reason for the development of Parliament? The reason is that there were monarchs. Power and decision-making was basically concentrated in a group comprised of the king and a small number of advisers. The people who were not within that small group, which received all of the benefits, were suffering. Therefore, gradually, over many hundreds of years, they rose up and called for representation. In fact, people fought and died for the power to be able to say to the monarchs, "No, you cannot place that tax on us". That is how Parliament came about. The primary purpose was to control the purse strings.

Nothing is different today. The primary purpose for our being here, each and every one of us, including those on the Government side, is to be able to go back to our constituents and account for every penny for which the Government is asking. Today the Government is asking for $14 billion, and neither you, Mr. Speaker, nor I can go back to our constituents and say: "The Government wants the $14 billion because of this, this and this". The Government will not tell us, and that is what is wrong with it. That is why each of us must stand up as individuals and say: "No way, Cabinet; we will not give you a cent until you tell us how you propose to spend it". That is our duty.

Liberal Members opposite will stand to defeat our amendment which is in line with that long, historical development. In the past, those who spoke for the people had their heads chopped off. In representing the people and Parliament, they went to the Crown and said: "No, you cannot have what you ask for", and so the monarch chopped off their heads. It is our duty to speak out today. I can assure the House that we will honour our duty to the people of Canada. However, one can be sure that Liberal backbenchers have given up their independence in order to keep a Cabinet in power which should have long since gone down the trail.

Mr. Cosgrove: I think the Hon. Member has lost his head.

Mr. Thacker: The nation is in deep trouble, but it was not always that way. Nor does it have to be in the future, because we have great resources. If we can elect for ourselves a Government which will free up people to get out and build, we can take off.

We must remember that in the late sixties, before the present Government came to power, there were balanced budgets. The national debt was just a drop in the bucket, yet at that time we had a sound post-secondary education system, hospital insurance, medicare, Old Age Security and Family Allowances. In short, we were a sound country. We were highly respected in the world and we were charging up the mountain with a great future ahead of us. Each of us, as young people graduating in those days, had half a dozen to a dozen jobs to choose from. It was a great place to be.

Now, some 15 years later, under the Liberal Party and Government, where are we? The yearly deficit is now over $30 billion. The accumulated national debt, if one adds in the Crown corporation debts, is over $2 billion. Almost one in every three tax dollars goes toward servicing the debt, which then concentrates wealth into the hands of people who already have money and lend it to their Government. Our post-secondary educational system, our hospital insurance, our medicare, all of those social infrastructures, are in deep trouble. Our senior citizens are having to pay for the mistakes.

The Government failed to realize those ancient lessons of history. We are not the first nation in the world to have gone through this situation. Many nations before have gone through it and have left their writings, going right back to the Bible, setting out the reasons why there should not be high interest rates. It is no accident that usury is a prohibition in the Bible. It is because people actually lived under it and experienced it. It was very horrific to them. Their Bible, written at the time through divine revelation, addressed the problem, stating that high interest rates were usurious. We know that high interest rates simply come from deficits. Government deficits lead to inflation, which leads to high interest rates, which lead to collapse.

S.O. 21

We are at the point of collapse because those idiots opposite fail to comprehend the lessons of history. They thought they could do as a Government what we all know within our own hearts we cannot do. They put a penalty on our children and on our grandchildren for which they will pay. There are seven million young Canadians between the ages of 18 and 33 who clearly see the penalty which has been put on their shoulders because of sheer stupidity and the grab for power—there is no more polite way of saying it. Like the monarchs of old, the Government is trying to concentrate decision-making. We, the people, will not put with it. The Government is going down the tube the minute there is an election.

I call it one o'clock, Mr. Speaker.

The Acting Speaker (Mr. Corbin): I should inform the Hon. Member that his allotted time has expired.

It being one o'clock p.m., I do now leave the chair until two o'clock p.m.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

ROUTINE PROCEEDINGS

[*Translation*]

OFFICIAL LANGUAGES

TABLING OF ANNUAL REPORT

Madam Speaker: I have the honour of laying on the Table of the House the Annual Report of the Commissioner of Official Languages for the calendar year 1982, and I may remind Hon. Members that pursuant to the provisions of Standing Order 46(4), this report shall be deemed to have been permanently referred to the Special Joint Committee on Official Languages.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—PROCESSING OF GRANTS FOR REMOVAL FROM HOMES

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, it has been estimated by Government officials that it now costs between $9,000 and $10,000 to remove urea formaldehyde foam insulation from a home, while the maximum grant allowed by the Government for this purpose is $5,000.

As of March 1, out of a total of 30,500 applications on file, only 3,200 grants had been processed and returned to the home owners, with another 1,000 in the processing stage. This is very slow progress indeed and should be rectified as soon as possible.

This may be an important factor in why an additional 30,000 such eligible home owners have not registered for the grant. It could be, as well, that they are not aware or have not been made fully aware of the potential health hazard of urea formaldehyde foam, and therefore their concerns have been minimal.

Taking all this into consideration, I would like to recommend to the Government that it extend the final date of registration past the deadline of June 30, 1983, to give more opportunity to those eligible home owners to register for the grant. This extension was recommended by the Health, Welfare and Social Affairs Committee.

Hopefully the Government will reverse its decision and take the advice of the Committee and, as well, give active consideration to increasing the grant so that it covers the full cost of the removal of the offensive insulation.

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EXTERNAL AFFAIRS

EL SALVADOR—PROVISION OF UNITED STATES MILITARY ASSISTANCE

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, President Reagan has recently stated that he might increase the number of American military advisers in El Salvador, as well as increase U.S. military assistance to that unfortunate country.

This comes at a time when flagrant human rights violations continue to take place, as exemplified in the recent killing of Marianella Garcia Villas, President of the El Salvador Human Rights Commission and a Vice-President of the International Federation of the Rights of Man, and after continuous denunciations by Pope John Paul II of foreign backing for the war in El Salvador.

In my view, the situation in El Salvador is indeed very critical and, if negotiations with all sides to this conflict are not initiated very soon, then the danger of increased escalation from outside forces, including those of the United States, will continue.

I, therefore, would like, on the eve of the visit of Vice President Bush, to call on the Prime Minister, the Secretary of State for External Affairs, and the Canadian Ambassador to the United States to make genuine and forceful representations to the present administration in the United States to increase their efforts in the search for a negotiated, rather than a military settlement in El Salvador.

EDUCATION

AMOUNT OF FEDERAL GOVERNMENT FUNDING

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, the Liberal Party proclaims its commitment to our post-secondary education system. This commitment, however, is not reflected in reality.

Statistics show that education was the single largest item in Government expenditures during 1970-1971 at 22.1 per cent. By 1979-1980 it was 17 per cent, and it has dropped even more today.

The Liberal decision to impose a six and five curb on post-secondary education translates into a further cutback of the money allocated to universities, $100 million in 1983-1984 and $250 million in 1984-1985. Indeed, last year the Government cut some $300 million by way of the revenue guarantee.

Canada needs more research development and highly qualified manpower to boost the economy's recovery. The Liberal decision to pass the brunt of budget cuts onto the post-secondary institutions renders its commitment meaningless and hypocritical.

For the past 15 years Canadians have been suffering the Liberal experiment with the economy. When it comes to attacks on education, the core of our very nation, it is important that we all say, "No."

* * *

THE ECONOMY

BUY CANADIAN PROGRAM URGED

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, two divergent approaches have been taken to curing the economic problems of the industrialized nations. At one extreme is Reaganomics. It finds many supporters in the Official Opposition.

An Hon. Member: And in the Liberals.

Mr. Peterson: But Americans have taught Canadians that monetarism and supply side economics are not the answer.

Mr. Blenkarn: Why are the Americans doing so well, then?

Mr. Peterson: At the other extreme is the French theory that Governments can spend a country out of recession. The NDP is a convert to this approach. The result is increased inflation and interest rates in France and an 8 per cent devaluation yesterday. This is a time for sanity.

Mr. Nielsen: Right.

Mr. Peterson: Our approach has been a dramatic decline in both inflation and the interest rates.

An Hon. Member: And the dollar.

Mr. Peterson: We know there is no quick fix. We can only earn our way to a more prosperous future. But can we do better? Yes.

Mr. Nielsen: Not you fellows—over here.

Mr. Peterson: And herein lies our hope.

To start with, each of us, as consumers, can shop Canadian. Why buy foreign food when our farm produce is the cheapest in the world? Why buy foreign cars when we make quality vehicles in Canada? Why should we not buy Canadian shoes and clothes?

Mr. Nielsen: And steel pipes.

Mr. Peterson: Made in Canada is a proud label. As consumers, each of us can help create new jobs in Canada; each of us can contribute to our economic recovery. We can help ourselves by helping our fellow Canadians.

Mr. Epp: We want Peterson in the cabinet.

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EXTERNAL AFFAIRS

HONDURAS AND NICARAGUA—RECOMMENDATIONS TO GOVERNMENT

Mr. Bob Ogle (Saskatoon East): Madam Speaker, as of this past week the heaviest fighting has taken place in Nicaragua since the overthrow of Somoza in 1979. The troops who are bringing the fighting into Nicaragua from Honduras are ex-Somozista guards. *Newsweek* and *The New York Times* have documented the fact that they are being supported by the CIA with finances, weapons, and advisers.

Today, Madam Speaker, I propose to the Government of Canada that Canada must seriously consider whether it should withold Government to Government bilateral aid to Honduras as long as Honduras permits these forces to use Honduras as their base against Nicaragua.

Secondly, I would ask the Government of Canada to put some muscle into the co-operation that it has promised to Mexico and Venezuela to bring about a ceasefire on that border.

Thirdly, I propose that the Government of Canada strongly protest to Vice President Bush tomorrow when he visits Canada about the U.S. involvement on that frontier.

Finally, I ask that the Government of Honduras sign the United Nations Agreement on Refugees. At the present time Honduras has not signed this agreement, which makes it very difficult for the U.N. to get inside that country where there are literally hundreds of thousands of refugees from several conflicts in the area.

In the light of that, and realizing that Honduras is the poorest country in Central America, I would hope that some of these recommendations that I have just made will be put into effect to promote peace in that country.

S.O. 21

ENVIRONMENTAL AFFAIRS

APPOINTMENT OF NEW HEAD OF U.S. ENVIRONMENTAL PROTECTION AGENCY

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, yesterday it was reported that President Reagan had appointed as head of the U.S. Environmental Protection Agency the man who had been its original administrator at its founding 12 years ago, Mr. William Ruckelshaus. I am sure that all of us who have a deep and critical interest in environmental matters welcome this appointment.

As you know from my many interventions in the House, Madam Speaker, environmental concerns, particularly the question of acid rain, are of pressing importance in my riding of Parry Sound-Muskoka. For this reason I have repeatedly urged the reconstitution of our own Subcommittee on Acid Rain, a step which this House saw fit to take last week. So now we have, on both sides of the border, a strengthening of the forces pressing for a resolution of these problems. I and my constituents take great satisfaction in this, Madam Speaker.

I want to commend the Minister responsible for his past efforts, and I want to call upon him to take advantage of these factors which have so quickly changed what had seemed to be a situation of deadlock. It is my hope that he will be meeting with the new head of the EPA in person in the very near future so that progress may be made toward what is, I am sure, our common goal of cleaner air and water all across our common continent of North America.

Madam Speaker: Order, please.

* * *

• (1410)

WELFARE

FEDERAL PAYMENTS TO NATIVE PEOPLE IN MANITOBA

Mr. Terry Sargeant (Selkirk-Interlake): Just recently, Madam Speaker, I received a letter from the Minister of Indian Affairs and Northern Development (Mr. Munro). In his letter, which was in reply to one I had sent him, the Minister outlined his policy regarding welfare payments to native people under the Canada Assistance Plan. This plan is cost-shared by the provincial and federal Governments with announcements on increases made by provincial officials.

By law, federal Government adjustments to native people receiving welfare must be made within two months of provincial adjustments. At the beginning of this year, welfare recipients in Manitoba received increases ranging from 7 per cent to 29 per cent based on the size of the family and the ages of children in that family. These increases became effective January 1 for everyone, except native people, who did not receive increases until March 1.

In reply to my question the Minister said that these increases will not be provided retroactively to cover the two-month period because of "the extensive work entailed in affecting rate changes". What this means in human terms is that native people, whose cheques are administered by the Winnipeg DIAND office, are being denied money paid to every other welfare recipient in the Province. I was extremely disappointed to learn the Minister's position on retroactivity.

We have heard a lot in recent weeks about the Government's desire to bargain in good faith with native people on constitutional matters. Those are important matters, Madam Speaker, but I would like to know when the Government and this particular Minister intend to act in good faith on bread and butter issues such as this one.

* * *

AGRICULTURE

CALL FOR MINISTER'S RESIGNATION

Mr. Jack Shields (Athabasca): Madam Speaker, Canadian agriculture is facing its most severe crisis in the history of Canada. Thousands of farmers have suffered forced sales and bankruptcies due to the crushing squeeze of soaring fuel costs, feed costs, and interest rates, against reduced prices for their goods. There is real concern about the continuing viability of the industry as a whole.

My Party has urged the Government to provide relief for our farmers by way of improving capital gains tax legislation, interest rate subsidies, agribonds, exemption from the excise tax on farm fuels, and a moratorium on foreclosures. Every suggestion falls on deaf ears. This Government has offered absolutely no relief for farmers and no hope for the agricultural industry.

My colleagues, the Hon. Member for Vegreville (Mr. Mazankowski), the Hon. Member for Kindersley-Lloydminster (Mr. McKnight), the Hon. Member for Wetaskiwin (Mr. Schellenberger), the Hon. Member for Red Deer (Mr. Towers), and the Hon. Member for Pembina (Mr. Elzinga), have repeatedly requested action from the Minister of Agriculture (Mr. Whelan).

Dairy farmers in northern Alberta have lost their market share quota, in many cases through no fault of their own, and are being heavily penalized to the extent of $28 per hectolitre for any production outside the market share quota. This is affecting almost 40 per cent of the producers in Northern Alberta. The Minister was asked to try to alleviate this problem by making recommendations to his Department. The Minister again abdicated his responsibilities to Canadian farmers and chose to ignore the problems of the very people he is supposed to represent in Cabinet.

It has become obvious that the Minister should resign and should be replaced by someone who is genuinely—

Madam Speaker: Order. Order, please.

[*Translation*]

ENERGY

SIGNING OF AGREEMENT BETWEEN QUEBEC AND U.S. NORTHEASTERN STATES

Mr. Pierre Gimaïel (Lac-Saint-Jean): Madam Speaker, last night, on the CBC news, I heard that the Premier of Quebec attended the signing of an agreement yesterday in the United States—in the northeastern states to be exact—for the sale of electric power by the Government of Quebec to our American neighbours, for the sum of $5 billion.

I am of course pleased that our power surpluses are being used, but what really worries me is that this is a long-term twenty-year agreement for the sale of a steady supply, not surplus power, to our neighbours to the South who will probably use it to expand industry in the states concerned.

I am very worried, Madam Speaker, especially since today Quebecers are paying exorbitant prices for their very own electric power. The Canadian Government has made a number of attempts, through legislation, to bring industry to Quebec and to the rest of Canada. In return, instead of taking advantage of the industrial potential of its electric power supply to attract the same companies, the Quebec Government is talking about a long-term contract for power sales over a period of twenty years, at a price guaranteed to be 80 per cent of the cost of producing the same power, using other sources of energy, in the United States.

I am concerned about my constituents, because I think we need the power, and furthermore, I fail to understand why the Leader of that Government who himself accused Maurice Duplessis of giving away our iron ore to the Americans, why he is now giving away our electric power, our only made-in-Quebec source of energy.

I therefore ask the Canadian Government to be—

Madam Speaker: Order.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

FORECAST OF INCREASED UNEMPLOYMENT—GOVERNMENT POSITION ON JOB CREATION PROJECTS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is directed to the Minister of Finance. Today the Conference Board of Canada reports that, while recovery is under way, it will be so modest that unemployment will rise even higher. One of the reasons for this is that Canadians are running scared that the tentative recovery which may be under way may be sabotaged by excessive stimulation which might reflate the economy and start interest rates rising again. People are afraid to call back workers, and they are afraid to hire new ones.

Informetrica has identified 73 projects due to start this year which are worth about $7 billion and could create at least 140,000 jobs. Will the Minister sit down with his officials and identify what action the Government can take to get these projects off the drawing board?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, this is what I have been doing in preparation for the budget. We are examining what steps will be appropriate to ensure that the recovery which is taking place will be even stronger than what is anticipated. What those steps will be, will be announced in the budget.

REQUEST FOR GOVERNMENT ACTION

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary is also directed to the Minister of Finance. My point is that some of these projects do not require a dime, or else very little money from the federal Treasury. They do not involve massive expenditures and stimulation in borrowing. Some of them involve the settlement of jurisdictional disputes. Others involve the removal of obstacles in the regulatory procedure, and they include such items as the natural gas pipeline in British Columbia, petrochemical and methanol plants in the Prairies, a water line in Saskatchewan, and the Hibernia-related projects in Newfoundland. Why does the Minister not identify the government actions which could take place and which could get the private sector started on these measures now with limited cost to the Treasury?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, there is nothing to prevent the Hibernia project from proceeding if the promoters are convinced that they are ready to proceed. They would only need to put an application before the National Energy Board and follow the normal procedures which are required. As far as the natural gas pipeline in British Columbia is concerned, again this is a decision which has to be taken by the Government of British Columbia, to begin with. As the Hon. Member knows, the Government of British Columbia has not yet decided what is the preferred option and is examining the matter at the present time.

I am happy that the Hon. Member recognizes that many of those projects do not necessarily require government funding. It is a matter for the sponsors to proceed with the necessary authorizations which are required, in some instances from the provincial Governments and in some other instances from the appropriate federal regulatory authorities. At the present time, as she knows, for instance, with regard to Hibernia, it is not the regulatory process which is delaying those projects at all.

GOVERNMENT BORROWING LEGISLATION

Miss Pat Carney (Vancouver Centre): Madam Speaker, my final supplementary question is directed to the Minister of Finance. It would be an absolute tragedy to lose the ground

which we have already gained, at such a terrible cost to Canadians in terms of lost jobs and lost incomes, by reflating the economy. One of the reasons those projects are not going ahead is because of fears that the Government will take action to start interest rates rising again. If the Minister is so unconcerned about this matter, could he tell us why he has before this House a Bill to borrow $19 billion, on which he has told us his Finance Department officials have done absolutely no impact studies? Why is he attempting to borrow $19 billion without any study on the impact of that borrowing on interest rates in this country?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, first of all, the Bill is being debated in this House, and the Hon. Member knows that questions are not usual in terms of Bills which are currently being debated before the House. I have no hesitation in telling her, however, that the reasons which she alleges for some of those projects not proceeding at the present time are completely wrong. It is not a matter of fear that interest rates might rise again that some of those projects are not proceeding.

Some of those projects are being delayed because of lack of demand for the product, for instance, in the mineral field. Some other projects are being delayed because the promoters are not convinced that they are ready to proceed with them or the provincial Governments concerned have not yet decided that it is appropriate to proceed with them, such as the natural gas pipeline in British Columbia. And I can mention a number of other projects.

[*Translation*]

If the Hon. Member has some specific projects which she would like the Government to consider, and if she has in mind specific examples of undue delays caused by administrative setbacks, I will be pleased to look into them and discuss them with her. But unless she can provide me with solid evidence, I maintain that her allegations are unfounded.

• (1420)

[*English*]

INVESTMENT IN CORPORATE SECTOR

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question is also for the Minister of Finance who will know that many companies in Canada are chronically short of capital and that, even if they were to get new orders, they would have a very difficult time employing more people and enlarging their facilities. Therefore, what action is the Minister intending to take or will he take to make it possible for people to invest in companies? What will he do to encourage new investment in the corporate sector?

Mr. Deans: How about the unused capacity?

Mr. Blenkarn: For example, will he abolish capital gains tax on new investment?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would suggest that my colleague wait for the budget speech to know what action I intend to take. He will then be able to make up his own mind as to whether the measures advocated will be adequate to cope with the problems which seem to cause him some concern.

[*English*]

REQUEST FOR MEASURES TO PROMOTE INVESTMENT

Mr. Don Blenkarn (Mississauga South): Madam Speaker, we have been waiting. For example, on December 13 the Minister said:

> We will also be proceeding with draft legislation for a registered shareholder investment plan under which the taxation of capital gains will be limited to the real after inflation gain. The Lortie Committee, to which I have referred already . . . endorsed such a plan—

He went on to say that he was going to adjust business taxation for inflation. How long do we have to wait for the Minister to carry on these explorations and studies? When will the Minister produce something which will make investment and growth possible again?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, it would help a lot if the Opposition, rather than filibuster the income tax amendments, would pass that Act and ensure that we can send $6 billion worth of refunds to the Canadian people. It would also help very much if the Opposition would agree to pass the Small Businesses Loans Act and the Small Business Investments Grants Act, which again they are filibustering and refusing to pass. I think these are very important steps that would help small business and help the Canadian consumer. I invite my hon. friends on the other side among the Conservative Party to assume that responsibility, and support the passage of those pieces of legislation on an urgent basis, because Canadian businessmen and consumers are waiting for those measures.

Some Hon. Members: Hear, hear!

ADVICE GIVEN BY PRESIDENT OF WORLD BANK

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is for the Minister of Finance. Yesterday the President of the World Bank acknowledged that Governments' battles against inflation have been extremely costly in terms of lost jobs. It also appears that he advised the Government not to stimulate the economy. Will the Minister tell the House what advice was given to the Government by the President of the World Bank, and what was the Government's response?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I can confirm that I had an hour and a half meeting with the President of the World Bank and his associates. I can tell the Leader of the New Democratic Party that there was no request for advice from the President of the World Bank as to what policy the Government of Canada should adopt, and the

President of the World Bank did not volunteer any particular advice to the Government of Canada in that regard.

I understand that the President of the World Bank was asked a question in a press conference and volunteered some information, to which the Hon. Member is referring. But I can tell my hon. friend that the purpose of the meeting had to do with the problem of financing the World Bank, particularly its aid program, and how developed countries could take steps to ensure that they could continue to support the World Bank in its activities relating to the problems of developing countries. This was the purpose of Mr. Clausen's trip, and these were the issues discussed in the course of our meeting. At no time was there any discussion with me as to what was an appropriate policy for the Government of Canada in the current circumstances.

INQUIRY RESPECTING GOVERNMENT'S BUDGETARY INTENTIONS

Hon. Edward Broadbent (Oshawa): Madam Speaker, despite the fact that certain institutions and people, including the Government, are saying that there are signs of recovery in the present year, there are others such as, most recently, the Conference Board, who have indicated, quite accurately, that unless there is a significant change in Government policy the current high levels of unemployment will be maintained or they may actually get worse this year.

In preparing his budget will the Minister assure the House that there will be two kinds of distinctive measures in that budget—one set of specific measures to create immediate jobs in the short run, and another set of measures which will deal with serious structural problems in the Canadian economy and provide for some long-range changes guaranteeing long-range job security?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I should tell the Hon. Member that forecasters both here and abroad expect the unemployment rate to remain high not only next year but for a number of years after that, be it in the United States, in Europe or in Canada. According to most forecasters, the recession has brought about not only a high level of unemployment but also some structural changes which make it difficult for workers to adapt themselves. This phenomenon is now common to all industrialized countries. I can tell my colleague that it is an issue which causes me serious concern in the preparation of my budget and that I will try to find solutions.

As to whether the measures proposed are likely to meet the two objectives indicated by my colleague, again I urge him to wait for the budget, and I hope that the measures I will announce then will satisfy him and meet his objectives.

• (1430)

[*English*]

LONG-RANGE POLICY

Hon. Edward Broadbent (Oshawa): Madam Speaker, my last question concerns the long run. In 1980 the Liberal Party promised an industrial strategy, but shortly after the election it was abandoned and, in its place, there was a series of ad hoc measures which, to understate it considerably, have not produced the kind of job opportunities that Canadians desire. Is the Minister, when he answered as he did just a minute ago, now telling the people of Canada that when we get the budget after Easter he, as Minister of Finance, will lay down for the first time in Canada a long-range policy whose purpose is to deal with the serious structural problems in the Canadian economy?

Hon. Marc Lalonde (Minister of Finance): What I have said, Madam Speaker, is that the Hon. Member will have to conclude for himself, when he hears the budget, whether it meets that objective or not. However, I have already indicated in several answers in the past that, in my view, we were risking looking for the Saint Graal if we were hoping for the development or presentation of a totally integrated industrial strategy. I felt that probably the better solution for Canada and most other countries was to work on industrial strategies, that is, we had to work at various sectors, identify our strengths, and try to build on those strengths and propose policies which would further strengthen those strong elements of our economy. I think this is probably a more realistic and more effective way of addressing this particular issue.

As to whether the budget will address this appropriately, I again invite my hon. friend to reach his own conclusion when he hears the budget.

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[*Translation*]

FEDERAL-PROVINCIAL AFFAIRS

GOVERNMENT CONTRIBUTIONS TO VARIOUS PROVINCIAL PROGRAMS

Mr. Gérald Laniel (Beauharnois-Salaberry): Madam Speaker, I should like to direct a question to the Right Hon. Prime Minister.

In view of the joint statement made last week-end by Messrs. Jacques Léonard and Jacques-Yvan Morin, respectively Minister of Municipal Affairs and Minister of Intergovernmental Affairs in the Quebec Government, to the effect that Quebec municipalities will not be allowed to receive direct subsidies from the Federal Government, I would like the Right Hon. Prime Minister to give Hon. Members the assurance that federal subsidies will always be identified with the Government of Canada and paid directly, so that Canadians living in the province of Quebec or elsewhere in this country may know of the Federal Government contributions to various provincial

programs, something Quebec and a number of other provinces consistently refuse to do.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can give the Hon. Member the assurance that the practice he is recommending is exactly the one which we have followed for some time and which we will continue to follow. That is a practice which I had fully explained at the Federal-Provincial Conference of First Ministers last year, and I can tell the Canadian taxpayers that they have a right to know where their tax dollars go, and that if the various provinces, especially the province the Hon. Member has just mentioned refuse to identify for the benefit of Canadian taxpayers the federal contributions to federal-provincial projects, we will find a way to spend these funds without their co-operation.

* * *

[*English*]

EDUCATION

EFFECT OF GOVERNMENT RESTRAINT GUIDELINES ON ACCESSIBILITY TO UNIVERSITIES

Mr. Walter McLean (Waterloo): Madam Speaker, my question is for the Secretary of State. He will be aware that last summer his predecessor made a commitment to the Canadian Federation of Students to introduce a $250 million federal bursary program as additional aid to post-secondary students in Canada. On Friday the Secretary of State changed that promise. He offered merely to guarantee $60 million of additional bank loans to Canadian students.

Since the Government will stand to save some $350 million by putting the EPF transfers under the six and five program and, as was mentioned in the House yesterday and today, graduates face record levels of unemployment, how can the Minister claim to be encouraging greater accessibility to Canadian universities and community colleges?

[*Translation*]

Hon. Serge Joyal (Secretary of State): Madam Speaker, in the last few months, I have had many contacts with the provincial Ministers of Education, and at our meeting of January 23 in Victoria, we agreed on a formula for supplementary assistance to students, which seemed to us mutually acceptable in the present budgetary circumstances. On February 8, the Ontario Minister of Education sent me a letter in which she confirmed provincial acceptance of last January proposals. It is true that this matter was negotiated, discussed and examined by representatives of the provinces and the Canadian Government for a few months, but within the present budget, the support provided by the Canadian Government will be amply sufficient to meet whatever additional requirements have come to light during the last year.

[*English*]

Mr. McLean: Madam Speaker, the Secretary of State responds to the dialogue with the Provinces but ignores the dialogue with the students of Canada and the promises and commitments that were made to them.

INTRODUCTION OF AMENDING LEGISLATION

Mr. Walter McLean (Waterloo): Madam Speaker, I have a supplementary question for the Minister. Since so many students do not have any hope of employment and since an announcement has been made without any definition of how that fund, limited as it is, and acceptable to the Provinces as the limited amount might be, will be applied, when will the Minister give us a definition? When will the amendments be tabled in the House so that student aid award officers and students planning their future with this meagre amount of money can get on with it?

[*Translation*]

Hon. Serge Joyal (Secretary of State): Madam Speaker, I would like to point out to the Hon. Member that he is forgetting the additional amounts which were announced by my colleague, the Minister of Employment and Immigration, only 15 days ago and which will increase the aid to student employment next summer from $100 million to $170 million. Moreover last year, this House was asked to approve supplementary estimates of $30 million in addition to the $120 million already provided in the estimates and that we have just proposed a further increase of $60 million dollars over a period of two years. Consequently, I do not believe that the Government has failed in its obligation to meet students' requirements. On the other hand, the Hon. Member has alleged that I have not heeded the students' requests. However, I have met with them a few times in the last few months to inform them about my discussions and negotiations with the provinces and they have never been left in the dark.

Finally, with regards to the particular conditions which will apply to these $60 million, I am having discussions with my colleague, the Government House Leader, to have the details of these amendments tabled at the first opportunity so that the House may debate them and these measures can become effective at the beginning of the next term this September.

* * *

[*English*]

AIRPORTS

MIRABEL—REDISTRIBUTION OF EXPROPRIATED FAMILY FARMS

Mr. Scott Fennell (Ontario): Madam Speaker, in the absence of the Minister of Public Works I should like to address my question to the Minister of Communications because he has a great deal of knowledge about the subject. Part of his riding is known as Mirabel. In that riding there has already been a thousand subdivisions of family farms that have been split into either two or three units. This has been done by Mr. Goyer's Canada Lands Corporation. I wonder if the Minister of Communications could request the Minister of

Public Works to stop this breaking up of the original family farms and not allow Mr. Goyer to break them up into small pieces as he is doing.

[*Translation*]

Mr. Jean-Claude Malépart (Parliamentary Secretary to Minister of Public Works): Madam Speaker, I can inform the Hon. Member that the Government is working with local people, including farmers, municipal authorities and people living in the Mirabel area. As for his specific question, as soon as the information is received, it will be sent to the Hon. Member. However, I can give the House the assurance that Members from the area are keeping a close watch on the development of Mirabel.

[*English*]

REQUEST THAT PRIME MINISTER INTERVENE

Mr. Scott Fennell (Ontario): Madam Speaker, I should like to address my question to the Prime Minister, and point out to him the immorality of what is transpiring in the Province of Quebec. Farms are being broken up into three pieces. Homes are being sold to civil servants and, in turn, are being sold again. Would the Prime Minister please request the Minister of Public Works to have a full parliamentary commission on the disposition of the 80,000 acres at Mirabel?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I apologize. I had not heard the previous exchange, but I will certainly take notice of the question.

* * *

BANKS AND BANKING

USE OF BANKS' PROFITS IN CREATION OF JOBS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I should like to put a question to the Minister of Finance. He will be aware that Canada's five major chartered banks earned $1.5 billion in profits and paid a tax rate of about 8 per cent, which was the same tax rate as was paid by Canadians who lost their jobs last year and who had to spend the entire year on UIC.

He will also be aware that recently bank officials have been very concerned that the amount of interest they will recover from last year's loans may make their profits go as high as $2.6 billion, which is more than $1 billion over last year. Last week the Minister of Finance defended these high profits and low tax rates by saying that he was interested in having his Government "create an environment in which the private sector will continue to invest and to create jobs for Canadians". The Government has been told that the private sector has indicated that it will invest less this year than it did in 1982.

Will the Minister of Finance tell Canadians how he intends to see that the profits accruing to the banks will go to create jobs?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am happy to see that today my hon. friend is neither in a book ripping or book burning mood. He raised a question last week concerning the chartered banks. I indicated that a lot of the profit results from the arrangements that have been made whereby banks were allowed to make loans at very low rates, to the small business sector in particular. The rates were well below the going rate and were offered in exchange for the non-taxation of interest on loans that were made to the small business sector.

Those loans have been made to the Canadian small business sector, have benefited the Canadian economy, are benefiting the Canadian economy at the present time, and are contributing to maintaining and creating jobs in the small business sector.

In addition, because of the seriousness of the recession, the banks have had to provide for large potential losses on their loans. Those credits against potential losses have resulted in a lower income from the banks subject to taxation. If the banks are not going to face those losses, obviously that money is going to come back into the profits that will be subject to taxation. But these have been made under current accounting practices for the banks to maintain their viability and to secure the confidence of people in the banks in Canada. If losses are not occurring, they will go back into profits and be taxed.

• (1440)

Mr. Riis: The Minister of Finance knows full well that the small business community in attempting to obtain Small Business Bonds finds it an impossibility. I will bet him an autographed picture of Governor Bouey that he cannot find a single bank which is prepared to offer him a Small Business Bond, because they are simply not doing it.

PROPOSAL TO IMPOSE WINDFALL PROFITS TAX

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, the interest rates whereby the banks are collecting these huge profits have destroyed the lives of many Canadians who have lost homes, jobs, businesses and farms, while the banks have continued to argue that they could not afford to reduce the amount of interest they have been collecting. If there is any justification for the outrageous imbalance between the cost to individual Canadians and the profit to Canadian banks resulting from high interest rates, will the Minister of Finance at least agree to recapture that money from the banks through a windfall profits tax so that it can be funnelled into helping Canadians to regain lost jobs, to pay off their mortgages, and to restore some semblance of fairness to our tax system?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I will take the Hon. Member's representation as a suggestion. I will certainly examine it, but for the record I would like to read back to him the report of the parliamentary Committee which studied the situation of the banks a few months ago.

Some Hon. Members: Oh, oh!

Mr. Lalonde: That Committee of the House reported that "high profits were not earned to the detriment of Canadian consumers or businesses" and that "the most consistent and comprehensive data at the Committee's disposal indicates that Canadian banks are not overly profitable when compared to banks in the rest of the world". That is a report from a Committee of this House, on which there were Members of Parliament from all sides of the House.

Some Hon. Members: Oh, oh!

Mr. Lalonde: If the Hon. Member does not even want to have respect for the work of the Committees of the House, I think it is a judgment on himself.

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DISARMAMENT

PROPOSAL TO LIMIT NUMBER OF NUCLEAR MISSILES

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, my question is directed to the Secretary of State for External Affairs. Last summer at the IMF talks in Geneva, Russian and American negotiators came to a private arrangement whereby only 75 launchers or missiles would be deployed on each side.

Miss MacDonald: Why the IMF?

Mr. McRae: Apparently this was accepted by the joint Chiefs of Staff from the United States, was rejected by the Reagan Government, and then subsequently rejected by the Russian Government. However, it is still considered to be a very viable proposal.

When the Minister is talking with Mr. Bush tomorrow, would he put this kind of proposal before him and suggest to him that it has far more chance of success than virtually sticking to the zero option?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the proposal or the ideas which were developed between the two negotiators have been rejected, as the Hon. Member knows, both by Washington and by Moscow. The ideas of their own negotiators did not find favour in their respective capitals. Tomorrow, in our discussions with the United States Vice-President, we intend to raise this particular proposal and others which may have merit, in an effort to break the deadlock that now appears to exist at the talks in Geneva.

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EXTERNAL AFFAIRS

MEXICO—ATTACK ON CANADIAN TOURIST

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is for the Secretary of State for External Affairs. Last week officials from his Department met with police authorities in Acapulco, Mexico, to discuss recent attacks on Canadian tourists. I ask the Minister what was the outcome of that meeting? What guarantees did he get from Mexican authorities to protect our citizens while visiting that country?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, if I recall accurately, the Hon. Member is referring to a particular case of a Canadian who was attacked in Acapulco while walking on a beach. Obviously there are some of these incidents. We are taking our responsibilities seriously in drawing them to the attention of the Mexican authorities. Nevertheless, the preservation of law and order and the enforcement of the law are matters for the Mexican authorities. We are raising these points with them as occasion warrants it.

Mr. Scott (Victoria-Haliburton): What the Minister stated about the incident that occurred last week is true. This man can be described as a very happy-go-lucky man. He is a constituent whom I know very well, but I think too many Canadians are being received very shabbily and attacked by people.

PROTECTION OF VISITORS

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, in a country with which we have as close a relationship as we have with Mexico, I think the Minister's Department should be a little more forceful in bringing a matter such as this to their attention. We grant Mexicans in this country respect and protection by the laws of our country. We should ask them to do likewise.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member is perfectly right, that we expect the authorities of other countries to protect our citizens when they travel in those countries as they have a right to the same treatment in Canada. But, even with the best of intentions, there do occur attacks, there do occur woundings, and in some cases murders. We have some instances in Canada where terrorists have come to this country and have particularly sought out representatives of the Turkish Government for attacks. Even though our authorities are doing their very best, sometimes it is not possible to avoid these very unfortunate incidents.

I certainly appreciate what he has to say, but I do not think we can have a total commitment from any Government, including our own Government and our own police authorities, that no incidents of that type will happen, either to visitors or to citizens of this country.

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TRANSPORT

PROPOSAL TO BUILD MONORAIL FACTORY IN CALGARY

Mr. Jim Hawkes (Calgary West): Madam Speaker, my question is directed to the Minister of Transport. He will know

that a firm wants to build a free monorail in Calgary which involves a factory and several hundred Canadian jobs. The difficulty is that the approvals from the Department of Transport have been slow. There is now some danger that we will lose that factory and those jobs to Philadelphia. Can the Minister tell us what he is doing to speed up the approvals and keep those jobs in Canada?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will not deny the validity of the judgment passed on this particular item, but a meeting will be held in Ottawa next week and decisions will be made at that time.

Mr. Hawkes: I am glad to hear that from the Minister.

DELAY IN HOLDING MEETING

Mr. Jim Hawkes (Calgary West): Madam Speaker, may I ask why it has taken six months to have that kind of meeting?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have not gone personally into the details of it, but apparently the conversations which took place were too long.

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CANADIAN WHEAT BOARD

INITIAL PRICE OF GRAIN

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, my question is directed to the Minister of Transport. The other day I asked him whether there would be an announcement about the initial price of grains. Since then the Senator responsible for the Canadian Wheat Board has indicated that farmers will not be receiving a 6 per cent or even a 5 per cent increase but that they will be receiving a dramatic drop of 70 cents to 80 cents per bushel of wheat.

In view of the fact that there are no increases in the price of grain, no assurances of an absence of strikes so that deliveries will continue, and in view of the beating farmers have received as a result of energy costs and interest rate increases, does the Minister want to proceed at this particular time to provide guaranteed revenues to railways and fertilizer companies, even though farmers cannot afford fertilizer themselves? What does he intend to do for farmers who will go bankrupt, and where does he intend to place them, in view of the high unemployment?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, of course I will only reply to the question pertaining to initial payment. The question raised a few days ago by my hon. friend was on that subject. The answer to it is that Cabinet is being seized now of suggestions by the Minister responsible for the Wheat Board.

Mr. Nielsen: It has been seized for three years now.

Mr. Pepin: If the usual speed is observed in this particular instance, we will have a decision in the coming days which will be earlier than in some years and not as early as in others.

• (1450)

RAILWAYS

CROWSNEST PASS RATE—REQUEST FOR POSTPONEMENT OF CHANGE

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, in view of the fact that in 1980 federal subsidies for transport totalled $2.4 billion, of which $278 million went for grain, $971 for air; $335 million for marine, and $547 for VIA Rail and CN Marine, and since the Prime Minister promised in the 1980 election to doubletrack—

Mr. Broadbent: Doublecross and doubletrack.

Mr. Korchinski: —but he did not mention anything about tempering with the Crow, does the Minister not think that the Government has an obligation on the basis of his promise not to proceed with any development, to await any tampering, pending any mandate the Government might receive in a future election?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am sure you will not allow me to debate this afternoon which sector of the Canadian economy is most subsidized by the Government. I think the majority of the people will recognize that the grain industry has had its fair share of government support in the past. Be that as it may, that share will be increased substantially when the Bill, about which everybody is talking, is passed by this House in due time. The degree of support of the Government would then be raised to close to $1 billion a year, which is pretty high by everybody's standards.

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CANADA-UNITED STATES TEST AND EVALUATION PROGRAM

CRUISE MISSILE TESTING

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is for the Prime Minister. In his talks with United States Vice-President Bush tomorrow, will he make it as clear to the Vice-President, as he has to this House, that the Government has not agreed to Cruise missile testing, nor is it committed to such testing, and that, if in the future the Government should refuse a request made to it to test the Cruise, such a refusal would in no way breach any of the Government's commitments?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think from previous answers the Hon. Member can rest assured that I would be repeating myself if I told the Vice-

President that there had been no cabinet agreement not to test the Cruise. But I doubt whether the Vice-President will argue the contrary. After all, the Americans have signed an umbrella agreement which makes it quite clear that, if they want to test certain arms systems, including the Cruise, they would have to come to us and ask for it.

INQUIRY RESPECTING CANADIAN COMMITMENTS

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I specifically asked the Prime Minister if in the event of such a request, and assuming Canada refused it, in refusing the request to test would the Government in no way at all be breaching any of its commitments. It is on that specifically I hoped to have an answer since the U.S. Ambassador to Canada has suggested we would be breaching our commitments.

While the Prime Minister is on his feet, would he be good enough to explain a response made by the Deputy Prime Minister yesterday. In conversations with the U.S. Vice-President tomorrow on the Geneva negotiations, the Secretary of State for External Affairs said Canada would be putting forth its views? Could the Prime Minister tell us what those views are? Does Canada now agree with NATO Secretary General Luns that the zero option is unattainable? I would like to know what Canada's views will be in these discussions with the U.S. Vice-President.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, on the first part of the question I can reassure the Hon. Member that if a case arises I would say that I am prepared to say publicly that, if we do not agree to test the Cruise, there will be no reneging on any commitment, because I have said repeatedly there is no commitment to test the Cruise.

As to the second part of the question, there are many aspects to the views that we will be putting forward. Some of them are contained in statements made by myself or by the Secretary of State for External Affairs. I made some in the course of last year, on disarmament. I made some at the United Nations and some at Notre Dame University. They all emphasize the importance for both sides to be negotiating very seriously toward disarmament, in other words, that the first track of the NATO decision of December, 1979, was extraordinarily important to us if we were going to be expected to look at the second track.

In so far as the zero option is concerned, I remember arguing at Bonn that the Canadian position was not necessary that the zero option had to be the result of the negotiations. It was a starting point. It was ideally, probably the best, that there be no weapons on either side. But we staked out our position quite carefully that it was not the only position and that it should not be used to prevent a meaningful negotiation.

Miss Jewett: Unattainable.

INDUSTRY

ALBERTA EDIBLE OIL PROCESSING FACILITY

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce. The Minister has been considering an application under the nutritive processing agreement for an edible oil processing facility in Wainwright, Alberta. Could the Minister tell us whether he has completed his assessment of that application? Could he tell us when a decision will be made and, if a decision has been made, could he indicate to the House the status of his decision?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the nutritive processing agreement has been an excellent example of the co-operation between the Province of Alberta and the Government of Canada, creating something like 1,500 jobs over the past six years and over 300 applications. The application on whose behalf the Hon. Member, both in the House and previously, has made recommendations, as well as his provincial colleagues, the Minister of Agriculture and the Minister of Economic Development, is one on which I hope we can have a positive solution in our negotiations this week.

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FREEDOM OF INFORMATION

PREPARATION OF DEPARTMENTAL GUIDELINES AND PROCEDURES

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is for the President of the Treasury Board. It has to do with the implementation of the Freedom of Information Act, namely, Bill C-43. Is it the intention of the Government to allow each individual Department of Government to prepare its own directives, guidelines and procedures, or will those guidelines and procedures be prepared by the central agency, namely, the Treasury Board? If the latter is the case, when they are prepared will the hon. gentleman arrange for their tabling in the House of Commons?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, the approach I am taking is to have a high degree of centralization of the rules and procedures. I will get to my hon. friend as soon as possible about the possibility of tabling the information.

PROCEDURES APPLICABLE TO REGIONAL OFFICES

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, one of the problems one can foresee is the fact that a great deal of the information under the control of a Department or Government is in the regional offices and other components which are spread across the country. Can the hon. gentleman assure the House that steps are being taken so that information in the regional offices of Departments and agencies will be

just as available upon an application, say, under freedom of information, as information is in offices in the National Capital district?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, this is the approach we are pursuing in the context of the Act as adopted by Parliament. I think the Hon. Member has raised a very useful point in that regard.

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INDUSTRY

MAISLIN INDUSTRIES—ABILITY TO MEET FINANCIAL COMMITMENTS

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have a question for the Minister of—I am sorry I have forgotten his portfolio. Is it International Trade?

Some Hon. Members: Oh, oh!

Madam Speaker: It is Industry, Trade and Commerce.

Mr. Nielsen: Thank you. I have a question for the Minister of Industry, Trade and Commerce. It has to do with Maislin, Madam Speaker. Can the Minister tell us whether he has received any indication as to whether Maislin is in a position to meet its financial commitments or otherwise? If so, what indications has he received?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I would like to respond to the Leader of whatever title he holds.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Lumley: The answer is that I have no indication at this point in time that Maislin will not meet its present financial obligations.

SECURITY OF GOVERNMENT LOAN GUARANTEE

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, is the Minister at all concerned about the $34 million commitment in taxpayers' dollars this Government has given to Maislin, and will he take an interest and make inquiries as to the financial position of that company? Will he take an interest and see whether or not, on behalf of Canadian taxpayers, that $34 million is in any jeopardy of being lost to them?

• (1500)

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, we take a very serious interest, not only from the taxpayers' standpoint with respect to the Government guarantee of $34 million but also the 2,000 jobs that are very important to this country. There is an interdepartmental committee which is chaired by one of my officials who is in communication with Maislin on a monthly basis.

Obviously, like a lot of other trucking companies, they are experiencing financial difficulty. That is why they had to come to the Government of Canada in the first place. I share with the Hon. Member our concern over the survival of that company.

REQUEST THAT MINISTER MAKE INQUIRIES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, will the Minister take a sufficient interest to make inquiries of his official and to inform the House tomorrow what the indications are of the financial stability of Maislin, and thus perhaps give some reassurance to Canadians that their $34 million is safe?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as I indicated in answer to a question from one of his colleagues last Thursday or Friday, I believe, the new president of the company is preparing a five-year forecast because we did not find the previous five-year forecast acceptable. I believe that will be available some time around the first of April.

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PRIVILEGE

MR. MACKASEY—PAID LOBBYIST ALLEGATION IN MONTREAL "GAZETTE"—RULING BY MADAM SPEAKER

Madam Speaker: I wish to rule today on the question of privilege which was raised in the House by the Hon. Member for Lincoln (Mr. Mackasey) in which he alleged that false and libellous accusations against him had been published in the Montreal *Gazette*.

This case, which is certainly a serious one, poses a number of difficulties for the Chair. The first difficulty that I have is, of course, the time at which it was raised but, for obvious reasons, I will not take that into consideration at the present time.

A reflection upon the reputation of an Hon. Member is a matter of great concern to all Members of the House. It places the entire institution under a cloud, as it suggests that among the Members of the House there are some who are unworthy to sit there. An allegation of criminal or other dishonourable conduct inevitably affects the Member's ability to function effectively while the matter remains unresolved.

In this connection I would quote from a memorandum submitted by a parliamentary expert, Mr. L. A. Abraham, to the British Select Committee on Parliamentary Privilege which reported in December, 1967, the following:

> The object of an action for defamation is to obtain for the plaintiff compensation for the loss of that esteem in which other people previously held him. But when the House proceeds against a person who has published a libel on a

Member in his capacity as a Member it is not moved by concern for the injury to the Member's reputation, nor is its object to secure reparation therefor . . .

No, the reason for treating libels on Members in their capacity as Members as contempts is their tendency to obstruct Members in the performance of their functions by bringing them into hatred, contempt or ridicule . . .

Bearing in mind the dilatoriness and uncertainty of litigation, the possibility of the defamed Member's succeeding in an action for defamation cannot be regarded as an adequate substitute for the summary infliction of punishment by the House itself as a means of preventing Members from being obstructed in the performance of their functions.

On the face of it, this argument would appear to be conclusive justification for a finding that a prima facie case of breach of privilege exists following the submission of the Hon. Member for Lincoln. However, against this the Chair must take into account the full scope of parliamentary privilege and weigh the special rights of Members of Parliament against the rights of their fellow citizens.

The effect of parliamentary privilege is to place a Member of Parliament above the law in circumstances where it provides his only protection in the fulfilment of his duties as a Member. It is not designed to create a privileged class of citizens as such. The Member enjoys his privileges on behalf of those he represents, not for his personal advantage. Defamation of a Member of Parliament certainly falls within the ambit of privilege. However, where a Member has a remedy which would be available in similar circumstances to other citizens, he would as a general rule be well advised to seek that remedy rather than invoke parliamentary privilege.

I should like to read an extract from the report of the British Select Committee on Parliamentary Privilege to which I have already referred. Referring to cases which defame a Member or an identifiable group of Members in respect to their parliamentary duties, the report had this to say:

This has in recent times been one of the more publicized occasions for the exercise by Members of their right to invoke Parliament's penal jurisdiction. Your Committee cannot, however, accept that in normal cases it is an essential protection for the House or its Members that they should be able to invoke this jurisdiction when it is open to them, as it is to any other citizen, to take proceedings for defamation in the courts of law. Libels of the character described are, it is true, often couched in intemperate language. But the grosser the libel, the heavier the damages which the courts are likely to award; and if the libel is likely to be repeated, the courts have ample power to prevent the repetition by injunction and, if need be, by committal. Your Committee recommend that in the ordinary case where a Member has a remedy in the courts, he should not be permitted to invoke the penal jurisdiction of the House in lieu of or in addition to the exercise of that remedy.

The report goes on to say:

For example, a Member who has been libelled may be met in the courts by a defence of "justification" or "fair comment upon a matter of public interest". In Your Committee's opinion it would be an indefensible abuse of power if a Member could evade such a defence by invoking the penal jurisdiction of the House.

The citizen has prima facie a right to make fair comment upon such activity of a Member as is a matter of public interest; his right is even stronger to speak and publish the truth of a Member's conduct. These rights should not in the normal way be defeated by the use of the penal jurisdiction of the House. The exceptions to this general principle are likely to be rare. But if the rights of a citizen, though enforceable in the courts of law, are so exercised as to be likely improperly to obstruct the Member in the performance of his Parliamentary duty, it must be within the power of the House to restrain him.

The question for the Chair to determine, therefore, is whether the Hon. Member for Lincoln should seek his remedy through the courts, or whether, in order to bring the matter to a swifter resolution, the Chair should accord this question of privilege precedence over other business.

I should like to quote from a ruling of my predecessor given on July 23, 1977, which conforms to the main thrust of the British Select Committee Report. He said:

I have said many times that the intent and clear purport of the language—the language referred to being that of the Select Committee Report I have just cited—is that the protection of an elected person against unwarranted or intemperate publicity, even abuses or defamatory publicity, is precisely that which is enjoyed by every citizen before our courts. No more, no less.

Searching further into our own precedents I find that on July 24, 1975, my predecessor found a prima facie case to exist as a result of an article, also published in the Montreal *Gazette*, which claimed that an Honourable Member had leaked budget information to certain businessmen.

In another case raised on April 22, 1980, another Hon. Member raised a question of privilege concerning his interest in a Winnipeg hotel and certain transactions which had taken place relating to it. In that case, although the Chair had not rendered a decision on the issue of prima facie, the subject matter of the question was referred to the Standing Committee on Privileges and Elections with the unanimous consent of the House.

One point I think should be emphasized. If this matter is referred to the Standing Committee on Privileges and Elections, whatever its findings they would in no way prejudice the rights of the litigants in a possible action for defamation.

On March 17, 1983 the Hon. Leader of the Opposition (Mr. Nielsen) drew the attention of the Chair to the possibility of the matter raised by the Hon. Member for Lincoln being sub judice because of certain bankruptcy proceedings currently before the courts. While I appreciate the point raised by the Hon. Leader of the Opposition, I would point out that the House has never allowed the sub judice convention to stand in the way of its consideration of a matter vital to the public interest or to the effective operation of the House and its Members.

Given the precedents I have studied, it is clear to me that while the Hon. Member could seek a remedy in the courts, he cannot function effectively as a Member while this slur upon his reputation remains. The process of litigation would probably be very lengthy and there is no knowing how long it would take before the issue was finally resolved.

I have therefore decided, in spite of the reservations I have expressed, that this complaint should be given precedence as a prima facie case of privilege in order to provide the Hon. Member with the speediest possible route toward the re-establishment of his reputation. I am prepared to entertain a motion to refer this matter to the Standing Committee on Privileges and Elections.

• (1510)

Hon. Bryce Mackasey (Lincoln): Madam Speaker, I move, seconded by the Hon. Member for Don Valley East (Mr. Smith):

That the allegations in the Montreal *Gazette* on March 10, March 11 and March 12 of 1983 that the Hon. Member for Lincoln owned 109609 Company Canada Limited and, through that company, while being a Member of the House of Commons, was a paid lobbyist, be referred to the Standing Committee on Privileges and Elections.

Madam Speaker: The House has heard the terms of the said motion. Is it the pleasure of the House to adopt the motion?

Mr. Doug Lewis (Simcoe North): Madam Speaker, we have now had an opportunity to hear Your Honour's ruling, and I am sure the House will appreciate the fact that when this matter was first raised by the Hon. Member for Lincoln (Mr. Mackasey), our Leader in the House indicated his concerns as a Member of this House with respect to all the obligations falling upon this House to treat an Hon. Member fairly. I can assure you, Madam Speaker, that people on this side of the House want this matter to be dealt with fairly.

In the interests of seeing that what the Hon. Member wants done is done, I would suggest to the House and to my colleagues, the House Leaders for the Government side and for the New Democratic Party, that before we proceed into debate we should have a 24-hour moratorium on debate so that we can get together and discuss the terms of reference of the motion, the rounding out of the motion.

Quite frankly, in reviewing the motion prior to today, we wondered whether in fact the motion did all that the Hon. Member wanted it to do in terms of clearing his name of the charges the *Gazette* alleges. I point out to the House that in my own case, after study of three articles, I found some ten instances giving me cause for concern as to whether a motion such as that which the Hon. Member has presented to the House would in fact do what he wants it to do. Therefore, from that standpoint I say to the Government House Leader that if the House wants to clear the Hon. Member's name—that is obviously the object of the exercise in speaking to the motion—we feel that the motion should be broad enough to do that in a way which is fair to the Hon. Member and, I would also suggest, fair to the members of the Committee. It seems to us, after reviewing the precedents, that the Committee would be delving into some new ground. We feel that if this is so, it should delve into that new ground with a motion which does what the Hon. Member wants and with terms of reference which do what the House wants, which is to clear the air.

Madam Speaker: I am in the hands of the House. If the House unanimously agrees to the suggestion of the Hon. Member for Simcoe North, I can entertain the suggestion; otherwise, of course, the only other choice of the Chair would be to open debate on this particular motion and to entertain such amendments as Hon. Members deem necessary.

Does the House unanimously agree to the suggestion of the Hon. Member for Simcoe North that there be a delay of 24 hours before debate on this particular motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I do not want to inject my personal views into this matter, as I did not anticipate it would be raised. However, I would be interested in hearing the views of the Hon. Member for Lincoln (Mr. Mackasey) as to whether or not he feels the motion which he has moved, which affects his privilege, is one which he would like to see held over and discussed among House Leaders before the debate ensued. I have no particular objection to waiting until tomorrow or another day for the debate to take place, and I am sure that none of my colleagues do, either. However, I think that since the matter is very much one which ought to concern the Hon. Member for Lincoln, perhaps he would like to tell us what he would like to see.

Madam Speaker: If the Hon. Member for Lincoln starts debating this question—

Mr. Deans: No.

Madam Speaker: If he is telling us whether he likes the motion or not, he will be debating the question.

Mr. Deans: On a point of order—

Madam Speaker: Just one moment. I am simply warning the House against beginning the debate before dealing with the suggestion of the Hon. Member for Simcoe North. Since that seems to be the wish of the House, I will allow the Hon. Member for Lincoln to make a very brief statement with regard to the question posed by the Hon. Member for Hamilton Mountain.

Mr. Mackasey: Madam Speaker, you would agree that your statement was quite logically lengthy, and legalistic, as it should be, and very important to all Members. I specifically rose from my seat a week ago—this is not debate—and at that time pointed out what I thought to be the allegations which, to me, were libellous. I specified them and Your Honour read them out. If any Hon. Members of the House think that I am guilty of anything beyond those two points which have been raised, they are perfectly free to rise in the House and refer any allegations which may occur to them, beyond those set out in the motion, to the Standing Committee on Privileges and Elections. I welcome them, if Hon. Members are prepared to do so. It is an entirely different issue. I want that motion to be read before the House today, as Your Honour has suggested is my right.

I repeat that this in no way prevents any Hon. Member opposite who wants to widen the matter from rising tomorrow to say anything which bothers them about the Hon. Member for Lincoln.

Some Hon. Members: Hear, hear!

Mr. Andre: You're blowing it.

Madam Speaker: This point having been made, does the House unanimously consent that there be a 24-hour delay?

Some Hon. Members: No.

Tabling of Documents

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I listened carefully the other day when the Hon. Member for Lincoln (Mr. Mackasey) spoke. I listened carefully to Your Honour's judgment, and I just listened carefully to what the hon. gentleman said now. The hon. gentleman has made it very clear that he wants the matter to be dealt with now. If there are to be any further dealings with it, the hon. gentleman has said that he is quite content that they be dealt with a little later on.

I just want to make it clear to the hon. gentleman that if one is looking upon privileges, he ought not to think of himself as being on trial. I think the people who would be on trial with respect to this matter would be those who are alleged to have breached the privileges of a Member of Parliament. That is what I understand the matter of privilege to be. He is not on trial. He has made his statement in the House of Commons. I worry that the hon. gentleman couches his remarks on the basis that he is on trial. He is not on trial.

The question now is whether or not someone else has breached the privileges of the Hon. Member, and that is the purpose of this matter. That is what I understood the hon. gentleman had in mind. Therefore, I wish the question would be put today and that we would get on with the matter.

Some Hon. Members: Hear, hear!

Madam Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Motion agreed to.

ROUTINE PROCEEDINGS

[*English*]

CAPE BRETON DEVELOPMENT CORPORATION

TABLING OF DOCUMENTS RESPECTING SCOTIA COAL SYNFUELS PROJECT

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, in addition to the documents already tabled under the provisions of Standing Order 46(2), I wish to table, in the spirit of the Access to Information Act, a list of documents pertaining to the Scotia Coal Synfuels Project, found in the files of the Cape Breton Development Corporation. I recently referred to this list in an earlier response to a question of the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty). I am now in the process of seeking third party agreement to tabling those documents, but without breaching commercial confidentiality.

• (1520)

PETITIONS

MR. MURPHY—TAXATION OF NORTHERN ALLOWANCES

Mr. Rod Murphy (Churchill): Madam Speaker, my petition today is in regard to the taxation of northern benefits and northern allowances. The petitioners, who are supported by the Canadian Teachers' Federation, oppose the taxation of these benefits. They point out the high cost of living in northern communities, the high cost of travel, transportation costs, living costs, etc., and ask that the Government, through the House of Commons, rescind its decision to tax these benefits.

MR. ANGUISH—FRESHWATER FISH MARKETING ACT

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I am presenting a petition to the House of Commons today signed by fishermen from the Athabasca Basin region, consisting of that area and communities such as Camsell Portage, Uranium City, Fond-du-Lac, Black Lake and Stoney Rapids. They are requesting that they be allowed to opt out of the Freshwater Fish Marketing Act which they say has practically destroyed their industry in this far northern area. There is documented evidence here to back up that allegation.

I would like to say that I have been attempting to meet with the Minister of Fisheries and Oceans (Mr. De Bané) concerning this petition since January 27 to discuss the very important problems outlined herein, but in those two months he has ignored my requests. On that basis, I would hope that this petition will be found in order and referred to the Fisheries and Forestry Committee where it will get its due and proper consideration.

MR. LEWYCKY—RETENTION OF CROWSNEST PASS RATE

Mr. Laverne Lewycky (Dauphin): Madam Speaker, this afternoon I am presenting a petition signed by some 205 residents of the federal riding of Dauphin urging the retention of the historical Crow rate. These petitions are presented by people in some 19 places in the Dauphin constituency, and these are in addition to the 1,312 petitions that I presented to this House on June 23, 1982.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,902, 3,903, 3,904, 3,906, 3,907, 3,909, 3,910, 3,911, 3,912, 3,913 and 4,515.

[*Text*]

REGIONAL PSYCHIATRIC CENTRE, ABBOTSFORD

Question No. 3,902—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Regional Psychiatric Centre, Abbotsford and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Acting Medical Director at the Regional Psychiatric Centre, Abbotsford is Dr. Ali F. Saad. (a) Date of appointment to present position: January 1, 1982. *(b) Position held prior to present appointment: Clinical Director at the Regional Psychiatric Centre, Abbotsford, B.C. (c) Salary range: $52,192 to $63,152. *(d) This position requires graduation from a recognized school of medicine and certification in a medical specialty recognized in Canada by a statutory licensing body.

B. There is no Deputy Director at the Regional Psychiatric Centre, Abbotsford but the Clinical Psychiatrist, Dr. Luke Glancy, is presently designated by the Acting Medical Director to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other Clinical Psychiatrists.

(a) Date of appointment as Clinical Psychiatrist: February 1, 1978. *(b) Nil. (c) Salary range: $48,520 to $59,380. *(d) The minimum educational qualifications for psychiatrists working in the Correctional Service of Canada require graduation from a recognized school of medicine and certification in a medical specialty recognized in Canada by a statutory licensing body.

*Information provided is for previous work experience in the Federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the Federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

CARLTON CENTRE, HALIFAX

Question No. 3,903—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Regional Psychiatric Centre, Abbotsford and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Carlton Centre but there is an Acting Superintendent, whose name is John Stewart. (a) Date of appointment to present position: August 3, 1981. *(b) Position held prior to present appointment: Case Management Officer at Carlton Centre. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Carlton Centre but one of the two Case Management Officers, Terry Hatcher, is presently designated by the Acting Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to both Case Management Officers.

(a) Date of appointment as Case Management Officer: June 3, 1980. *(b) Position held prior to present appointment: Counsellor at Carlton Centre. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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SHULIE LAKE CAMP, PARRSBORO

Question No. 3,904—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Shulie Lake camp, Parrsboro and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Shulie Lake Camp but there is a Superintendent, whose name is Floyd Rushton. (a) Date of appointment to present position: November 5, 1980, *(b) Position held prior to present appointment: Regional Co-ordinator, Security Contingent Planning, Correctional Service Canada, Regional Headquarters, Moncton, New Brunswick. (c) Salary range: $28,871 to $30,280. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission examination 320 coupled with relevant experience.

B. There is no Deputy Director at Shulie Lake Camp but the Living Unit Supervisor, Joseph Benjamin Légère, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to the Living Unit Supervisor and the Administration Officer.

(a) Date of appointment as Living Unit Supervisor: October 4, 1979. *(b) Position held prior to present appointment:

Camp Officer at Shulie Lake. (c) Salary range: $23,527 to $26,905. *(d) Same as part A(d).

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PARRTOWN CENTRE, SAINT JOHN

Question No. 3,906—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Parrtown Centre, Saint John and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Parrtown Centre but there is a Superintendent, whose name is Robert Smith. (a) Date of appointment to present position: March 19, 1980. *(b) Position held prior to present appointment: Senior Counsellor at Parrtown Centre. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Parrtown Centre but one of the two Case Management Officers, William Peterkin, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to both Case Management Officers.

(a) Date of appointment as Case Management Officer: May 22, 1980. *(b) Position held prior to present appointment: Counsellor at Parrtown Centre. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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WESTMORLAND INSTITUTION FARM, DORCHESTER

Question No. 3,907—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Westmorland Institution farm, Dorchester and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Westmorland Institution but there is a Superintendent, whose name is Jim Davidson. (a) Date of appointment to present position: March 1, 1982. *(b) Position held prior to present appointment: Assistant Warden, Socialization, Springhill Institution, Springhill, Nova Scotia. (c) Salary range: $32,112 to $36,212. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Westmorland Institution but the Farm Manager, Gordon Helm, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other officers.

(a) Date of appointment as Farm Manager: September 4, 1979. *(b) Position held prior to present appointment: Living Unit Development Officer, Springhill Institution, Springhill, Nova Scotia. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination "General Intelligence Test 310" and possess the experience qualifications for the position.

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PIE IX CENTRE, MONTREAL

Question No. 3,909—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Pie IX Centre, Montreal and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at the Pie IX Centre but there is an Acting Superintendent, whose name is Louis Roger Gagné. (a) Date of appointment to present position: January 30, 1982. *(b) Position held prior to present appointment: Case Management Officer at Pie IX Centre. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission

Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Pie IX Centre but the Case Management Officer, Pierre Poirier, is presently designated by the Acting Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other Case Management Officers.

(a) Date of appointment as Case Management Officer: September 8, 1980. *(b) Position held prior to present appointment: Counsellor at former St. Hubert Centre, Montreal, Quebec. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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BENOIT XV CENTRE, MONTREAL

Question No. 3,910—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Benoit XV Centre, Montreal and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at the Benoit XV Centre but there is a Superintendent, whose name is Carl Pelletier. (a) Date of appointment to present position: November 14, 1977. *(b) Position held prior to present appointment: Area Manager, Rimouski Parole Office, Rimouski, Quebec. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at the Benoit XV Centre but one of the two Case Management Officers, Pierre Laplante is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to both Case Management Officers.

(a) Date of appointment as Case Management Officer: November 1, 1978. *(b) Position held prior to present appointment: Classification Officer, Regional Reception Centre, Ste-Anne-des-Plaines, Quebec. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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SHERBROOKE CENTRE, MONTREAL

Question No. 3,911—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Sherbrooke Centre, Montreal and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at the Sherbrooke Centre but there is a Superintendent, whose name is Pierre Saulnier. (a) Date of appointment to present position: July 27, 1981. *(b) Position held prior to present appointment: Area Manager, Centre South Parole Office, Montreal, Quebec. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at the Sherbrooke Centre but the Case Management Officer, Yvon Trudel is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other Case Management Officers.

(a) Date of appointment as Case Management Officer: March 31, 1980. *(b) Position held prior to present appointment: Counsellor at former St. Hubert Centre, Montreal, Quebec. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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MARTINEAU CENTRE, MONTREAL

Question No. 3,912—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Martineau Centre, Montreal and, in each case (a) for how long has he/she held

the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at the Martineau Centre but there is a Superintendent, whose name is Robert Martin. (a) Date of appointment to present position: May 26, 1980. *(b) Position held prior to present appointment: Co-ordinator, Special Projects, Correctional Service Canada, Regional Headquarters, Laval, Quebec. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possesss the experience qualifications for the position.

B. There is no Deputy Director at the Martineau Centre but the Case Management Officer, Henri St. Denis, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other Case Management Officers.

(a) Date of appointment as Case Management Officer: December 20, 1978. *(b) Position held prior to present appointment: Counsellor at Benoit XV Centre, Quebec, Que. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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OGILVY CENTRE, MONTREAL

Question No. 3,913—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Ogilvy Centre, Montreal and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at the Ogilvy Centre but there is a Superintendent, whose name is Dusan Pavlovic. (a) Date of appointment to present position: October 14, 1975. *(b) Position held prior to present appointment: Senior Counsellor at former St-Hubert Centre, Montreal, Quebec. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at the Ogilvy Centre but the Case Management Officer, Paul Michaud is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to one other Case Management Officer.

(a) Date of appointment as Case Management Officer: May 10, 1976. *(b) Position held prior to present appointment: Keeper at Leclerc Institution, City of Laval, Quebec. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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SKIDWAY AT CHERRY HILL, N.S.

Question No. 4,515—**Mr. Crouse:**

1. Has the skidway at Cherry Hill, Lunenburg County, Nova Scotia, threatened with removal by the Department of Fisheries and Oceans in September, 1982, been removed and (a) if not, has the skidway and the land on which it was constructed been purchased by the Government (b) if so (i) who owned the land on which the skidway was constructed (ii) what amount was paid by the Government for the land and skidway (iii) what was the total amount paid initially towards the skidway by the Government?

2. What is the name of the government official who approved the construction of the skidway on land to which the Government did not have a clear title?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): 1. The skidway at Cherry Hill has not been removed, nor was it ever "threatened" with removal by the Department of Fisheries and Oceans. The owner of the land on which part of the skidway was constructed had demanded its removal.

(a) The land on which the skidway was constructed has been purchased by the Government.

(b) (i) The land on which the skidway was constructed was onwed by Mr. W. K. Allen. (ii) $25,000. (iii) Originally, $20,000 in material support was provided to the project sponsor by Samll Craft Harbours Branch, under the Canada Works Program. The labour content of $7,000 was provided by the Job Creation Branch of the Department of Employment and Immigration.

2. In 1976, CEIC approved the project as being acceptable under the terms and conditions of the Canada Works Program. At that time, the project sponsor, Mr. S. Conrad, indicated that the skidway could be constructed at a site on which he operated a fish store. Small Craft Harbours agreed to support the material portion of this project, which was constructed by local fishermen for their use. It is within the mandate of Small Craft Harbours to support projects sponsored by the Canada Works Program and the Canada Community Development Program, even if they are not at scheduled harbours.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of Bill C-143, to provide supplementary borrowing authority, as reported (with an amendment) from the Standing Committee on Finance, Trade and Economic Affairs; and the motion of Mr. Blenkarn (p. 24001).

Mr. Len Gustafson (Assiniboia): Madam Speaker, I would like to begin by saying that Bill C-143 and the amendment thereto presents considerable concern not only to Members on this side of the House but to the people of Canada, because the borrowing authority required under this Bill is of such magnitude that it raises the question that the taxpayers and citizens of Canada in general have been asking as to how far reaching is the borrowing that the Government has been doing. I would like to go into that today in detail because I think it is so important to the direction that our country is taking and particularly the direction in which this Government is leading this country.

The first question that I would raise in the House is, what is the size of the debt, the magnitude of the debt? I would like to read some figures into the record. The gross debt, the total liability of the Government of Canada, includes not only interest-bearing debt such as bonds, but accounts payable, pension funds and liabilities, and several other items. At the end of the 1981-1982 fiscal year, the gross debt was $134 billion. By the end of this current fiscal year the gross debt could be as high as $160 billion. I think that is a shocking figure that faces the Canadian people and the Canadian taxpayers.

In comparison, the gross debt at the time the Trudeau Government took office in 1968 was $31 billion. If you look at the magnitude of the problem that we face of debts and borrowing by this Government, it is horrendous. The gross national debt less the assets at the end of last March, the net debt, was $94 billion and it will climb to $118 billion by the end of the current fiscal year. This compares to $16 billion in 1968 when the Trudeau Government took office.

Loans and securities, in effect money raised by the financial markets, including treasury bills, bonds, Canada Savings Bonds, unmaturing loans and securities, totalled $93 billion at the end of March, 1982, compared to $21 billion when the Trudeau Government first took office.

I want to suggest to you, Mr. Speaker, that this presents a very, very serious problem for the Canadian people. An amount of $16.7 billion is required just to pay the interest on Canada's national debt. We might today well ask the Government, what is the cost to the Canadian people? In the year 1968-69, one tax dollar in nine was needed to service the debt. Today, one tax dollar out of three is needed to service the interest on the debt which has been incurred by this Government.

• (1530)

I suppose the next question we would ask is, was all this necessary? And it is unfair to ask that question if we do not have some positive solutions as to how this tremendous deficit could be deferred. First of all, I believe we have to realize that in the Bill which is before us the $5 billion is needed immediately. We all recognize that. Whether it is the fault of the Government is another matter, but that money is needed to carry on the affairs of the country.

What about the additional $14 billion the Government is asking for? That is important because I believe that shows the direction which this Government has taken down through the last 15 years, and without being too critical, it is because of years of financial mismanagement by this Government. Here we have the Government coming to the House of Commons and asking for authority to borrow an additional $14 billion which they do not need right away, and without bringing down a budget in this House. I believe the people of Canada want to know how the Government of Canada is going to spend their money. The debt the Government has incurred on behalf of every man, woman and child in this country is $700. Every taxpayer will have to pay $1,700 to pay off the incurred deficit of this country, so every taxpayer, every man, woman and child in this country, has a right to hear from the Government on just how it is going to spend their money.

Having cited the size of the debt, Mr. Speaker, and having referred to the magnitude of responsibility which it has placed on each Canadian, I suppose the next question would be, what can be done about it? One of the Hon. Members who spoke earlier today referred to the fact that something had to be done for the farmers, for the small-businessmen and for job creation, and I agree with that. I believe also the Government must take a very close look at how it has been spending the taxpayers' money. I will cite a few examples of how the Government might have saved millions of dollars, even billions of dollars of the taxpayers' money, if it had been a little more careful with its expenditures. One example is the national energy policy which cost this country billions of dollars. There is a new proposal by Mr. Pepin with respect to farmers which

will be every bit as devastating to the incomes of this country as the national energy policy. There is also the area of small business. I could go on and on about the Government's mismanagement, and about the lack of incentives for small business, for farmers, for industry and for energy production in this country. But if we are ever going to solve these problems, Mr. Speaker, it is most important that we take a positive look at where the Government intends to go and where we would like it to lead this country.

I would suggest that the greatest problem is lack of confidence. The people of this country have no confidence in the present Government. If we are going to get back to productive incentives which must come to all areas of business in this country, there will have to be some confidence in this Government.

The Acting Speaker (Mr. Corbin): Order. Order. Before recognizing another Hon. Member, the Chair would like to remind Hon. Members that reference to their colleagues in the House should be by way of the name of the constituency or Department, and not by the proper name.

Mr. Ron Stewart (Simcoe South): Mr. Speaker, despite the short time allotted each Member to speak to the Bill before us today, I am pleased to have the opportunity again to register my objection to the approval of this Bill. Just before closing at the lunch hour, the Hon. Member for Willowdale (Mr. Peterson) closed his speech by making a statement which shocked me. He said that the trouble is not the borrowing but rather the lack of concrete alternatives from the Opposition. Can you imagine that statement coming from the Government side, blaming the Opposition for the $19 billion borrowing and for our lack of concrete alternatives? The Government sat there for three years, bereft of ideas, and the Hon. Member admitted it had no idea about what to do with the huge deficit with which we are confronted in this country.

This Bill will give the Government permission to borrow $19 billion and, in its typically arrogant fashion, the Government seeks Parliament's permission to borrow the money but it does not have the courtesy or decency to explain why it needs the money or where the money will be spent. But we know where it is going to be spent, Mr. Speaker. It is going to pay the interest on our massive debt. Is this Government worthy of our trust when it has so badly mismanaged our economy to the point where business bankruptcies and unemployment are at all-time highs, and when the GNP is at its lowest level since 1933? Is this Government worthy of our trust when its own Ministers and former Ministers make a mockery of Cabinet guidelines? No, this Government is not worthy of trust. As my colleague just said, there is a crisis of confidence in Canada. I do not believe there are too many Canadians right now who would trust this Government with $19, let alone $19 billion. The Government is directly responsible for the bankruptcies of hundreds of businesses across the country, and now it finds itself in much the same boat. It has had to resort to Governor General's warrants to obtain money, something which generally occurs when Parliament is not in session. And when the Government cannot collect funds through normal or quasi-normal channels, these same fellows just dust off the presses and print more money. Recently, the Government authorized the issuance of $500 million in new Treasury bills, without either having borrowing authority or being in an emergency situation, and the legality of this move has been brought into question.

The Government is in obvious financial trouble, Mr. Speaker, and Hon. Members of this Government, unlike other Canadians facing similar circumstances, simply have no comprehension of basic economics, or the Hon. Member for Willowdale would not be saying that it is the lack of concrete alternatives from the Opposition. Well, for a start, the budget of the former Conservative Minister of Finance, the Hon. Member for St. John's West (Mr. Crosbie), was a concrete alternative and if we were still the Government, the country would not be in half the mess it is in today.

Canadians elsewhere understand the delicate and demanding balance between earning and spending, and the need to establish priorities when the balance is upset. The home owners have to face it. The low-wage earners have to face it. But the Government will not. If the money you earn cannot cover your bills, you simply examine your spending habits and eliminate or reduce spending in certain areas. In other words, you cut out the frills, you cut the fat. That has not been learned across the way.

I wish I had more time, Mr. Speaker, to produce all the documentation which I could produce on how the Government could cut the fat and how the economy has been mismanaged, by advertising, by parties, by mountain climbing, by fireworks, by office plants, and hundreds and hundreds of examples of waste; Haiti, CIDA, bilingualism, and on and on, in a non-productive area of society.

To take our attention away from these and other more serious issues, let me point out that from time to time the Government appoints a Royal commission to find out why it created such a mess. In the case of the latest Royal commission, the "Big Mac"commission, the man appointed to head the commission was a former Minister of Finance who was one of the main causes of the problem, he and John Turner with his 30 per cent a year increases. Here again is something that could be done and has not been done. Nothing has been done except to add to the deficit and inflation.

• (1540)

I would like to point out that when others, notably in the private sector, come forward with ideas which would lead to job creation and economic stimulus, the Government obstructs rather than helps. I would like to give you a couple of illustrations from my riding. The Volkswagen automobile plant is a case in point. Over two years ago Volkswagen came to the Government seeking assistance to locate in Canada. They wanted to come to Ontario, and in particular to Barrie, Ontario, in my riding. The plant would employ 500 people and its establishment in the region meant as many as 6,000 jobs over-all. They approached the federal Government asking only

for inclusion in the duty remission program, something without which they would not have located anywhere else. What happened? Well, the feds got in the act and under pressure from the Government the company's German task force, which had already studied plant sites all over Canada, had to fly back and inspect a site in Montreal. After two years of delay when interest rates were nothing like they are now, nor anything else, the Government finally gave its approval for location of the plant in the one place Volkswagen wanted to go to begin with, namely, the City of Barrie. But now the whole thing is up in the air because of financial considerations, when it could have all been done and finished with. All of that is so unnecessary.

Civic and business officials in my riding are also aware of the problems encountered by prospective employers who have to deal with Government, particularly with FIRA and the anti-U.S. policies which have come from across the way, when what we so desperately need in this country is investment. On at least two occasions, potential employers were discouraged from pursuing plant establishment in my riding because of the nature of questions and obstacles erected in front of them. However, with assistance and encouragement from those local officials we have had some of it done at no extra cost in money or time.

I would like you, Mr. Speaker, to take a look at the way we are chasing away investment in this country and the way we are throwing money at problems. In my area, General Tire spent an estimated $17 million on expansion to build radial tires. What did the Government do? It gave a $51 million grant to another plant in Nova Scotia. That is what the Government wants to do, it wants to take away from the private sector and give it to the public sector. Why? What we need is jobs, new industry and productivity. What we need is renewed confidence in the Government. The Auditor General's Report reveals that the Government is the second most profligate spender in the entire free world, second only to that of Italy. Much of this spending is by the Government created sub-Governments which the Auditor General calls Crown Corporations. They are unaudited and ludicrous. Big budgets lead to big deficits, like the $19 billion borrowing that we are talking about here, and they lead to big unemployment. But this big Government has not learned, so it continues to spend and spend and borrow and borrow. We as Canadians must realize that we are in a period of low productivity. We need reduced spending and then tax incentives to stimulate an increased productivity, not studies and "Big Mac" commissions.

There are only two ways in which we can stimulate a sluggish ecomomy, that is by getting the taxpayer to spend on consumer goods, and by using research and development and other things which are at hand to increase our exports. It is not accomplished by dead-end, make-work projects, Mr. Speaker. Our problems are not solved by throwing money at them. It is done, as I said, by incentives, by increasing consumer goods production and by increasing our export markets.

Every Government makes a lot of changes to benefit someone, but as much Government interference as we have seen in the last 15 years in Canada, particularly in the last three years, costs a lot more than it benefits. This Government wants $19 billion at a time when it has interfered again and again, just lately in Bill C-139. It has interfered with a National Energy Program, it has interfered with the banks, and has stimulated nothing. It is readily bandied about that Government spending now amounts to some 40 per cent of the Gross National Product. This adds up very succinctly to too much Government intervention and Government spending. This last decade in particular has seen massive Government interference in the Canadian economy, to our great detriment. That is why we are now looking at another borrowing Bill of $19 billion. The Government bought a private corporation, Petrofina, for $1.7 billion. Canadair was assisted to the tune of $1.5 billion.

I could go on and on but I see you are giving me the nod. Well, Mr. Speaker, all I can say is: keep borrowing and borrowing and spending and spending and you will be placing a legacy of debt not only on my children, the children of other people here in this Chamber and all Canadians, but on our grandchildren, all because we will not face the fact that we need to increase productivity and cut out waste.

Mr. Sid Parker (Kootenay East-Revelstoke): Mr. Speaker, I am pleased to rise to speak at report stage of Bill C-143, an Act to provide supplementary borrowing authority in the neighbourhood of $19 billion, $5 billion of which has already been spent. But the Government has not told us what it plans to do with the balance of $14 billion. Certainly we on this side of the House in the NDP will not authorize the Government to spend an additional $14 billion in the way it has been spending in the past, not without a budget to outline the programs the Government is planning on initiating. We must remember that the Board of Directors of the Bank of Canada, who are closely associated with the other banks and the railways and so on, are advising the Governor of the Bank of Canada, and for him to come out and say the policies of this Government must remain in place is unbelievable, especially for the unemployed across Canada, the people in need of an industrial strategy which will bring about the stimulation the Government has not seen fit to provide.

Recently the Minister of Transport (Mr. Pepin) has been coming before the committee and making statements across Canada about some very basic changes in the transportation system. While we agree that these programs must be updated, we do not agree with the method the Government is using of abolishing the Crowsnest Agreement and giving hundreds and hundreds of millions of dollars to the railways for upgrading, without receiving any equity or any firm commitments from the railways.

I have in front of me a copy of CP Rail News which shows some of the programs they are planning. They talk about how $39 million funded by the federal Government will be spent to continue the rehabilitation of prairie branchlines. This has been going on year after year. It says, as a prime example, that

since 1968 the railways have been receiving branchline subsidies which cover operating costs as well as overhead and profits to be reinvested in rail lines, amounting to $278 million.

We have a situation, Mr. Speaker, where the Minister of Transport, in his announcement to the press, is saying that up to $900 million a year could be provided for the next three or four years in railway upgrading funds. That would be paid for by the Government and the taxpayers of Canada. We cannot accept those kinds of proposals by the Government without some commitment of some kind as to what is going to take place. The railways talk about expansion and what they intend to do. The Government should tell the railways firmly that the transportation system needs to be upgraded in an orderly fashion, that they have the franchise to do it, and if they do not have the necessary funds they will be provided and then the Government will have equity in the railway system. As the system is improved and returns a profit, the equity would be to come back to the Canadian people. Instead, the Government makes proposals without any firm commitment.

• (1550)

In its announcement about upgrading its facilities, CP Rail has said that it intends to go to tender for the main tunnelling work at Rogers Pass toward the end of 1983, assuming that the Crow legislation is in place and that economic conditions improve. That is the type of thing that has been going on for years, Mr. Speaker. We do not have a policy that will meet the needs of a transportation system such as the Government of the early 1900s had with its vision of a transportation system across the country. Ultimately it was built. The Government should look at transportation in a more realistic way and spend money in a more responsible manner.

When the railway is upgraded and the system is able to carry twice the present capacity twice as fast and twice as efficiently with less diesel power and fewer grades to be navigated, there will be a profit and there should be a payback.

I should like to deal with another project in British Columbia with which the Government is involved, Mr. Speaker. Hundreds of millions of dollars of federal and provincial moneys have gone into a northeast coal project, to set up infrastructures and new communities. In southeast British Columbia, however, over 20 million tons of coal per year are being shipped from the Kootenays, but 2,000 employees have been laid off. How can we watch municipalities being put out of business while new competing ventures are financed by the federal and provincial Governments? It does not make any economic sense that the Governments would finance a new venture that would put an existing operation in another part of the Province out of business.

The changes to the Crowsnest Agreement will mean that the Government will be caught up in the process of swindling more than $450 billion worth of coal deposits out of the Province of British Columbia. There are 50,000 acres of prime coal land that have been turned over by the Province to the railways and in turn, through the Crowsnest Agreement, to the federal Government. These are now held in the name of the federal Government. If the Crowsnest Agreement is changed in any way, the lands should revert to the Province of British Columbia for the benefit of the people in the Province.

These are the kinds of things that the Government is getting into. I asked the Minister of Transport (Mr. Pepin) whether he had been approached about the development of those coal lands in southeastern British Columbia. He said that at this time there was no demand for the coal but that there had been three or four applications or requests for information about the coal lands. I purposely asked him if the Fording Coal Company, a subsidiary of CP Rail, was one of the applicants, but I did not get an answer. It seems to me that this is another indication of the federal Government's dancing to the tune of the railway system, especially CP Rail. This is wrong, Mr. Speaker. The country must have an economic expansion plan with regard to transportation, manufacturing, employment, and so on, in order to ensure that Canadians get the best possible value for their tax dollar.

The Government of Canada has a responsibility to every Member of Parliament to present a budget that they can scrutinize. They should be able to put forward their views and hear from the Government how it intends to deal with a very serious situation caused by years of poor management on the part of the Government.

Students leaving school today are offered only a band-aid program in which the Government sets aside some money for student employment programs which are underfunded. In my riding $216,000 has been allotted to student employment programs, but there are applications for over $600,000 and they are still coming in. Students want to earn some money so that they can return to school in the fall. It is a sad situation in this country when over two million people are out of work and close to that number are on welfare, unemployment insurance benefits are running out, and the Government has no concrete proposals to offer that would deal with the very serious situation.

The Acting Speaker (Mr. Corbin): Order, please. The Hon. Member for Halifax West (Mr. Crosby).

Mr. Howard Crosby (Halifax West): Mr. Speaker, let me begin my remarks on the report stage of Bill C-134, the Borrowing Authority Act, by underlining the effect of this measure not only on the Canadian economy but on Canadians. By permitting the Government of Canada to borrow an additional $19 billion to finance the escalating spending deficit—now over $26 billion and headed for $30 billion—Parliament is increasing the national debt to $160 billion and pushing this debt toward the $200 billion level. Let me remind Canadians that the national debt was $31 billion when the Prime Minister (Mr. Trudeau) was appointed—not elected—to his office.

What does a national debt of $200 billion mean in real terms? Simply this: every Canadian, man, woman and child, must, on average, pay $8,000 to eliminate this debt. But we know that many Canadians have no financial resources so we must place the burden on the ten million Canadians who are employed or have taxable resources. This would increase the

effective per capita debt loan of working Canadians to $22,000—but that is not all. Each of these 10 million Canadians lives in a Province of Canada or the Territories and, in nearly all cases, they must share in carryng a further debt at the provincial level. For example, in the Province of Nova Scotia, the per capita debt is now $5,224. That is divided among all Nova Scotians. For the taxpayers in Nova Scotia the debt burden would approximate $12,000 for a grand total debt—federal and provincial—of $34,000.

I am sure most Canadians would consider that a staggering amount. I remind the House that the average income for these Canadians who are faced with this massive debt, is $15,800. Within that figure, Canadians must find the ability to pay off this massive debt.

Let me stop there and remind Hon. Members that according to a 1980 analysis, Canadians pay 45.8 per cent of their income in taxes. That is, a Canadian family which in 1980 had a cash income of $22,500 would have paid taxes of $10,306 or 45.8 per cent. That includes all taxes, federal income tax, provincial sales tax and so on.

This points up the fact that the taxation of Canadians is at a maximum level, it cannot go any higher, yet Canadians must face the problem of paying off the national debt at the levels I have indicated. That is to say, Canadians with an average income of $15,800 must assume a debt in the area of $34,000 on an individual basis.

If that does not establish the serious effect of our mounting public debt in Canada, let me add this statistic, Mr. Speaker. In the current fiscal year one dollar of every four income dollars will be applied to service this debt. What is the problem? Of course the problem is Government spending. Government spending for the current fiscal year 1982-83 is projected at over $90 billion. Last year it was $75 billion. That is an increase of $15 billion or 20.5 per cent on a national accounts basis.

• (1600)

What does all this spending mean? When compared with the income and resources of Government, it means that the Government of Canada has virtually abandoned the concept of the balanced budget, that is, equalizing revenues and expenditures. The solution is equally clear. The Government must redirect its programs and its policies so that it gets us back on the road to a balanced budget. It is difficult, if not impossible, to raise the current level of taxation, as I have already indicated. The only hope in this area is to generate and promote economic activity so that the amount of taxation revenue will be increased but not the level at which that revenue is taxed.

I want to direct some attention to the possibility of decreasing Government expenditures—not to eliminate immediately the deficit because that is a virtual impossibility, but to reduce it substantially and to start us on the road back to a balanced budget. Let us now consider how Government spending might be reduced. First, let me address the economic problem in clear terms. As I have said, we have expenditures of $90 billion with revenues of less than $60 billion and a budgetary deficit of over $26 billion and approaching $30 billion. The challenge is clear. How will we work toward a balanced budget?

As I have indicated, we could do two things. We could raise taxes or cut expenditures. There is no way at current levels that we can raise taxes, so let me consider some specifics. We have heard time and time again in the House the fact that Crown corporations are running out of control in terms of financing by the Government and in terms of the amount of moneys spent in relation to the amount of moneys received in revenues.

Let me take the Canadian National Railways company. This month CNR announced that its deficit for its 1982 operations would exceed $223 million. That is its worst loss in the 61-year history of the corporation. I point out very quickly that the biggest item in that $223 million loss is the $62 million CNR was forced to write off in connection with its investment in Euro-Canadian Shipholdings Limited which operates the Cast shipping line. That was an investment in a foreign corporation to build ships and other facilities outside Canada. That is $62 million of taxpayers' money which has gone down the drain, and this was from one of our most effective and most responsible Crown corporations over the years. When we find that kind of expenditure of public funds taking place in Canadian National Railways, we wonder what is happening in other Crown corporations.

Let me look at Air Canada. In the March 18 edition of the *Citizen* of Ottawa, an article was headlined, "Air Canada Anticipating Record Loss". The report indicated that in the first quarter Air Canada lost $27 million and, projecting that over the rest of the year, the losses of Air Canada will be in the nature of $100 million. Add that to the $223 million lost by Canadian National Railways.

Recently Canada Post has been in the news because it has been successful in cutting a $600 million deficit down to a $400 million deficit in the current year, but it can look forward to a greater deficit in the subsequent year. But in the case of Canada Post, as in the cases of Air Canada and Canadian National Railways, it has drastically increased the price to consumers, which include all Canadians.

Also we have Petro-Canada with $1.4 billion invested in the Petrofina oil company. Not only that, the other day it got provision to spend $900,000 on one of its subsidiary companies, Canertech. Then we have the CBC with its $900 million, Michael Pitfield with his $1 million pension, Ian Stewart with his six-month sabbatical, and Donald Macdonald with his $800 per day. It goes right from Crown corporations down to individual Crown officers. The point is that the spending goes on and on, and we have to stop the spending. But we cannot do it unless we adopt a principle to guide us. The principle which must guide us in these matters is the common sense of a balanced budget. That has to be the standard which guides Parliament and Government in conducting the financial affairs of the country. They must make revenues and expenditures match and thus balance the budget, because it is only in that way that we can assure an economic future for Canada.

PROCEEDING ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Corbin): Order, please! It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen)—External Affairs—Zimbabwe—Observance of Human Rights; the Hon. Member for Yorkton-Melville (Mr. Nystrom)—Trade—Export restrictions on branch plants—(*a*) Request for release of documents. *b*) Role of United States Government in prohibiting exports; the Hon. Member for Joliette (Mr. La Salle)—Air Canada—Status of RCMP inquiry into transfer of headquarters.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of Bill C-143, to provide Supplementary Borrowing Authority, as reported (with an amendment) from the Standing Committee on Finance, Trade and Economic Affairs, and motion No. 1 (Mr. Blenkarn).

Hon. Don Mazankowski (Vegreville): Mr. Speaker, in rising to participate in this debate, I would like at the outset to make two very important points. First, one must never depart from the very basic point that the cost of Government to the people of Canada is what Government spends, not simply the receipts it takes in the form of taxation. The rest of the expenditure which is not covered by taxation is either a concealed tax in the form of inflation or a deferred tax in the form of borrowing. This is really what we are dealing with today. We are dealing with a hidden form of taxation which is concealed through the provision of borrowing.

My second point is that Canadians are not adverse to paying taxes, provided they are assured of obtaining their money's worth. The Government takes in money and redistributes it to various sectors of society, in particular those who are less fortunate than those who are able to produce, and Canadians have demonstrated a compassion and a penchant for sharing. They demonstrate that in support of charities such as programs for the underprivileged, the Cancer Fund and the Heart Fund, etc. Basically, Canadians are a charitable lot, but the point I must make is that today taxpayers do not believe that they are getting their money's worth out of the money spent by the Government on their behalf. As a result, we see that reflected in Revenue Canada statistics in terms of increases in notices of objections to tax assessment, in the number of appeals and in the cost of collecting taxes through Revenue Canada. There is a general lack of support. The whole system is coming increasingly under attack.

I think we have some very serious problems because the integrity of the system is somewhat at stake. What the Government spends on behalf of the people of Canada and how it spends it are surely two of the most important issues which should be addressed in the House of Commons. Unfortunately, this is not the case because the Government gets its spending authority primarily through closure. Closure has been moved in this particular session of Parliment no less than 20 times. In the majority of those times the issue at hand concerned a financial Bill, a measure of taxation, borrowing or something to do with the financial affairs of the country. The Government is spending money through closure and borrowing money through closure. What is happening is that Parliamentarians do not have the opportunity to examine critically and to challenge effectively the expenditures of Government. The financial management of this country flounders and becomes progressively worse. I heard the Minister of State for Finance (Mr. Cosgrove) talk about the responsibility of the Government to manage the financial affairs of the country. I submit to you, Sir, given this kind of borrowing Bill and the projection of a $30 billion deficit, it is quite clear that financial management is out of control.

• (1610)

Since the Prime Minister (Mr. Trudeau) has taken office he has managed only once to balance the budget, that was in the 1969-1970 fiscal year and we had a little bit of a surplus in the amount of $393 million. As the Hon. Member for Halifax West (Mr. Crosby) noted, the Prime Minister has accumulated some $160 billion worth of debt for the people of Canada. When the Prime Minister assumed office, that debt was at $31 million. The lunatic spending of the 1970s and the deficits of the $10 billion, $12 billion, $15 billion, $20 billion and now $30 billion have in some ways tempered Canadian society. They have tempered the shock, the outrage and the anger which should be prevalent today. Today when we talk about a $30 billion deficit as freely as we do, and the NDP talks about increasing it by another $10 billion for further job creation, one wonders where we are going. Where are we going in this country? Who would have ever dreamed ten years ago that we would have a $30 billion deficit?

In 1970, the last time we had a balanced budget—indeed, we had a surplus—total Government spending was $13.5 billion. There seems to be the feeling that only Governments can create jobs. The Hon. Member for Vancouver South (Mr. Fraser) cited today some 70-odd projects that could be started if the Government did not provide money but, rather, facilitated the development of these projects which would create jobs.

While Canadians have been tempered in their outrage, they are deeply annoyed. The hard facts are that the tax paying public is not convinced it is getting fair and good value for the money being spent. The current Auditor General is not convinced of that either. He drew attention to many areas of

Government spending which have gone out of control. Crown Corporations, which he called a form of sub-government, are not held accountable to Parliament. He went on to say the following at page 13 of his Report:

> Revenues of Crown corporations in the most recent fiscal year were $31.9 billion, and expenses were $33.6 billion. Most of these corporations are virtually unknown even to the best informed members of the tax-paying public. Yet, in the aggregate, they represent a hole in the taxpayer's pocket, resulting, as they often do, in a consistent negative return on investment.

The former Auditor General, in his continuing crusade on behalf of the taxpayers of Canada, said in a recent interview, as quoted in *The Edmonton Journal* for Friday, March 18, 1983, the following:

> The '70s saw the biggest spending spree in Canadian history; in the '80s we are going through "a horrible hangover in the sobering-up process," said Macdonell.

Further down in this article we find:

> Macdonell explained that bureaucrats operate under a strange system where the bigger their staffs and the more money they spend, the more power they have. There are no incentives for good management, since there are no penalties for bad management.

I could go on. What about Petro-Canada which is a $7-billion service station, refinery and exploration enterprise financed by the taxpayers of Canada? It has over 3,000 service stations. Then there is Petro-Canada International, a $250-million subsidiary to provide money and expertise for selected energy projects. It is to explore for oil—where? In Jamaica, Tanzania, Senegal and Pakistan. That is going on while our own oil industry, particularly the service industry associated with it, is floundering. What about Canagrex? Canadians wonder whether we need these things. They wonder whether we need a Canagrex. It is not needed. What is needed is an export credit assistance program and ways and means of assisting and promoting Canadian agricultural products abroad. We do not need to spend $12 million or $60 million to set up another Crown Corporation.

What about the Royal Commission on the Economy? Canadians question whether we really need to spend $10 million to find out what is going wrong with the financial affairs of this country. We have several privately funded organizations that do that work on a day-to-day basis. For instance, the C. D. Howe Institute, the Canadian Institute on Public Policy; the Fraser Institute, and our own Economic Council of Canada which was commissioned by this Government and which is largely ignored by this Government.

What about the advertising budget? It is well over $100 million, and it could be cut by at least one-third. Advertisements, such as the one I have in my hand which reads: "Complete energy security for Canada is this close!" cost the taxpayers of Canada $1 million. I have another advertisement. The Canada Service Bureau is going to spend some $2.6 million this year on setting up kiosks to explain to Canadians how they can get service from the Canadian Government.

There are many areas in which the taxpayers of Canada clearly question the validity of Government expenditure, such as propping up losers, and its contracting practices. Furthermore, Canadians across this country question the burdensome level of taxes on their petroleum products of over 65 cents a gallon. What value are they receiving?

Finally, if Governments expect the economy to turn around in this country, they must lead and demonstrate by example. In that connection, we note that public sector salaries have risen at a level of 15.9 per cent while those in the private sector have risen by 5.8 per cent. Canadians basically do not believe the Government and its agencies are fairly sharing the burden of this recession. That is why this additional Government spending is not needed. It should not be awarded to the Government of Canada until it cleans up its own act.

Mr. Bill Wright (Calgary North): Mr. Speaker, I am pleased to rise today to speak to Bill C-143, to allow the Government to borrow $5 billion this year and another $14 billion next year.

In November, 1981, the Minister of Finance of the day predicted that there would be a budgetary deficit in the upcoming fiscal year of $10.5 billion, with accompanying financial requirements of $6.6 billion. One-half year later, we saw drastic revisions in the same Minister's June, 1982 budget. At that time the deficit was increased to $19.6 billion, with financial requirements jumping to $17.1 billion. As a result, Bill C-125, asking Parliament for authority to borrow needed funds was passed on July 22, 1982.

In just three months from that date the deficit was further revised to $23.6 billion, an increase of $4 billion. To cover this gaping hole in the Government's finances, the Government introduced Bill C-128 to authorize the borrowing of the extra $4 billion. The Government's borrowing authority now stood at $21.1 billion in new loans. And now we find that even this amount is not enough to feed the empty stomach of the Government. Parliament is being asked to pass Bill C-143, which gives the Government authority to borrow an additional $19 billion, less than ten days from now. This brings the total borrowing requirements for 1982-1983 to $26.1 billion, with a deficit which may total $30 billion before we are through.

We must look at the reasons behind this abysmal spending record. The Minister has said that three-quarters of the Government's financial shortfall exists as a result of higher than expected debt charges and lower than expected tax revenues, and that one-quarter of the shortfall is the result of additional spending on income-support programs, such as Unemployment Insurance and welfare payments.

The first of those reasons, that there have been higher than expected debt charges, is very difficult for me to understand in the light of the very significant tumble in interest rates lately. How can the Government be paying unexpectedly more when interest rates have been in decline? When interest rates were rising, the Government blamed its rising deficits on unexpected debt charges. Now that the rates have fallen dramatically, they are still using the same old excuse, although the situation has changed completely. The other two reasons, the lower than expected tax revenues and the greater spending on income support programs, are a direct result of the recession in which

we find ourselves mired. Again, I wonder how much of that could not have been foreseen with prudent planning?

• (1620)

In the past year, whenever the present Minister of Finance (Mr. Lalonde) or his predecessor appealed to Parliament for more money, it has always been accompanied by the excuse that the recessionary effects were more powerful than were first thought. For example, let me quote from the budget speech of the former Minister of Finance on June 28, 1982. He said:

> The recession has caused a serious worsening of the Government's fiscal position. The sharp fall in federal revenues is the inevitable consequence of the decline in production, employment and income.

He went on to say:

> Federal spending has also been affected by the recession. Higher interest rates add to the costs of Governments as well as firms and individuals. Public debt charges are expected to be $1.1 billion higher than originally forecast.

Similarly, we find this statement in the October 27, 1982, economic statement of the present Minister of Finance:

> The recession has been deeper and longer lasting in Canada than the Government anticipated when the June budget was presented . . . I must report today that further weakening of the economy in the intervening months has aggravated this deterioration. The budgetary deficit was then projected to be $19.6 billion. I am now estimating it at $23.6 billion. About 70 per cent of this slide is directly attributable to the impact of the recession on anticipated revenues.

We now have the familiar ring of the Minister of Finance telling us that the economy's depressed state simply was not fully appreciated yet again. As a result, Parliament is being asked to authorize the borrowing of an additional $5 billion for this fiscal year. How many times will the Government's financial ineptitude force it back to the public trough? It is obvious to all Members on this side of the House that something is drastically wrong when a Government, because it is so inaccurate in its estimates, must revise them every three or four months.

As I see it, the reason that this Government has been so consistently wrong in its forecasts is that the Government itself, as a very powerful agent in the Canadian economy, has done very little to alleviate the recession. It has offered some limited help to the victims of the recession, but it is too much like mopping up blood while the wound is still bleeding. The wound does not look as bad, but nothing has been done to staunch the bleeding.

There have been only two budgets since the Great Depression that have attempted to leech our economy while it was already weak. Those were the last two budgets of the former Minister of Finance, and we are still suffering from their effects. Only now is there a glimpse of evidence that the worst is behind us, yet Statistics Canada warns us not to be too sure, saying that, "it is uncertain whether these gains mark the formal beginning of a sustained recovery."

I can accept the Minister's concern that too much stimulus will overheat the economy, but what is needed desperately is a program of short-term stimulus that will act as a jump start to the economy and serve as a bridge to a more secure and prosperous time. A successful short-term stimulus would pave the way to a full economic recovery. First, it would persuade Canadians to spend more of their disposable income instead of saving it. Second, it would encourage new investment in Canadian business and by Canadian business.

With respect to the first point, it must be noted that last year Canadians had a personal savings rate of 13 per cent. This means that $87 was spent and $13 was saved of every $100 of disposable income. One reason for this extremely high personal savings rate is the uncertainty felt by all Canadians with regard to the economy.

If we are to get the economy moving again, the budget must remove that uncertainty felt by Canadians. This can be done by assuring Canadians that the time to spend has arrived as a result of instilling the Canadian consumer with confidence in the economy.

One of the cornerstones of such a short-term program should be an extension of the $3,000 grants offered to buyers of new homes in the Canadian Homeownership Stimulation Plan. The program is due to finish at the end of April, and I have heard nothing from the other side about their considering an extension.

I was especially interested to hear the Minister of Public Works (Mr. LeBlanc) join this debate when he spoke of the housing programs of his Government. Although he recognized how important these housing programs are to the recovery of our economy, nowhere in his speech did he indicate what the housing policy will be after the Minister of Finance brings down his budget. One part of his speech reminded me of a similar speech given by his predecessor, the present Minister of State for Finance (Mr Cosgrove), just after the budget was brought down in June of last year. I would like to quote from that speech, which was reported at page 18994 of *Hansard* of July 5, 1982, as follows:

> Some housing analysts have been predicting housing starts will be in the order of 110,000 to 125,000 this year. I would like to see starts this year reach the level of last year—

In 1982, Canada's housing starts for all areas totalled 125,000 units, which is a far cry from the Minister's ambitious target of matching 1981's total of 178,000 starts and far below the 210,000 units per year that CMHC has said Canada needs if we are to stave off a housing shortage.

I see that my time is almost up. I would like to conclude by saying that while the dark cloud of the recession that has descended upon Canada for two long years is beginning to lift, we still have two million people out of work. Now is not the time for complacency. If the Government chooses to bring down an austerity budget—which we hope it does not—rest assured that we will be back here again in a few months listening to the same pleas for more money from a Government that has once again underestimated the depth of this recession.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to say a few words about the borrowing Bill before us today. I will say at the outset that I believe it is a sad reflection on the state of this nation's economy when the Government has

to return to Parliament to borrow so much money to continue the operations of the Government and its programs. Of course, when we are presented with a Bill such as this we are faced with the choice of either increasing our deficit or cutting services. When I am faced with that decision, I obviously do not want to cut services and make matters more difficult for the ordinary Canadian. Therefore, we have no choice but to see a deficit budget in the country.

I suggest that merely arguing about whether the merits of a deficit are right or wrong is really evading the main issue. We should be concerned about why we have such a large deficit in Canada in the first place. We should be considering what we as Parliamentarians can do to ensure that the fiscal and monetary policies of this country are put in better order. I suggest that to do less than that is like putting a band-aid on a broken leg. It may ease the problem temporarily but it will not heal the leg.

As Members of Parliament, we should be searching for ways to revive the country and looking for methods of increasing productivity and enlarging the pie to provide a better standard of living for the ordinary working people, farmers and other citizens of the country. We do not seem to have that type of vision in this country. We seem to be lacking that leadership. As a result, we appear to be drifting.

Canada needs an economic policy that will make us a nation of producers who realize that the new world of technology is upon us. We should be in the forefront of that reality. We also need a policy which makes us economically independent and sovereign.

That is why I am puzzled when I hear speeches such as the ones given in the House today or statements like the one made yesterday by the Hon. Member for St. John's West (Mr. Crosbie) when announcing his candidacy for the leadership of the Conservative Party. He stated in an interview that Canada must open its borders to more U.S. investment in order to grow, and that Canadian economic nationalism will doom the people of this country. I wonder if Mr. Crosbie is running for the leadership of the Conservative Party and the Prime Ministership of Canada, or whether he is running to be governor of Canada, because from—

• (1630)

The Acting Speaker (Mr. Corbin): Order. The Hon. Member should refer to other Hon. Members in the House by the names of their ridings, please.

Mr. Nystrom: Mr. Speaker, I wonder if he is running for Governor of Canada or, indeed, Prime Minister of Canada, because I believe one of the reasons this nation has not been a more productive nation, and also why we are so far in debt, is that we are the most foreign-controlled of any industrial state in the world. We are the most foreign-dominated. That foreign control and ownership has made us poorer as a nation. It has lost us jobs, research and development, and it has lost and cost us sovereignty and part of our nationhood.

Some 26 per cent of our economy is foreign-owned. In the United States, France and Britain, it is less than 3 per cent, and in Japan it is less than 1 per cent. I think the time has come, when we are discussing borrowing Bills and why we are in such dire straits today in terms of the economy, that we as a nation started considering some of the real structural problems and started correcting them.

When it comes to determining the extent of foreign ownership and control, one can consider many of the realities. We find, for example, that the report of Statistics Canada last November showed that in 1981, foreign-owned firms in Canada imported four times as much as Canadian-owned firms, which means that we lost tens of thousands of jobs because of the tremendous amount being imported by foreign-owned firms. If one considers research and development, one sees once again why we are not a nation of producers. We find that our level of research and development in Canada was only about 1.2 per cent in 1981, or less than half of that carried out in the United States and about half of that carried out in many western European countries. If one considers who does the research and development in Canada, one finds that it is the Canadian firms. Foreign-owned firms do very little research and development. If one considers Canadian firms, one finds that they probably do about as much as firms elsewhere in the world. In the sector of high technology, our deficit last year was some $8 billion and, in computers alone, it could hit about $10 billion by the year 1990. I think it is about time that we as Canadians started to control our own economy and our own destiny.

When it comes to exports, there are a number of facts and figures which show that many of the branch plants in Canada are operating under tremendous restrictions in terms of their exports, and some under outright prohibition. There are documents from the 1960s which show that we lost much wealth in this country and much potential productivity because some 75 per cent of our firms were prohibited from exporting. We have a Cabinet document which the former Minister of Industry, Trade and Commerce, currently the President of the Treasury Board (Mr. Gray), tried to get through the Cabinet in 1980, but he was turned down. Once again, he was discussing the problem concerning our branch plants not being able to export into the world market. In 1972, when the Gray Report was tabled, it was said that of the foreign-owned firms which were exporting, some 58 per cent were operating under some kind of export restriction, once again losing Canadians all kinds of potential wealth and jobs which would make this country much stronger and much more equal to other nations.

One could go on and on and mention our tremendous deficit in manufacturing. It was $21 billion in 1981. We could mention the tremendous deficit in the auto industry. The accumulated debt in the auto parts industry is now some $41 billion. It was $5 billion in 1982 alone. We can consider the outflow of capital, the outflow of dividends in Canada. Between 1976 and 1981, the net outflow of dividends and direct capital and interest payments was some $38 billion. As regards the oil and gas industry alone, between 1975 and 1979

it was some $3.7 billion. The reason I am mentioning this is that I think this is one of the areas where, structurally, our economy is faulty. We are the only nation in the world which allows so much of our economy to be run and dominated by foreign interests, in the interests and for the benefit of foreigners.

The facts and figures speak for themselves in relation to the net outflow of money, the net outflow of jobs, the little amount of research and development, the restrictions and prohibitions being placed on our branch plants in terms of their export policy, and the imports of goods which could be produced in this country. Therefore, what we must do is to take control of our own economy like other nations in the world have done. We must assert ourselves, assert our sovereignty, so that we do things in Canada which other countries around the world take as being natural and normal.

The other point I want to mention is that it is very strange to hear Hon. Members of the House stand and say, "We need more and more foreign capital because it will solve our problems for us".

Mr. Malone: Who says that?

Mr. Nystrom: Historically, that has not happened at all. We heard that from a Tory backbencher just this afternoon, and from the Hon. Member for St. John's West yesterday when he was announcing his candidacy for the governorship of Canada. He does not want to be Prime Minister or Leader of a national Party in this sovereign state. However, when one considers the facts and figures, one finds that not only does foreign ownership really dominate in Canada, but that as well we as Canadians have financed the vast majority of the foreign takeovers ourselves, with our own funds, our own moneys and our own banks.

There was a breakdown in the report entitled Foreign Direct Investment released back in 1972 which I think would shock you, Mr. Speaker, being a citizen of New Brunswick. From this breakdown we find that between the years of 1946 and 1967, there was an expansion of foreign-controlled enterprises in Canada to the tune of some $43.9 billion. Seventy-eight per cent of those funds were Canadian funds. Only $22 billion came from abroad. Between 1960 and 1967, when foreign expansion amounted to $21 billion, only 19 per cent of those funds came from abroad, and 81 per cent of those funds were Canadian funds.

In reality, we are financing the sellout of our own country with our own moneys. We are financing the sellout of our sovereignty with our own funds, from our own banks, from retained earnings of companies which already operate in Canada, from the pension funds of Canadians, and that is not right. We should use those funds to invest in Canada so as to ensure that those industries are controlled by Canadians, by the ordinary workers, farmers and people of this nation. Then we would become a nation of producers and it would not be necessary for us to borrow such vast amounts of money at high interest rates, saddling the ordinary people with debts for years that are yet to come.

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, I have a few comments to make on the legislation before the House today, a Bill that is clear proof of the utter bankruptcy of a Government that has led the country during the past fifteen years. I can understand the Minister of Finance (Mr. Lalonde), given the manner in which things were done during that time. Others before me have commented extensively on and given examples of, the poor administration and the wrong choices made by this Government, all of which have made Canadians extremely worried today. The Members on this side of the House cannot trust the Minister of Finance and cannot respond to his invitation to approve his request for the modest sum of $19 billion for this year and the next.

If we look at the situation, Mr. Speaker, I think it is important to provide a few figures. In 1968, the national debt was less than $30 billion, and today, in 1983, it will rise to $160 billion. I wonder about the validity of the line of reasoning followed by Government Members who claim that this borrowing authority will help create jobs through new programs. Our national debt has gone up from $50 billion to $160 billion, and while in 1968 the number of unemployed workers was 350,000, we now have nearly two million Canadians out of work. In the circumstances, I think it is a clear-cut case of poor administration. Perhaps we should recall that in 1968, the interest on the national debt cost Canadians $1.27 billion, and that in 1983-84, we shall be paying $18.57 billion, in other words, an increase of 1,500 per cent over fifteen years.

I think those figures, which have been published and officially recognized, speak for themselves, and that the public should be able to judge very easily and very accurately that this Government has lost its credibility and it would then ask us to withdraw our confidence in this Government.

• (1640)

It is obvious, Mr. Speaker, that the present economic situation is the result of insufficient funds for research. We have been speaking about this for 15 years and we are well aware that, because the Government has refused to increase the amounts allocated to research, there has been an inevitable loss of thousands of jobs in the traditional sectors. I am not alone in saying and repeating it. The Minister of Finance is the only person who, while requesting a borrowing power of $19 billion, dares to speak about an economic recovery. I find it somewhat strange, not to say dishonest on his part, to speak about economic recovery when we all know that every forecast indicates that there will still be at least 1.5 million Canadians unemployed over the next 12 months in spite of all the efforts that the Government can make. If the Government had at least demonstrated that these borrowings and putting the country in debt could alleviate unemployment, we would perhaps be forced to admit that this legislation was positive. But it is clear

that the greater the debt the Government creates for Canadians, the more people have become unemployed. Because of this, I do not believe that we can respond positively to the Government's request and I must say that I shall consider it a special duty to oppose this borrowing power because we now have evidence that the Government is leading the country into bankruptcy for the first time in its history.

Moreover, Mr. Speaker, how could we not blame the Government for refusing to protect at least our most vulnerable sectors when the whole country is faced with high interest rates? Hon. Members will recall that, for our part, we had tried to help homeowners and prospective home buyers by proposing a very special formula which would have eased the present crisis. I repeat that the Government's inaction and utter lack of interest in the traditional sectors such as the shoe and clothing industries and agriculture—which were faced with enormous difficulties because of the policy of high interest rates and the lack of Government assistance—as well as small and medium size businesses for whom the Government refused to stimulate the building industry at the proper time, have created thousands of unemployed.

The Minister of Finance told us five months ago, on his appointment, I believe, that we could make very positive projections. After a few months, because of the mistakes of his predecessor, he himself has realized that his estimates are very far off. We are now talking about a deficit of $30 billion for next year and yesterday, I think, the Minister of Finance said on television that he could not reject the possibility of an even higher deficit than $30 billion. Mr. Speaker, understandably Canadians are shocked by such statements and are convinced that the Government has lost all control over the affairs of this country. The Minister of Finance says that there has been one unexpected problem in particular after implementing policies which have increased the number of unemployed, he tells us that the Government will have lower tax revenues than expected this year.

The Minister of Finance apparently has overlooked the fact that with 2 million people out of work, Canada's tax revenues could not remain at their previous levels. Mr. Speaker, it was clear that with such high level of unemployment, we would lose revenues. And the Minister of Finances seems to imply that he has overlooked the loss of revenues associated with the current high level of unemployment. There we have the undeniable evidence that the minister is incompetent, as were his predecessors.

Under these circumstances, therefore, it was understood that if we were going to choose the high unemployment approach revenues would decrease. It was clear also that these unemployed people who are costing a lot of money and who are becoming a source of unproductive manpower would be costing still more money.

The energy policy implemented by the government has proved to be a total failure both in terms of investments and in loss of jobs. For all these reasons, Mr. Speaker, I do not think we can support this legislation, even though the government keeps saying that it needs this borrowing power to administer the country. Over the past 15 years, the government has demonstrated that the more money it has, the more it squanders.

At the same time, the Minister never realized that with its deliberate unemployment policy the government would bring about a major loss in the purchasing power of every Canadian. Because of that reduction in purchasing power, our Canadian industry is the one to suffer.

I am really wondering what those Ministers of Finance have been up to in the past 15 years, failing as they did to realize that the lack of research funding is a severe blow to the future prospects of Canada. The choices they did make were bad, and State intervention coupled with direct competition with the private sector is a very expensive proposition. And today the Government is again seeking authority to borrow $19 billion to pay for past mistakes.

This morning I heard the Hon. Member for Lac-Saint-Jean (Mr. Gimaïel) say that we have a wonderful country, and that we must combine our efforts and pool our energy to help all Canadians. The Government is urging Canadians to get into debt, it is on the verge of mortgaging the future of all Canadian children and it wants us to help pay for its mistakes. Our answer is a flat no, and I think there is nothing else we can say to a Government which has been so incompetent and which is driving the country into bankruptcy. That has been the prevailing feeling especially in the last three or four years, and yet the Government wants to prolong the agony of a bankruptcy which indeed will be increasingly costly.

For all those reasons, Mr. Speaker, we will not give our vote of confidence to the Minister of Finance whose policies have undermined the trust of the majority of Canadians. We have no intention either of accepting the Government's proposal to go on spending the taxpayers' money as wantonly as it is doing now.

It is obvious that the Government has lost all control over the administration of the country, it is obvious that it no longer deserves the confidence of Canadians and, finally, it is obvious that it does not deserve ours either.

[*English*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the normal course of dealing with expenditures and the needs for money in this House is well known. There is the budget in which the Minister of Finance (Mr. Lalonde) proposes the means by which he is going to raise the funds, and the books on Estimates in their various forms, as they exist now, outline the Government program for expenditures. That will show that 60 per cent of total Government spending is statutory and, outside of amending statutes, a Government is powerless to change or reduce those expenditures.

But we are today discussing, and this may sound a little academic, the third feature of Government financing, and that

is the borrowing authority. Obviously the Government cannot match up moneys coming in with moneys going out, therefore it has to borrow. Parliament has the right, and the Government has the responsibility, to come to Parliament to establish that balance of borrowing.

As far as Government backbenchers are concerned, they give Government carte blanche. This Bill, instead of calling for an expenditure of $19 billion, plus a carry-over of $2 billion, might just as well say $35 billion. There would still not be one word of comment from the Government backbenchers. They could not care less. The only time they participate in debate is in fixed-term debate so as to use up time which the Opposition would not have.

• (1650)

Today we are on the narrow question of the amendment put forward by my colleague, the Hon. Member for Mississauga South (Mr. Blenkarn), which in effect eliminates Part II of this omnibus borrowing Bill. The transcripts of evidence, I acknowledge, reached my office today. I think the staff did a good job. And after the fuss I raised last week, if they had not been here, I can assure you that this morning there would have been a very tempestuous protest, because we would not have had the evidence which was given in the Standing Committee. I am quite anxious to see the Minutes and Proceedings of the twentieth meeting, dated March 17, which was the last sitting at which the Minister appeared before us.

When discussing the matter with my colleague, the Hon. Member for Mississauga South, the Minister said, "Well, if the Opposition is not satisfied with the Government's spending program, why does it not put forward its own spending program? Why does it not put forward its own estimates and then put them before the public and choose?" That comment reflects the sort of simplistic confrontation-type of philosophy which governs this administration. There are hundreds of thousands of employees in the Government who provide the information. It is distilled and comes forward ultimately in the Estimates. For the Minister of Finance to allege that the same resources are available, or that because Bill C-34 has been passed, we have access to the information and would be able to compile the same sort of Estimates, is, of course, absolute folderal. As a matter of fact, this would tend to deceive the public, or it would be an attempt to deceive the public.

There is no way that Opposition Members can put forward alternative programs. The Hon. Member for Verchères (Mr. Loiselle) this morning was challenging Hon. Members of the Opposition to say which programs should be cut and by whom. He conveniently forgot that 60 per cent of expenditures are statutory. He asks, "How would you reduce expenditures?" Well, I would say the first one would be the $1.6 billion for the purchase of Petrofina, which came ultimately out of Government coffers. That was a vast over-expenditure. There are a great number of over-expenditures by Government. If the Government followed the recommendations of the Auditor General, there would be value budgeting, control of programs, and the whole bit, And when you look into the administration itself, there are supervisors galore, there are a great number of people far in excess of what is required. There are a number of things like that happening because there is improper management.

We are dealing with a total budget of close to $80 billion. In the lexicon of the average citizen, $10 million would be a fantastic sum but, frankly, it is not a great deal when one envisages $80 billion. That is 80,000 million dollars, Mr. Speaker! I am talking about saving $10 million or $20 million in reforming certain administrative practices. That is very attractive and I believe it should be encouraged. On the other hand, we have reached $80 billion, and we see suggestions for more and greater expenditures on the welfare side, and the tax Bill C-139 is also going to add tremendously to taxation.

Hon. Members across from me realize what they are doing in eliminating IAACs and turning over to the Government all the funds which formerly were provided to private industry through Income Averaging Annuity Contracts. The Government is jumping to, shall we say, a once-in-a-lifetime surge of capital because it needs the money so badly. The issue, Mr. Speaker, is whether we should now give this Government authority to borrow $19 billion before we have the budget promised last fall. I say, no, let the Minister determine and tell us how he is going to spend this money. Then we will tell him how much he can borrow.

Mr. Charles Mayer (Portage-Marquette): Mr. Speaker, I must say again that this is a very important debate. We are dealing with the kind of things in the House that this House is designed to deal with, and that is, money. We are not suggesting, as the Minister of State for Finance (Mr. Cosgrove) said this morning, that the Government not borrow any money. We are not suggesting that the Government be irresponsible and renege on its commitment to unemployment insurance and all of the other social programs which the Government finances on a day-to-day basis. We are simply suggesting in this amendment that Part II of the Bill be deleted and the Government be allowed to borrow $5 billion to meet its obligations to the end of this fiscal year, which is going to come about in approximately two weeks. And until the Government can come forward with some details as to how it intends to spend the additional $14 billion, we suggest that that borrowing authority be withheld from it. I find that logical.

I find the statements made by the Minister of State for Finance this morning rather incredible in the sense that he appears not to understand what the amendment is all about. Beyond that, the question can be asked, why should the Opposition be concerned about borrowing or about Government spending? I submit we must concern ourselves about spending and about the kinds of taxation which this Bill essentially grants—because that is what it is. It is deferred taxation. Every time a Government borrows monay, in effect it is deferring taxation to a later date at which this money will be repaid. Therefore, if we did not concern ourselves about this Bill, I submit, essentially we would be irresponsible. Not only that, but when you consider the level of borrowing which this

Government is asking Parliament to authorize, it then becomes even more of a concern.

I will repeat what I said at another time in commenting on this same Bill: every $1 billion which the Government either spends or borrows, amounts to $40 per capita. So that with the current deficit of approximately $30 billion, you are looking at about $4,500 for a family of four. That is a horrendous amount of money. If we take the $80 billion anticipated Government spending just referred to by my colleague from Edmonton and relate that to a family of four, you come very close to $13,000 per family of four in Canada. That is a very significant amount of money in anyone's life, let alone the average Canadian wage earner. In fact, in many areas the Government is going to be spending on behalf of that family of four in the coming fiscal year the same amount of money the major wage earner in that family earns. That gives you a bit of an idea of the amount of money we are talking about. I submit, Mr. Speaker, that if those of us elected to this place did not express our concern over the level of Government spending when it is that high, we would be totally irresponsible and find it very hard to go back to our constituents and explain why we did not at least raise an objection to what is going on.

• (1700)

As I said, it is not the fact that the Opposition objects to Government spending, it is the fact that the Government has given no indication of what the spending is for. If it is going to be for some very useful projects to help create employment and generate tax dollars to replace the money being spent, that is fine. But if it is going to be used essentially to pay for yesterday's groceries, then I think that is something we should look at. The only way we can do that is through a budget. On the one side is Government revenue, or earnings, although I hate to even use that word because Government has no money itself. The only money it has it takes away from taxpayers. So the Government does not earn money. On the other side, we know Government expenditures have been going up at the same time that revenues have been going down, so naturally you have a deficit. What we are saying on this side is that if we are going to address the problem of Government deficits, hence the large borrowing Bill we have here today, we should certainly take a look at a budget to see what the Government is going to do or what direction it is going to take in order to increase productivity so that in fact there are more taxpayers and the Government has more revenue. That would make sense to anyone, yet we do not see this.

We were told that we were going to have a budget very quickly after the first of the year. It is now over two months since the House came back into session on January 17 and we are told that the budget is still weeks or months down the road. We are facing a very critical time as far as Canadian farmers are concerned, and it would be nice to know what the Government plans to do to ease some of the tax burden the farmers are going to be faced with in getting the crops in the ground this spring so that, hopefully, we can give them some encouragement to stay in business and plant another crop. It does not make any sense to me to see the level of fuel tax raised so high that it effectively puts farmers out of business. They end up having to draw some kind of social assistance to survive, and they certainly are not paying any taxes. Where this money is going to be used is what we should be discussing. How is it going to be used across the nation to create jobs? How is it going to be used regionally?

There are some very pertinent questions we could ask concerning my own area, Mr. Speaker. We want to know what is going to happen to the Rivers air base. It is a small matter relative to the problems across the country, but it is a major concern for an area in my constituency and it would be nice to know if the Government has any plans there. We would like to know where the money is going to be spent on upgrading of many of the branch lines in western Canada. That is a major concern to a lot of people. Yet we cannot get this information. I have written letters to the Minister of Transport (Mr. Pepin), but we do not seem to know what kind of priorities the Government has as far as the upgrading process is concerned. In fact, we do not know which lines are going to have money spent on them this year or what the long-term prospects are.

The last Throne Speech was made on April 14, 1980, close to three years ago, and we are still in the same session. In that speech the Government talked about the Western Development Fund. We do not know what happened to that. There was supposed to be $4 billion for that fund, but it was cut down. Really, I think the only money which supposedly came out of the Western Development Fund was money for compensation payments as the result of the embargo put on grain sales to Russia after the invasion of Afghanistan. I think it is stretching things considerably to think that that should be part of western development. Many of us in western Canada looked forward to the Fund, and yet we see no sign of that money being made available to develop western Canada. What we do have is a situation where we are looking at reforming the Crow rate, but we do not know when the Government is going to table that legislation in the House.

I am trying to point out to the Government that if we could see some of its spending plans and what it intends to do in the budget, I think the Opposition would feel much better about approving the Government's request to borrow some $19 billion. All we are saying in this admendment, in lieu of that, is that the Government should have $5 billion to the end of the fiscal year, but then we should wait until we see a budget and an over-all expenditure plan before the authority to borrow the additional $14 billion is granted. That to me is a very reasonable kind of approach.

The Minister of State responsible for finance talked this morning about all the programs the Government has in place to assist people in this very trying economic time. That is fine, no problem with that, but it seems to me to be sensible for the Government to put some emphasis on creating jobs and encouraging people to get back to work so that they could become taxpayers and add to Government revenues instead of detracting from them and increasing the deficit.

The Hon. Member for Yorkton-Melville (Mr. Nystrom) talked about foreign capital, and he said that we did not really

want foreign capital in this country. I would simply like to point out to him that he comes from a part of Saskatchewan settled by people from other parts of the world. They came there and brought with them foreign capital and foreign expertise. None of us are native to this country, or very few of us. We brought that expertise and capital to this country, and that is what made it great. I am not concerned about where that capital comes from, but I am concerned that we control it as Canadians once it gets here and that it be used to benefit all Canadians.

Those are the kinds of things we would like to see in the budget, Mr. Speaker, and the sooner the better, not only for this House but for all Canadians.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in this particular debate I think it is very important that we come to some agreement about fundamentals. I think the first fundamental that we should bear in mind is that the borrower gets into debt. Borrowing means debt, it is as simple as that. But the Government seems to have forgotten that. That is the simple, straightforward notion of which I think we ought to remind ourselves in this debate. Borrowing means debt. If you have sufficient revenue, you do not have to borrow, and then everything is fine. But if you engage in enterprises beyond your capacity to pay, you are going to have to borrow. It is as simple as that. Engaging in enterprises beyond your ability to pay will get you into debt. This is a simple principle that every householder, every wage earner, has to observe. He may have to go to the bank if he wants to finance his house, but he realizes that he is going to have to pay it back. One is bound to ask oneself, Mr. Speaker, why Government should be different. Why should Government act in a different fashion? Within certain limits, of course, they have to, because Governments do have to have the latitude to borrow to deal with crises when they occur. Governments must have that freedom, and this is recognized by all citizens and taxpayers. Limits are difficult to define, and I am not sure that it is even possible to define them; but they should be watched.

• (1710)

When we examine the course of the spending by the Government over the past 10 or 15 years, we see increased indebtedness all the time. In about 1968-69, there was balance, but since then the indebtedness has been mounting. The figures appear in Government publications. In 1977-78, it took $5.56 million or 12.6 per cent of the budget just to service the then existing debt. Today, it takes over 20 per cent of the budget to service the debt. The deficit has risen from $5.5 million in 1977 to $18.5 million today.

The Government ignores the fundamental principles of how domestic housekeeping should be done. If we become too involved in expenditures that are beyond our ability to pay, then we are incapable of dealing with the budget. We must set limits.

I should like to give some figures from the *Financial Times* of February 28. An article on the front page describes the degree to which the country has increased the net federal debt. The article pointed out that in four years the Government will have more than doubled the net federal debt of $68.6 billion as it was in 1980. The total debt accumulated since Confederation, from 1867 to 1980—is $69 billion. If we go on the way we are going, in four years the accumulated debt will be $152 billion. It will have trebled in that short period.

We are talking in sums that are incomprehensible to most people. When I spoke on second reading of the Bill I tried to bring home to people the magnitude of the borrowing that is proposed in the Bill. I have another idea which I think is within the grasp of most people. We all watch football and know that the size of the field is 110 yards in one direction and 65 yards in the other. If you covered that field with $1 bills, the total amount required would be $1 million. The bills might lap a little over the edges. But one million $1 bills would cover, more or less, the football field. If you had packets of one thousand $1 bills and stacked them up, the field would be covered four inches deep at a cost of $1 billion. If you covered it a foot deep, it would take $3 billion—one million times one thousand. The Government is asking for $19 billion which would mean that the football field would be covered to a depth of six feet, four inches. That is the magnitude of the request made by the Government in this Bill. The amount of the borrowing is conceivable, in those terms.

Hon. Members opposite are always asking Members on this side what we would cut to reduce expenditures. The Auditor General made a very good study of the expenditures, but of course we learn about them after they have taken place. Someone already mentioned the $1.7 billion spent to acquire a fleet of gas stations. This did not increase the amount of petroleum available to Canadians at all. The company that acquired Petrofina at the cost of $1.7 billion now pays $18,000 per day, and will pay that for eight months, to rent a vacant building in Calgary. That will come to four and a third million dollars for unoccupied space.

These are the things that ought to be cut, Mr. Speaker. I could cite thousands of other examples if you would allow me another 10 or 20 minutes. I see you are going to rise to recognize someone else, and I thank you for the courtesy of allowing me these ten minutes.

[*Translation*]

Mr. Geoff Scott (Hamilton-Wentworth): Mr. Speaker, since I last spoke to this Bill, I have listened carefully to what was said by my colleagues in the Official Opposition. I believe that the $19 billion are so important to Canadians that this should be debated in both official languages of our country, and that is why I intend to speak to the House in French today. Since I am from Southern Ontario, my French may leave something to be desired. However, with the co-operation of my colleagues, including the Member for Vancouver Centre (Miss Carney), the Member for Calgary Centre (Mr. Andre), the Member for Perth (Mr. Jarvis) and the Member for St. John's West (Mr. Crosbie), I feel that I will be able to explain in the other official language and to all Canadians throughout the country, why we on the Opposition side are speaking

against and will be voting against this borrowing authority for $19 billion.

Mr. Speaker, I would like to comment for a few moments on the Government's financial planning. Generally speaking, individuals and businesses draw up budgets for a period of one year, according to a logical and rational procedure. This includes estimating income and calculating fixed expenditures. The difference between those two figures, if it is positive, can be used to defray any unforeseen expenses. If there is no surplus, however, the business or the family must borrow additional funds to meet its financial requirements, bearing in mind that the debt must be paid back later on. That is the procedure followed by individuals, by families and by businesses because it is, after all, a sensible one.

• (1720)

What does the Liberal Government of Canada do, Mr. Speaker? It is asking us to give it a borrowing authority for $19 billion which is more than the total government expenditures at the time the Prime Minister came to power. The Government prefers not to tell us why it needs the money or what its estimated revenue and expenditures are. We are not entitled to that information, and the Government is simply asking us for the authority to borrow the money. We all know that the spineless Government backbenchers will approve the Minister's request without a second thought. Then we are told that this figure is merely an estimate of what the Government is going to spend, but it is not the real figure, Mr. Speaker. What we have here is a perfectly ridiculous situation. At the end of February, the Government gave us an estimate of its expenditures for the coming year, in the Main Estimates. These expenditures are to start at the end of March, and at the end of June, the House will have a chance to say whether the Government is authorized to spend that money. But between now and the end of June, Mr. Speaker, the Government will have spent one third of the total amount before the House has even given its approval. This absurd situation is possible because the Government can count on its spineless backbenchers.

Finally, the Government may be bringing down a so-called budget corresponding to the revenue side of the entire budget balance. It was first promised for the beginning of the year, and then sometime before the first of April, and now there is a possibility that it will be brought down some time in April, but who knows, we may have to wait until May or June. Maybe this budget will never be brought down, because we are still considering the income tax legislation arising from a budget that was brought down a year and a half ago.

Mr. Speaker, what is $19 billion? I would like to quote an article in the *Globe and Mail*, which gives some idea of what $19 billion exactly represents. I would like to read the following into the record, and I quote:

> What is $19 billion? This is what it means. It was the total federal budget for 1973-74. That year, Government revenue was $19.3 billion and Government expenditures were $20.04 billion. It was the total national debt, the cumulative deficit from Confederation until 1974-75.
>
> In fact, the steadily increasing deficits of the Liberal Government since the middle of the 70's have now reached the point where not the national debt, but the interest payments on that debt exceed the overall budget expenditures at the time Pierre Trudeau came to power.

That is what $19 billion means, Mr. Speaker. What does it all come down to? The Government, the Department of Finance and the Minister of Finance (Mr. Lalonde) simply admit their total incompetence. On November 12, 1981, just 15 months ago, they told us that the deficit for the current fiscal year ending on March 31 would amount to $10.5 billion. That was the estimated deficit. That is the amount the Government economists anticipated for this year.

Mr. Speaker, I notice that I am rapidly running out of time and I would appreciate it if the House would allow me one more minute to conclude my remarks.

Canadians who have to live on unemployment insurance or welfare have difficulty imagining what $1 billion represents, let alone $19 billion. Mr. Speaker, I for one have no idea what $1 billion represents. I will probably never have a million dollars or even one-tenth of a million. Therefore, one could say I am an amateur when it comes to discussing such a sum of money. But I want to say that, as a taxpayer, I am outraged to see the sums of money that the Government is ready to borrow. From the bottom of my heart, I will vote against this borrowing authority, Mr. Speaker.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, first of all, I would like to congratulate my colleague.

[*English*]

With regard to the Bill presently before the House, when the Minister of Finance (Mr. Lalonde) rose in his place on February 17 to ask for borrowing authority for some $19 billion, I was certain that a full budget would only be a few days away. No Minister of Finance, no matter how profligate that person might be, would want to borrow that amount of money without giving a full accounting, without an accounting that would only come in the form of a budget, or so I thought. The budget would be brought down, the Government's proposals for additional revenues would be detailed, the country would be reassured that fiscal responsibility was still a commodity which even this Government recognized; in fact, all normal procedures would be followed.

How hopeless to think this would actually take place. Now a month later we have no more precise idea of when the budget will be presented to the House than we had when the Minister of Finance first came before us requesting some $19 billion. The Minister seems to feel no obligation to share this information with the House in general or with the Canadian public. He feels no sense of responsibility to give a fiscal accounting of the Government's balance sheet.

One is forced to ask, therefore, is it because the Minister is unaware this must be done that he refuses to say when a

budget will be forthcoming? No, I think surely that has to be discounted. Is he afraid, then, that the bad news of his budget will send the economy into another tailspin? No, I think that has to be discounted as well because this resilient nation, having withstood so many shocks and blows from the present Government, can show once again it can absorb whatever even this Government has to offer.

What is the reason the Minister of Finance seeks to borrow another $19 billion? What is the reason he fails to put it in the context of a budget or fails to explain why he wants Parliament to offer him this blank cheque? The only reason, Sir, I can see why the Government procrastinates and dawdles and delays with regard to a budget is that it simply cannot decide on which way it wants to go. Stimulate the economy and increase the deficit say one half of the Cabinet members, and the other half say no, restrain expenditures and increase taxes.

• (1730)

The see-saw battle goes on. The Finance Minister meanwhile alters his forecast of a budgetary deficit daily. It mounts and mounts. The country, unfortunately, is allowed to drift into an ocean of fiscal uncertainty. How sad for the country, but how very predictable of this Liberal Government.

Eventually we will have a budget. Eventually we will know why the Government needs an additional $19 billion. Eventually we will learn which faction in the Cabinet has won the fiscal battle. Eventually the Government will learn it can no longer duck its responsibilities. In the meantime this borrowing Bill is a catalyst for the fears and concerns that animate the business community from one end of this country to the other. To many, this Bill is the signal of a return to higher taxes. They see it as more Government rapaciousness in the capital markets which means a scarcity of capital for the private sector. And that in turn will lead to an upward movement in interest rates. That is what causes fear.

Nothing strikes greater terror in the hearts of business people, farmers, home owners, and job holders than that this Government will once again resort to its interest rate policy which drove so many Canadians and so many businesses into bankruptcy. And so people are asking: is this what this borrowing Bill signals? Is this the overture to the budget objectives? Obviously Governments need money to pay for legitimate expenditures for social programs, job creation, research and development and other legitimate items.

But how frequently, Mr. Speaker, have we seen this Government almost deliberately exacerbate, drive up, those very expenditures by putting into place ill-conceived and ill-timed economic policies without any consideration of what the social costs will be? The November, 1980 budget with its infamous National Energy Program wreaked havoc on the petroleum industry in this country and threw thousands of people out of work. This occurred not only in the oil producing regions but, as well, in the manufacturing and secondary industry sectors, sectors that would have produced the equipment for megaprojects and small exploration projects alike.

When the National Energy Program was being dreamed up, did anyone on the Government benches consider for a moment that its NEP could conceivably throw thousands of Canadians out of jobs, that it could cause Unemployment Insurance payments to soar, that it would result in lost homes and lost hopes? Did anyone give that a moment's thought?

When the November, 1981 tax reform budget was brought before the House, did the then Minister of Finance pause to consider the turmoil and uncertainty he would be creating in the private sector, the damage he would be doing to the motor of this country, the private sector that truly generates the growth rate of Canada? Did he even pause to contemplate that those ill-considered measures would bring plans for expansion and development, whether in a corner grocery store or in a major industrial plant, to a crashing halt? In that climate of uncertainty and fear, interest rates soared, and record numbers of businesses and individuals were driven into bankruptcy. And, more important, countless others were driven out of jobs.

In the human debris and fall-out from these two ill-conceived budgets lies the tragic proof that this Government conceives its economic policies in total isolation from any consideration of the social costs that may ensue.

Thousands of Canadians have paid for these mistakes in lost jobs, lost homes and lost individual and family security. Unemployment Insurance and provincial welfare programs have been strained to the breaking point. Social agencies that deal with abused children, alcoholism and marriage breakdown report significant increases in these problems. These widespread social problems are the direct result of the wrong economic policies applied at the wrong time.

Mr. Breau: Not so.

Miss MacDonald: I ask the Hon. Member to take a look at it so he can see that that is what is resulting. If he says it is not happening in his area of New Brunswick, I can tell him I will go there and find out that many people are out of work as a result of these policies.

Misguided economic policies have produced a crisis for Canada's social programs. When the cost of these programs soars, as indeed it has, the Government comes before the House seeking greater borrowing authority, as it is doing now. This situation should never have happened. How much better, Sir, how much more humane, how much more sensible if the Government had seen the error of its way before it threw the country's economy into a tailspin at its recent attempts at budget making.

We pray that in the next budget it does not follow the same route.

Mr. Breau: Mr. Speaker, would the Hon. Member accept a question, if there is time left?

Miss MacDonald: Certainly, Mr. Speaker.

Mr. Breau: Does the Hon. Member realize that when she says and others say to people that the causes of alcoholism,

drug problems and social problems are related to the economy—and I am very close to some of these problems in my constituency and elsewhere—it is mostly people who are the victims of economic circumstances who are alcoholics and drug addicts? Does the Hon. Member realize that she is offending these people? The facts show that problems of alcoholism and drug addiction have absolutely nothing to do with the economic state in one area. Quite the contrary, sometimes these problems exist where the economy is—

Mr. Deputy Speaker: Order, please. The Hon. Member is making an argument. The Hon. Member for Kingston and the Islands (Miss MacDonald).

Miss MacDonald: Mr. Speaker, I am sorry the Hon. Member for Gloucester (Mr. Breau) does not seem to know what is going on in this country, and he does not seem to know the tragedy unemployment is bringing to hundreds of thousands of people across this country, and he does not seem to know how closely it is related. I tell him to speak to the social agencies and visit them. If he does not have time to do that, he should get out of this House and go and discover for himself—

Some Hon. Members: Hear, hear!

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, yet again I must rise to speak on this Bill, and this time I want to direct my words to Members opposite, or at least to those who are not at the same time members of the Cabinet, such as it is. Would it be presumptuous of me to remind them that they were elected not to represent the interests of the present Cabinet but those of their constituents and the Canadian people?

Would I be going too far back to basics if I were to observe that our country is not a representative democracy but a responsible democracy, and that as such it demands of its Members of Parliament not a blind vote but, rather, the full value of mind and conscience, for the exercise of which they will be judged at the next electoral opportunity?

• (1740)

We have before us a demand for an endorsed cheque. It is a demand for an endorsed cheque in the amount of $19 billion. For what purpose is it and what is the money to be spent on? These are not unreasonable questions for a prospective investor to ask, for that is what we are, including all Members on both sides of the House. Parliament is being asked to invest $19 billion of someone else's money and they are the people of our constituencies all across the country.

The Cabinet either cannot or will not tell us what its proposal is. The Cabinet, quite rightly, insists that any corporate borrower must issue a prospectus before it may do its borrowing. It and its provincial counterparts even insist upon a very rigid standard of disclosure for that prospectus. Yet the Cabinet has placed before us Parliamentarians, who have been charged with the ultimate responsibility for the protection of the public purse since the time of King Charles I, a demand for the provision of money with no questions asked.

I am not speaking now as a Progressive Conservative or a Member of the Loyal Opposition; I am speaking as a Member of Parliament. I am speaking as one whose final responsibility is not to a given political Party or even ultimately to a given institution, but to the political system as a whole. In that capacity I am not only saying that this is a bad Bill and that it is one that is inherently dangerous in principle, I am saying that while all of us here realize that, many of us are trying to avoid facing it.

I would ask Members to bear with me since I will have to be somewhat partisan to back up the point I am about to make. Between the years 1968-69 and 1982-83, federal Government spending, calculated on a national accounts basis, rose by 624 per cent. During that same period, costs in the private sector, as measured by the Consumer Price Index, rose by 192 per cent. That is to say that during this period, federal Government spending rose three and one-quarter times the rate that the cost of living went up, despite the fact that this was the most inflationary period that most of us have ever known.

Since the Cabinet re-established itself in February of 1980, federal Government spending has risen by 68 per cent while the CPI has risen by 37 per cent and the GNP by 33 per cent.

In 1968, ours was a proud and stable country. In the period since that time, while the private sector and private citizenry alike struggled to maintain and recover that pride and stability and finally to find a base from which it might eventually be recovered, the Cabinet has been hellbent on a midnight ride of its own choosing, dragging us and the country helplessly behind it.

Canadians have always been so trusting that we have never seriously questioned this. I suppose that does not apply in this place because those people in the Cabinet were of us and were members of our group. This has not been challenged by others in the country, except perhaps by some members of what we probably thought was some extreme fringe. But we as Members were here to take care of that sort of thing for them.

We are now faced with a ruined economy for which the Government assures us it is not to blame. While the Government blames someone else, that responsibility varies from time to time depending on political considerations. While our traditions and parliamentary principles are in tatters, we are faced with a Government Bill which is demanding $19 billion for the Government's private and undisclosed purposes.

According to 1982 figures, federal Government borrowing already accounts for 51 per cent of all net new security issues placed in Canada. In layman's terms, that means that less than half the money that should be available for private sector expansion and job creation is left after the Government, following the policies of the Cabinet, has had its way. Of course, the Government has had its way because money has been no object to it since it is ours and not theirs. If the Government or a private sector borrower wished to borrow money, the Government would simply raise the price since the taxpayer apparently can afford anything.

The Government now wants to borrow another $19 billion but will not tell us why. It did not have to ask for this money in one sum. It could have split the Bill in two and obtained our authority to borrow enough money to see it through to the end of the fiscal year, then brought down a budget and introduced another Bill to borrow for its remaining requirements. As well, it could have produced explanatory material along with this Bill as it stands. It could have brought in yet another of its celebrated mini budgets, of which we have seen so many since the fiasco of November, 1981.

Of course, several other Members have mentioned that a budget has been promised to be delivered on various dates. I understand that the budget will probably not be brought down until early May.

Since the Government could have taken any of these steps, why did it not do so? Is it that the sinister suggestions of some of the public at large are correct? Is it that the Prime Minister's (Mr. Trudeau) musings on yet another occasion were correct and that in his eyes we are just a bunch of nobodies? Perhaps so, but we are still the last and sovereign authority over the public's pocketbook. They, our electors, have assigned us that responsibility, and it is to them that we are finally accountable.

Parliament once fought long and hard, and bloodily I might add, to be the sovereign authority over the public purse. We do not do service to either our for bears or our successors if we surrender that privilege lightly now. Perhaps the Cabinet has lost so much control of the economic, political and every other situation with which it is faced that it has just lost its grip. Perhaps that is closer to the truth.

The point is that for whatever reason this Bill is being brought forward in this fashion, there is no justifying it if we are collectively to fulfil our moral responsibilities to our electors. Whatever the reason for introducing this Bill, even if it be simply incompetence and lack of control, it militates against our continued confidence as the appointed delegates of our constituencies in this Cabinet's management of the country's affairs.

There comes a point at which every person must consider the true interests of those to whom he is ultimately responsible. I would suggest to all of us here that this Bill must mark that point.

Mr. Walter McLean (Waterloo): Mr. Speaker, the context in which we enter this stage of debate on Bill C-143 is that the only sector of our economy that is not practising restraint and setting intelligent spending priorities is the federal Government. In that context we are being asked to make a great leap in faith. In the same context we are being treated daily to new and more senseless examples of the Government's free wheeling spending. The Government is oblivious to the strains being placed on the backs of Canada's taxpayers.

The Government has come before us today to ask for authority to borrow $14 billion for the taxation year 1983-84. Of that, $5 billion is being requested to see it through this current fiscal year. Under what terms are we being asked to vote for this authority? The Minister of Finance (Mr. Lalonde) asks us to trust the Government. He has said that the Government will not even allow us to continue debate so that the public may hear us, and will impose closure. He says, "Trust us". We are asked this on the basis of a sheet, a Bill, one page with a little bit of print, compared with the Bill on tax increases, Bill C-139, which was nearly two inches thick.

• (1750)

Just a few months ago, let me remind the House and those who share this concern about the financing of our nation, the Minister's predecessor in the Finance portfolio very emphatically told the House:

> I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information on the economic situation and the implications of that situation on the Government's fiscal situation. I do not think that it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update on both situations . . . I will certainly be doing that before I would come back to the House for additional borrowing authority.

Where are the explanations? Now we are told, "Trust us. Wait for a budget, which may be late in April or may be now in May. In the meantime, we will close off any debate and discussion on the matter".

I will not go back to my constituents in the Waterloo riding and tell them that I voted for Government authority to borrow $19 billion when it would not give the country any idea as to how it planned to use it. I tell you, Mr. Speaker, that those in the Mennonite culture which I represent, the people of Germanic and Scottish ancestry in the Waterloo region, do not understand what it is to vote for something concerning which they are given no details.

I will not trust the Government with that authority when it has already spent over $1 million on newspaper ads to tell us just how close we are to energy security. I am reminded, as I speak in the House today, that nearly 7,000 homeowners in the Waterloo region have seen money spent by the Minister of Energy, Mines and Resources to let them know that this same Government approved of the use of urea formaldehyde foam insulation in their homes. Certainly, those taxpayers have so little regard for the word of the Government, so little trust in the Government which is asking to borrow $19 billion, that many of them, I find day by day, will have nothing to do with the new Government-approved programs to remove urea formaldehyde foam insulation from their homes.

I refuse to go back and tell the post-secondary graduates of Conestoga College or the University of Waterloo or Wilfrid Laurier University that I voted to trust the Government which has overseen an economy which cannot provide thousands of these capable and trained young people with employment of any kind, much less in fields in which they have long studied. They have already trusted that the Government would be of some help, would find some context so that they could feel they were contributing to our Canadian society. However, what do they find? They have almost no hope of jobs. Make-work programs give them little sense of satisfaction and little hope

that they can build families and futures. What trust has the Government earned from the 14.2 per cent record unemployment in Waterloo region, as reported by Statistics Canada last month? These 22,000 people, out of an area work force of 152,000 cannot be expected to trust the spending habits of a Government which has overseen its record reliance on jobless benefits and welfare.

In the last 15 years, Government spending has risen at an unprecedented rate of 59 per cent, a sad commentary on those who support the Government for practising restraint. For every $4 it spends, the Government must now borrow $1, and the borrowed money must still be paid for. The cost of interest on the debt during the last fiscal year was forecast at $16.7 billion, the equivalent of one revenue dollar in three. Is it any wonder that our young Canadians look with concern to their future? Is there not some point at which responsible representatives must say, "I will no longer give carte blanche to a Government which has no compunction about mortgaging the future of my children and their children's children."? Yet the Government, in its hunger for more and more money to spend, refuses to listen to smart spending suggestions.

It has already agreed, in the person of the Secretary of State (Mr. Joyal), that this country's voluntary sector can create lasting jobs by spending far less of the taxpayer's money. The Government admits that it must spend an estimated $120,000, while the voluntary sector has already demonstrated, as the Secretary of State has admitted, that it can create the same job for just between $35,000 and $40,000. Even the proven capacity of the voluntary sector to train and retrain unemployed Canadians in new job skills remains virtually ignored, untapped, by the Government's own admission. Its answer is, "We can do it ourselves", and in terms of the future of the country, it states, "We will not stimulate either the private or the voluntary sector".

In this morning's *Globe and Mail*, under the heading "Ottawa, business warning to deliberate spending boost", in a column by Thomas Walkom, we see these comments:

> There are two levels of objection to Government deficits. The usual economic criticism is that deficits soak up savings that otherwise might be used by private borrowers. This process, called crowding out, is said to force up interest rates. At the limit, this criticism blends into the monetarism of U.S. economist Milton Friedman, which holds that increased spending for lower taxes don't help the economy anyway and that governments should concentrate on the growth of the money supply.

The article continues:

> The other level of objection to Government deficits is more fundamental. It is based on the view that nations, like corner stores, should balance their books and pay their debts. This is a view founded on a profound mistrust of government as an economic actor. It is virtually untouched by the ephemeral winds of economic boom and depression.

In conclusion, in opposing the Bill, let me say that we are faced with a Government which has abandoned the concept of a balanced budget, and we are faced with a Government which is not prepared to clean up its own act. Therefore, I and many others in this House cannot trust the Government with $19 billion for which it will give us no design as to how it will be spent.

Mr. Arnold Malone (Crowfoot): Mr. Speaker, we often start by talking about the pleasure of speaking, but it is certainly not a pleasure to speak one more time on one more borrowing Bill. The Government, drunk with mismanagement, is asking for another $19 billion, $5 billion for this fiscal year, and another $14 billion for which there is not even a plan. There is no budget and no stated intention as to how that money is to be spent. What we have in front of us is simply a request, a request under the threat of closure.

The Hon. Member for Parry Sound-Mosquito—

Mr. Nystrom: He's a real bug.

Mr. Malone: —or Parry Sound-Muskoka (Mr. Darling), said to us a little while ago that following King Charles, the purpose of this Parliament was to control the King's purse. This Parliament has lost such control. Parliament does no longer control the finances of this country. We are under the threat of closure to borrow money and we are under closure to spend money.

I see that Your Honour is rising. May I call it six o'clock and continue tomorrow?

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

EXTERNAL AFFAIRS—ZIMBABWE—OBSERVANCE OF HUMAN RIGHTS

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, Canadians have a large investment in the success of the experiment in democracy in Zimbabwe. If we take our minds back two years or more to the great Lancaster House Agreement, we will recall that Canada, along with many of the other nations of the world, wished the very best for that country, which had endured a great struggle for its independence, in its great experiment in democracy. For us in Canada it was an affront to our sense of representative Government to have a minority ruling the majority. So we invested in that great transition from a minority ruling the majority. We invested by sending one of our key representatives over there to monitor the election, Mr. Gordon Fairweather, our Commissioner of Human Rights. He came back with the report that as far as he could determine the elections had gone very well considering the relative upheavals in the country. He was satisfied that the elections themselves were democratic. As the headlines of that day indicated, Mr Fairweather came back with an emotional appeal for quick aid to Zimbabwe. That aid was forthcoming. Something like $1.3 billion in aid was

promised that country, part of which was given by Canada. Possibly some people felt it was not enough. We promised at least $60 million in aid at that time, but there were other kinds of aid.

For example, I have here a press clipping of the Ottawa *Citizen*, May 13, 1981, which I read in part:

> The Zimbabwe government has turned to Ottawa's medical experts for advice in rehabilitating almost 5,000 of its war-mutilated soldiers. Dr. Sidney Dinsdale, head of psychiatry at the Royal Ottawa Hospital's new rehabilitation centre, will fly to Zimbabwe Friday to share with doctors his expertise in the handling of amputations and other disabling injuries.

That is the kind of outpouring which took place around the world to that country. Canada invested, in terms of CIDA, something like $50 million, and then in excess of another $10 million or $12 million in teacher aid, as well as other kinds of support.

At the same time we were hearing concerns that the country might turn to a one-party rule. It was precisely because of that concern that there was a sense of urgency on the part of western nations that aid should be forthcoming as quickly as possible, and that they should encourage the viability of the economy in that country and the viability of a multi-party system in that Government.

About a year ago I had lunch with a Member of Parliament from Zimbabwe. I found that he was in fact a Member of Parliament in exile and that he was travelling throughout the world pleading the cause of not only himself but of a colleague of his in that assembly, expressing a concern for many of his other compatriots, white and black, who were faced with the fear of oppression because the intelligence agency of that country was intimidating people around the country.

That stimulated my concern about Zimbabwe, and I had documented evidence that there was reason to be concerned. I began writing to our Secretary of State for External Affairs, (Mr. MacEachen) expressing these concerns. His original correspondence indicated that my fears were somewhat on the alarmist side, that there was no substantiation to them, and that there was no real need of concern, but that, according to their reports, everything was going well.

As I persisted in my correspondence I became increasingly concerned that our officials in Zimbabwe were not as observant as they might have been. The latest press reports indicate, as they have indicated in the past week or ten days, that not only has there been oppression of the elected Members of Parliament in that country, but there seems to have been oppression of people throughout the countryside. We hear press reports of shallow graves throughout the area and that there has been harassment. We now have the Leader of the Opposition fleeing to England for security.

What is even more alarming is that the Ministers of the Crown in the ruling Party are calling for the annihilation of the Opposition Party. I am speaking of the Party, not the people in the Party. That gives cause, Mr. Speaker, to believe that they are moving to a one-Party state, and when I hear press reports confirming what I knew a year ago, that the North Koreans are training an elitist guard in Zimbabwe, we have cause for concern.

• (1805)

My simple question to the Parliamentary Secretary is, can we put any kind of pressure on this Zimbabwe Government to make sure that the aid we are giving to that country will be aid for the citizens and not to help the Government continue its oppressive tactics on the population?

Mr. Jean Lapierre (Parliamentary Secretary to Deputy Prime Minister and Secretary of State for External Affairs): Mr. Speaker, I would first of all like to thank the Hon. Member for raising this issue. I would like to reassure him that we, as a Government, have conveyed his message and also the message we received from the press as to certain activities in Zimbabwe.

Last week we had a visitor, a Member of that Government, with whom we had a long conversation concerning the circumstances surrounding the events which happened over the past Christmas holiday. We understand that the Government subsequently sent police and military units into that region in order to counter such dissident activities. It appears that in the course of these operations, a considerable number of people in the area suffered injuries or lost their lives.

We were very concerned about these reports and we have drawn our concerns to the attention of the Zimbabwe authorities at senior levels. We conveyed the hope that peace and reconciliation would replace conflict. We have been assured by the Zimbabwe authorities that national reconciliation remains a primary objective. The Government of Zimbabwe has also informed us that a three-man team has been designated to carry out an inquiry and to receive briefs from the general public and non-governmental and church organizations. Although this is not a formal Commission of Inquiry, it has been established at the direction of Prime Minister Mugabe and is empowered to recommend remedial action. We shall, of course, follow the situation closely in view of our close ties with Zimbabwe. That is why we say that, as friends and supporters of an independent Zimbabwe, we share high hopes for the country and its people. All the funds we have committed up to now are currently committed to joint projects with the Zimbabwe Government, and we intend to honour these commitments. We are, however, following the situation very closely.

TRADE—EXPORT RESTRICTIONS ON BRANCH PLANTS—REQUEST FOR RELEASE OF DOCUMENTS. (B) ROLE OF UNITED STATES GOVERNMENT IN PROHIBITING EXPORTS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, on Friday last I asked questions of the Minister of State for International Trade (Mr. Regan) about the restriction on some Canadian firms vis-à-vis their exports. I would like to pursue that for a few moments.

We stumbled across some documents from the 1960s which revealed that trade commissioners had said to the Government of that day, that up to 75 per cent of the branch plants operating in Canada were operating under some form of restrictions on their exports, thus losing Canadians literally hundreds of

thousands of jobs over the decade. Since that time I placed some ads in the classified columns of several newspapers and I have been soliciting information from ordinary citizens about the export practices of branch plants, or companies which are licensed by American or other foreign firms.

I asked specifically about a case with respect to a licence agreement between Nelson Industries Inc. of Wisconsin in the United States and Nelson Muffler Canada, Inc., which is established at Burks Fall, Ontario. I ask about this company because in the licencing agreement that I have here, Mr. Speaker, I find a number of clauses which really make me shiver as a Canadian patriot. I find, for example, on page 4, section 3, a clause entitled "Rights outside Territory". It says:

• (1810)

The rights granted to Licensee—

Which is of course the Canadian plant.

—under paragraph II shall not be construed to include any of the rights or licences outside of (Canada) except as may be arranged in writing between the parties hereto.

In other words, they cannot export anywhere outside Canada unless they have it in writing from the U.S. firm. This, as I said, was a licence agreement in mid-1982 between two firms which manufacture things such as mufflers and exhaust systems. I find it to be a real attack on Canadian sovereignty when a plant in Canada cannot export without the written consent of the head office in the U.S.

There is another clause which I am sure you, as a Canadian, will find scandalous, Mr. Speaker, the "trade prohibition clause". It says:

Without limiting the generality of any provisions in this Agreement restricting the grant of any right or privilege to a specified territory, Licensee—

Which is the Canadian plant.

—may not without prior written consent of Licensor—

That is the American office.

—sell, directly or indirectly, the Products for export to a place or person located within any nation, or to any territory or purchaser to which shipments may be prohibited by the United States Government without such consent.

It is understood that the Licensor's—

That is the American company.

—power to give consent to such sales is limited by the United States Government and that in some cases Licensor will be forbidden to give such consent.

That Clause says that in some cases, even if we did find a market elsewhere in the world for these exhaust systems or mufflers, and even if the U.S. company which granted a licence were to concur, it may not concur in some cases because it would be a country to which United States firms cannot export. I find that to be a real violation of our sovereignty because we are an independent state and in such a case American law could prohibit export of a Canadian product produced in a Canadian plant. I find that wrong.

One does not have much time in these proceedings, Mr. Speaker, but I want to refer the House to the 1972 study on foreign direct investment in Canada. It refers to the problems of branch plants and the problems of licencing arrangements. I think everyone here knows that we are talking about a licensee which manufactures. The report says on page 168 that a number of licencing arrangements were studied and it was found in 1972 that the export limitations of licenced plants was very, very high. Of the ones studied it was found that only 5 per cent had no export limitations at all. Only 5 per cent could export anywhere they wanted to in the world. It was found that 58 per cent were licenced to produce for Canada and Canada only, and that 18 per cent were licenced for Canada and the U.S. In other words, only 5 per cent could export wherever they wished to.

It is also pointed out in the report, Mr. Speaker, that these are arm's length licencing arrangements between supposed Canadian firms and lead offices in the United States, although I think we all know that in the specific case, it is almost like any other branch plant, Canadian in name only; in reality it is totally dictated to by the head office in the U.S.

The report also refers to licencing arrangements between parent companies and Canadian subsidiaries. It goes on to talk about all of the restrictions on trade, such as the limitation on plant size, the licence not giving them a mandate to export, and so on.

• (1815)

I want the Government to tell us whether it will do something to make sure that Canadian subsidiaries, plants that are licensed, will act as Canadians and respect our sovereignty as Canadians. We want to increase Canadian jobs and create wealth and productivity in the nation.

I also want the Government to release the studies that have been referred to in the report, as well as a Cabinet document released in the summer of 1980 in which the then Minister of Industry called for action to break down some of the barriers in the branch-plant system when it comes to export. So far the Government has not made those documents public, but I think we need them in order to have a useful debate on this matter.

No other sovereign nation in the world would tolerate this kind of foreign domination, or the taking away of their nationhood. I do not know why we have not grown up and asserted ourselves as have our friends in the United States, in Japan or any country in Europe.

During an election campaign, in 1980 the Government promised to expand FIRA in order to make sure that all foreign expansion in this country was screened and would be of significant benefit to Canadians. The Government campaigned on that promise, but after three years it has not delivered. It knows that foreign ownership has cost us jobs and made us poor. This has been shown in many studies. I should like to know why the Government has failed to act, and I am sure all Canadians would like an answer to that question.

This report pointed out that 81 per cent of all foreign expansion in the 1960s was funded from Canadian sources and only 19 per cent was funded from foreign sources. In other words, we are financing foreign expansion in this country with our own money. It is about time we stopped that, showed that

we are proud to be Canadians, and intend to promote growth in the country for and on behalf of Canadians.

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, I want to thank the Hon. Member for his concern. We on this side of the House are also very concerned about the problem the Hon. Member has raised.

[*Translation*]

Mr. Speaker, I would like to point out that the point raised by the Hon. Member is indeed a problem for the Department, that is, to find out whether companies are preventing foreign branch plants of those companies from exporting outside the country. We were very pleased to receive the information relating to the point raised by the Hon. Member, and the Minister of State (International Trade) (Mr. Regan) is already having a complete check done as a result of the question put by the Hon. Member.

It is of course a fact that it is often very difficult to know what the actual intentions of such companies are, and to judge to what extent artificial competition may be involved. I feel it is therefore important to get to the bottom of this question in order to ensure that the objectives of the Foreign Investment Review Act and FIRA are indeed being observed. We often hear many comments from people who disagree with the objectives of FIRA. The Hon. Member has just asked that not only the objectives but also the mechanisms of FIRA be expanded. There is some controversy on this point, but what we must bear in mind at this point in the debate is the need to ensure that when foreign companies allow branch plants to set up in Canada, such action is beneficial to Canadians and the Canadian market, and also that a real export market exists. In fact, the Act is very specific in that respect, Mr. Speaker. The Act says among other things, that normally in the first case, the Government would ask foreign controlled companies to, and I quote:

> Make an effort to obtain a full international mandate in terms of innovation and market development, when they can thus increase their effectiveness by specializing in profitable activity.

Secondly, the Government asks branch plants to, and I quote:

> Be active on all markets, both abroad and in Canada; to be prepared to develop new markets.

I think what the Hon. Member is asking is that we ensure that branch plants play a truly active role in Canada in creating jobs and seeking new markets by every possible means, and that they stop hiding behind a smokescreen of artificial competition which runs counter to Canadian interests, both with respect to the manpower aspect and international trade.

Mr. Speaker, in concluding, I would like to say that our concern about artificial restrictions imposed on branch plants of foreign companies is justified. The Hon. Member has provided my colleague, the Minister of State (International Trade) with a copy of an agreement according to which such restrictions were imposed. The Hon. Member has received the assurance that an exhaustive enquiry will be held, and the Minister will of course be communicating the results to the Hon. Member as soon as the enquiry is completed.

• (1820)

AIR CANADA—STATUS OF RCMP INQUIRY INTO TRANSFER OF HEADQUARTERS

Hon. Roch La Salle (Joliette): Mr. Speaker, I put a question to the Solicitor General (Mr. Kaplan) on March 7 last, but he chose to remain seated and let the Minister of Justice (Mr. MacGuigan) answer the question. I asked the question very simply and in the public interest to find out about the status of the RCMP inquiry ordered by the Minister of Justice into the transfer of Air Canada's Montreal headquarters.

Mr. Speaker, perhaps I should say that, with a view to obtaining more information, I put a question to the Minister of Transport (Mr. Pepin) on December 9, 1982 concerning the transfer of the head office following offers made by real estate developers, and that this deal was probably going to cost $10 million more than it should have. The Minister told me on December 9 that this amount of $10 million was pure fantasy. I also asked him that question because the Trizec Company was so sure to get the contract that it had advertised in *The Gazette* that it would have an important announcement to make the following Thursday. So, Mr. Speaker, it is fair to presume that interested parties kept a close watch on that deal. The same day, December 9, I asked the Minister whether he was aware of an RCMP inquiry into that contract. The Minister never did confirm that there was an inquiry, and he simply said that he was keeping the matter under close consideration, that there was nothing to worry about, and that the $10 million was pure fantasy.

Again on December 21, 1982, I asked a question to the Minister to find out whether he had asked for an inquiry into the Air Canada head office transaction because of the huge difference between the two proposals by Trizec and Gagnon and Archambault, whereas the day before, December 20, he had acknowledged in answer to questions of the Leader of the Opposition that the Royal Canadian Mounted Police was indeed making an inquiry.

Mr. Speaker, since $10 million are involved and the public has a right to be kept informed, especially in view of the fact that the Government is now speaking about the need to borrow $19 billion, we are entitled to ask why Air Canada chose the second lowest bid which was $10 million higher than the lowest one.

I also wonder why the Minister of Transport (Mr. Pepin) refused to tell me that an investigation had been undertaken. I still want to know why Air Canada deemed it preferable to rent its new headquarters at $140 a square foot rather than at

$85 a square foot, which represents a difference of $10 million. The Minister told me that he expected Air Canada to make a statement justifying the choice of Beaver Hall Place and that if I was not satisfied, he would add to this statement. Air Canada has given no explanation for its decision. Mr. Drabinski told the newspapers: We are not willing to discuss publicly the various bids submitted to us. The company does not want to speak about figures which are so far apart. Mr. Drabinski of Air Canada also refused to give any details in reply to our second question which asked for the rationale behind the choice of Beaver Hall Place at a clearly higher cost.

In view of the circumstances, Mr. Speaker, I think the public and myself are entitled to know why Air Canada will not publicly account for its choosing a building for its new headquarters which will cost the taxpayers $10 million more than it should and the reasons why the Minister refuses to tell us what is now being investigated. We shall continue to pry into this. The contract is obviously under investigation. This was admitted publicly. The Solicitor General refused point blank to rise in this House to reply to my question. The Minister of Justice (Mr. MacGuigan) stated that he would have nothing to say as long as the investigation has not been completed and he also refused to say whether the results of this inquiry would be made public. In my opinion, since Canadians must pay $10 million more than they should, they are entitled to know the reasons for the investigation and, even more important, its results. We are also entitled to know why Air Canada decided to transfer its headquarters and chose a bid which was $10 million higher than the lowest offer. These are all questions to which we would like a reply for the sake of the Canadian people. I believe that the Government should not wait any longer before giving us the information to which we are entitled.

• (1825)

[*English*]

Mr. Al MacBain (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Mr. Speaker, I would like to respond on behalf of the Minister of Justice and the Attorney General of Canada (Mr. MacGuigan) to the Hon. Member for Joliette (Mr. La Salle).

It is Department of Justice policy of long standing that unless someone is charged as a result of a police investigation the results of the investigation are not made a matter of public record. This policy is dictated by considerations of ordinary fair play. If a charge is preferred, the position is quite different. A person charged with an offence must be given an opportunity to defend himself before the courts and in accordance with the rules of law.

It is well known that in the course of investigating the commission of alleged offences peace officers receive innuendo and dubious allegations of wrong doing which fall far short of what the law requires to launch criminal proceedings. Is that kind of thing to be made public? How and where is the individual who is the subject of innuendo and allegations of the kind just mentioned to defend himself or herself? To make reports prepared by RCMP investigators public in the absence of the preferring of charges could amount to nothing but character assassination and the abuse of police power.

The unequivocal position of the Attorney General of Canada is that he has not the slightest intention of allowing RCMP reports to be used improperly and unfairly, to the possible detriment of anyone in Canada.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 6.29 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, March 23, 1983

The House met at 2 p.m.

• (1405)

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

AGRICULTURE

REINSTATEMENT OF SECTION 16 OF UNEMPLOYMENT INSURANCE REGULATION

Mr. Marcel Ostiguy (Saint-Hyacinthe-Bagot): Madam Speaker, the Fédération des producteurs de pommes du Québec, the Quebec Farm Producers Union and a number of other agricultural organizations in Canada recently asked the Minister of Employment and Immigration (Mr. Axworthy) to reinstate Section 16 of the Unemployment Insurance Regulations, which defined the conditions under which farm workers became eligible for deduction of unemployment insurance premiums. Section 16 prescribed that farm workers had to work a minimum of twenty-five days or earn $250 in wages before premiums could be deducted under the Unemployment Insurance Regulations. Because this provision no longer exists, workers will now qualify for premium deductions from their wages after only fifteen hours of work or earning $70 in wages.

Madam Speaker, although the new regulation simplifies forms for farmers and allows exemptions of up to seven days for farm workers, it is highly impractical for apple growers, because it cannot be properly implemented. The large number of pickers who work on a daily basis and picker turnover during the short harvest season makes it impossible for apple growers to keep proper records for each worker.

Madam Speaker, I would therefore ask the Minister of Employment and Immigration to reinstate the provision of Section 16 of the Regulations that was ideally suited to apple growers and farmers in general.

* * *

[*English*]

HEALTH

TRAINING OF HEARING-EAR DOGS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, let me tell you about a wonderful idea from a remarkable constituent of mine. Jacqueline Harbour loves dogs, and she has devoted her life's work to making the lives of the deaf and hard-of-hearing much more tolerable through her hearing-ear dogs.

The lady's concept is simple. If a person is blind, you know it. If a person is deaf, you may not know it. The hard of hearing hide it, or they become experts at lip reading. Blind people frequently find "sight" through seeing-eye dogs.

As Jacqueline Harbour says, dogs always answer the door anyway. Her dogs have been trained to answer the front door bell, notify someone when a baby is crying, or alert deaf people to anything from a telephone ringing, to a timer on a stove, to a smoke detector going off. All you need to do is teach them to respond to any sound. Hearing-ear dogs can be trained to lead those people who are deaf out of the fear of moving about and living in a world of silence.

Therefore, Madam Speaker, I would urge the Minister of National Health and Welfare (Miss Bégin) and this House of Commons to use whatever means possible to ensure that hearing-ear dogs are accorded the same privileges and treatment as seeing-eye dogs.

Jacqueline's mother, who is deaf, offers this pertinent and poignant quote:

> People should be helped in a way that allows them to remain on their own. It's a lot cheaper for the Government, and better for them, than putting them into hospitals and homes. If a dog like this can help them manage on their own, they should be allowed to have one.

Thank you, Madam Speaker.

* * *

OFFICIAL LANGUAGES

COMMISSIONER'S ANNUAL REPORT

Mr. Laverne Lewycky (Dauphin): Madam Speaker, the Official Languages Commissioner of Canada, in his annual report released yesterday, points out that Canada's Constitution is being violated constantly with respect to the guaranteeing of language rights. Bilingual service in areas where they are warranted are often not available at federal Government agencies. For example, Air Canada has refused to install French-speaking staff at its offices in Timmins, Ontario, even though 37.4 per cent of the residents are francophones.

[*Translation*]

Corporations such as Petro-Canada and Via Rail have seriously breached the legislation on bilingualism, and the Federal Government must insist that the law be complied with. In a bilingual country such as ours, that principle must be respected and enforced. Minority groups, be they French, English or of

another culture, are puppets in the hands of politicians when that is politically profitable. Otherwise, they are ignored.

[*English*]

The federal Government should take a long, hard look at Mr. Yalden's report, with a commitment to acting upon the recommendations contained therein, and also look at the area of multiculturalism and pursue a more vigorous policy in that regard.

* * *

[*Translation*]

EMPLOYMENT

REQUEST THAT GOVERNMENT FUND CREATION OF EMPLOYMENT IN QUEBEC

Mr. Claude Tessier (Mégantic-Compton-Stanstead): Madam Speaker, the $220 million Canada-Quebec agreement with respect to the immediate creation of jobs has been scuttled because once again the Quebec Government has failed to honour its signature of December 23. The purpose was worthwhile indeed, but there is a question we must ask ourselves as Federal Members of Parliament and representatives of Quebec ridings: why should the Federal Government always disregard its own requirements and let the Parti Québécois force Quebecers to behave as if they were separated from the rest of Canada?

Indeed, Madam Speaker, even though certain features may be considered as peculiar to Quebec, and even particular status to a certain extent, the fact remains that Québec's Péquiste Government too often acts as if the province had already separated, and because it is behaving as such, and all the more so because it does not have that mandate, we federalist Members and all our supporters have to admit that the Canadian Government cannot be so cooperative as to shirk its own responsibilities towards Quebecers and other Canadians alike.

The Minister of Employment and Immigration (Mr. Axworthy) is to be commended for his courageous decision not to wait any longer for the Quebec Government, and we urge him to give Quebecers the funds earmarked for immediate job creation.

I deeply regret however that municipalities are now excluded because of the Quebec Government, and yet they could use assistance under the NEED Program and they would be ideal partners to provide services in our respective ridings.

* * *

[*English*]

SMALL BUSINESS

APPEAL FOR STIMULATORY MEASURES

Mr. Otto Jelinek (Halton): Madam Speaker, with unemployment in Canada at an all time high and growing, it is painfully obvious that the Government has failed to come to grips with this very serious problem.

We have seen the Minister of Employment and Immigration (Mr. Axworthy) pump millions after millions of tax dollars into costly, temporary, and non-productive make-work programs, only to have these temporary jobs cease to exist upon the termination of such programs.

In the meantime a survey by the Canadian Federation of Independent Business yesterday concluded that 700,000 to 800,000 permanent jobs have been lost in the small and medium-sized business sector as a result of the Liberal Government's lack of positive programs and policies for that sector.

This only confirms what we in the Conservative Party have been saying for years, namely, that small and medium-sized businesses form the backbone of our economy and, with realistic and effective policies, are Canada's No. 1 potential employers.

I therefore appeal to the Minister of Finance (Mr. Lalonde) to adopt in his forthcoming budget specific policies which would encourage employment, expansion and start-ups of small businesses by way of employment incentives and other forms of tax incentives, in order to stimulate this most important sector of our economy.

Then, and only then, will it be possible to move forward on the road to economic recovery and permanent job creation in Canada.

* * *

• (1410)

SOCIAL SECURITY

FULL INDEXATION OF OLD AGE PENSIONS

Mr. Ray Chénier (Timmins-Chapleau): Madam Speaker, the announcement made recently by the Minister of National Health and Welfare (Miss Bégin) regarding the full indexation of Old Age Security pensions for the second quarter of 1983 is certainly good news for Canadian senior citizens. The six and five legislation will not apply in the second quarter of 1983, thanks to the continuing decline in the rate of inflation which stood at 7.4 per cent in February.

When the federal Government introduced the six and five legislation last summer, many people were quick to judge, charging that senior citizens would suffer greatly by the new legislation. At that time we assured Canadians that people who needed help the most would not be affected by the six and five legislation. And now the Government has shown that it too can be fair. Because the inflation rate has dropped so dramatically in recent months, the Government can now provide full indexation on Old Age Security pension cheques.

It is my hope that we will continue to see the rate of inflation fall over the next few months, in order that we may continue the full indexation of Old Age Security pensions in the third and fourth quarters of 1983.

SPORTS

CANADIAN WINNERS OF WORLD AMATEUR BOXING TITLES

Mr. Joe Reid (St. Catharines): Madam Speaker, two young Canadians just recently won credit for themselves and recognition for our country, but few of us, and indeed few Canadians, are aware of it. In the world of boxing last week at Reno, Nevada, Sean O'Sullivan of Toronto defeated the Russian defending champion Koshkin, to become the world light middleweight amateur boxing champion. In the same tournament, Willi DeWitt of Grande Prairie, Alberta, won the heavyweight gold medal by defeating another defending champion, Aleksandre Yagubkin, also of Russia.

Through a long and painful apprenticeship these young athletes are now world amateur champions in their chosen sport. In most countries this would have been front-page news. In Canada such ranking in most any other sport would have warranted substantial sports-page coverage, pictures and all.

Money alone does not win Olympic or world championship medals. It takes a dedicated athlete, supported and encouraged by an appreciative nation. That is hardly the kind of support accorded these two young winners.

* * *

SMALL BUSINESS

SURVEY BY FEDERATION OF INDEPENDENT BUSINESS

Mr. David Orlikow (Winnipeg North): Madam Speaker, a survey by the Canadian Federation of Independent Business, an organization which represents a large cross-section of small businesses in the country, indicates that the impact of the recession and the Government's tight money and restraint policy has cut small-business employment by 700,000 or 800,000. A full 51 per cent of respondents to the survey had laid off employees, representative of a majority of small and medium-size businesses in the country. This large portion of the unemployed related to small business indicates the large role this sector could play in an economic recovery.

Small business in Canada is fully up to the job of putting Canada back to work, if it is given the chance it deserves. Some 70 per cent of respondents to the CFIB survey indicate that more consumer spending, lower interest rates at or below the level of inflation, and investment expenditure are essential before any growth in employment can come about. Meanwhile they hear the Minister of Finance (Mr. Lalonde) and the Governor of the Bank of Canada talk of restricting stimulus and tightening the screws.

Bill C-139, now before the House, legislates the restrictions to Small Business Development Bonds. Measures are needed to expand employment, not to restrict it. The Government's lack of will and blind callousness are maintaining our high rate of unemployment.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

INQUIRY RESPECTING MEASURES TO COMBAT UNEMPLOYMENT

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is directed to the Right Hon. Prime Minister. Yesterday in the House the Minister of Finance, in reply to questions regarding the seriousness of the unemployment situation, indicated, as reported in *Hansard*, that we can "expect the unemployment rate to remain high not only next year but for a number of years after that", meaning of course that the Minister's budget will not contain any quick fix to the unemployment situation.

I remind the Prime Minister that this is a question which is seizing the imagination and certainly the compassion of Canadians everywhere, given the long-term nature and the high rate of unemployment in the country, causing serious social problems such as family breakdown, alcoholism, and serious disruptions within our society. As head of the Government, can the Prime Minister tell me what the Government is doing to address this unprecedented situation, unprecedented indeed since the last election?

• (1415)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am somewhat surprised at the question when it is phrased in terms of what we are doing. We announced in the last budget, and in the last economic statement, that some $2 million plus would be spent in order to create jobs to train young people, bring them into the work force, and to increase the number of jobs available. We addressed particularly the problem of those people who had exhausted their unemployment insurance benefits. We are in the process of and have concluded with the Provinces the funding of projects to create jobs which will ensure greater employment for the unemployed. I think the question of what we are doing is a rhetorical one.

As far as the concern for facts as foreseen by the Minister, that unemployment will remain high, I think the Minister is avoiding the creation of illusionary remedies, quick fixes, as the Hon. Member says. I think it would be cruel to tell the unemployed that there will suddenly be a quick fix which will reduce the unemployment by half, because that is not likely to happen. That is what the Minister is saying. But certainly we will be addressing the unemployment problem as a very high priority in the next budget.

Mr. McGrath: Madam Speaker, it is even more cruel to leave 2 million Canadians out there without the hope of a job, and that is what I am concerned about. That is the dimension of the problem which the Prime Minister and his Government do not seem to be able to appreciate.

Some Hon. Members: Hear, hear!

INCREASE IN NUMBER OF LONG-TERM UNEMPLOYED

Hon. James A. McGrath (St. John's East): Madam Speaker, we have 824,000 Canadians who are now classified as long-term unemployed. They have been unemployed for more than three months. That is 52 per cent of the total of those unemployed. I might add the percentage is 9 per cent higher than last year. Added to that, Madam Speaker, there will be another 600,000 students coming into the job market soon, looking for permanent jobs. Behind every one of these figures there is the potential for human tragedy. Can the Prime Minister not grasp the meaning of what it is to be unemployed, what it is to have your unemployment insurance benefits expire, and what it is to have to go on welfare? Surely we, as a compassionate society, owe something to these people, because we created this unemployment in the first instance?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not sure what the Hon. Member means when he says "we created this unemployment." If he figures he created it, I do not think we would want to admit that this Government created it. It is perhaps an admission the Hon. Member can take to his breast. But anyone who looks at the reality of the world crisis, with more than 30 million unemployed in the OECD countries alone, that person would realize it would be difficult to think that Canada is putting people out of jobs in the U.S., Britain, France and Germany and all those countries where there is very high unemployment.

It is a world crisis. In our country we are not trying to absolve ourselves from any responsibility to deal with it. Once again, I think it would be cruel to take the line proposed by the Hon. Member, which seems to presume that some quick fix would give jobs to all these people. If the Hon. Member knows this fix quick, I am surprised his Party did not promote it when it was in power and when its Minister of Finance was announcing unemployment of 10 per cent for several years ahead. If the Tories had a quick fix, why did they not use it? If they have one, why are not the various leadership candidates putting it forward now?

REQUEST FOR ESTABLISHMENT OF PARLIAMENTARY TASK FORCE

Hon. James A. McGrath (St. John's East): Madam Speaker, surely the Prime Minister must realize and appreciate that we have today in this country a social crisis of unprecedented proportions. We have to address that crisis and I am not talking about any economic quick fix. I am talking about the social crisis facing the two million unemployed and their families, and the fact that 36 per cent of families are directly experiencing unemployment. Half of them expect to be directly affected by unemployment. This places a burden on the families, the municipalities, and the Provinces. Surely we have a responsibility to address that problem.

• (1420)

I make this appeal to the Prime Minister who, I believe, to be a compassionate man. Will he at least agree to form a parliamentary task force so that we can get out of this ivory tower which we are in, and see for ourselves just exactly what we are doing to the unemployed of this country who are left out there by the Minister of Finance, without hope?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I want to return the compliment to the Hon. Member. I believe he is also compassionate. I am surprised that he feels the need for a parliamentary task force to express that compassion.

The problem is, what do we do with this very severe social and economic problem? For the past two years this Government has been saying that in order to regain our markets, create jobs in Canada, and make investment attractive to those who have savings, we must bring down inflation. When inflation has been lowered, investment will then become more attractive and we will then be more competitive in the world markets. We will be able to sell more in Canada and abroad.

Following the budget of the present Secretary of State for External Affairs last June, we have succeeded in getting the Canadian people, the Provinces, the municipalities, and the federal Government to pull together to bring down inflation to its goal of 6 per cent. That is why we are beginning to see the signs of revival. Just this morning we heard that we have the first surplus in ten years in our automobile trade with the United States.

Some Hon. Members: Hear, hear!

Mr. Trudeau: That is because demand is picking up in the United States since Canadians are becoming competitive.

We have brought inflation down. Our interest rates have come down with it. That is our approach. It is perhaps less verbally compassionate than that of the Hon. Member, but at least it has tackled the problem and brought a solution to it. I have not heard anything close to that from the Hon. Member or his Party.

REQUEST FOR INTRODUCTION OF SHORT-TERM JOB CREATION MEASURES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Minister of Finance who will know that, unfortunately and tragically, unemployment in the last number of months has risen to the point where we face almost two million unemployed. One of the impacts of this recession is that thousands of people, particularly young people, have had to apply for welfare. For instance, in Metro Toronto alone, one-fifth of the total welfare case load concerns young people under the age of 25 years who have to get by on less than $300 a month. They are losing hope.

Yesterday, the Minister indicated that in his budget proposals there could be measures to deal with immediate job creation in the short term. Will the Minister please bring those measures forward immediately, rather than forcing these people who might be affected by the programs to wait another

four weeks or six weeks until the Government gets its act together? Will he bring those programs in now?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, one way of helping many Canadians would be to pass the Income Tax Act amendments that the Opposition is filibustering. I wish to inform the hon. lady that there are 11.2 million Canadians who have filed for tax returns. The refunds to which they would be entitled would total probably $6.5 billion. That money would be returned to Canadians in the next few weeks and months, and most of that money would be used for consumption and to help create jobs, and to act as a stimulant to the economy.

So I invite my hon. friends opposite, as a first and immediate step that they could take, which could also speed up the presentation of the budget, to pass the Income Tax Act that has been in the House for weeks and was considered by a parliamentary committee for months. The Conservatives are blocking, filibustering and preventing the House from proceeding with the legislation.

Some Hon. Members: Hear, hear!

REQUEST THAT MINISTER TAKE ACTION

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, what the Minister is saying to the House is that he does not give a damn about the young people who are out there in the country suffering and losing hope in this country, because he and his colleagues will not bring in programs that are designed to help create jobs. Last October he announced the NEED Program, which was to create 60,000 jobs, but to date, five months later, that Program has created only 15,000 jobs. That is the kind of delay that new programs must face.

• (1425)

What I want to know from the Minister is this. If he has programs, will he present them to the House now, or is he in the position of saying to these people, "Carry on in your despair, carry on in your hopelessness, until I get around to introducing the programs at my convenience"?

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member's statement is a perfect example of the hypocrisy constantly displayed in this House by the Progressive Conservative Party over the past few days in its filibuster of the Income Tax Act amendments. The passing of this legislation would make it possible for the government to send refunds to some 11 million Canadians and provide them over the next few weeks with $6.5 billion in returns they could spend. This legislation would have quick and immediate results and would put money in the pockets of Canadian consumers; yet, the Progressive Conservative Party has been fighting tooth and nail for months to prevent its passing.

It is clearly that party's responsibility and every Canadian can see how they are preventing Canadian taxpayers from getting their Income Tax refunds which they could spend on consumer goods thereby stimulating the economy. In this instance, the Progressive Conservative Party is definitely the culprit.

* * *

[*English*]

NUCLEAR ARMAMENTS

TESTING OF CRUISE MISSILE—REQUEST THAT GOVERNMENT PLACE DECISION BEFORE PARLIAMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Prime Minister. The majority of Canadians have indicated that they are opposed to the testing of the Cruise missile. We in this Party have indicated our clear opposition. The Prime Minister says that the Government has not yet made up its mind, but has signed a framework agreement which will permit the Cabinet, on its own, to make such a decision.

Will the Prime Minister demonstrate a clear commitment to democratic requirements by promising the House that, if the Government decides to go ahead with the testing of the Cruise, it will bring that decision to Parliament, not only for a debate but also for a vote?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the question has been asked before, and I suggested that if Hon. Members of the New Democratic Party thought the subject to be of any importance at all, they might be able to use one of their Opposition days—

Some Hon. Members: We did!

Mr. Trudeau: —with a vote, and they might see the result of that vote. There would be a debate on the subject, and we would be able to hear views from all sides.

We were happy to have that debate, and we are happy to have it again. I hope that in the course of that debate the Leader of the New Democratic Party will tell us why he is so opposed to the testing of the Cruise. However, we never heard from him when the Soviets were testing—

Mr. Stevens: Good point.

Mr. Trudeau: —and putting in place the SS-20s, of which 350 are employed in Europe now, each with three nuclear warheads. We never heard the demonstrations. We did not see the NDP leading the masses with signs to protest this. It was a clear escalation of the nuclear arms race.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Madam Speaker, first of all, I remind the Prime Minister, who does not pay much attention to what

takes place in the House, that we already had a motion in opposition to the Cruise, and we voted against the testing. We want the Government to live up to its obligations and bring back a motion after it makes a decision. Second, I would point out that we were not silent concerning the Soviets' treatment of the Poles, unlike the Prime Minister.

PRIME MINISTER'S RESPONSIBILITY

Hon. Edward Broadbent (Oshawa): I would like to ask the Prime Minister a question concerning a serious nuclear matter. Outside the House, at the United Nations and on other occasions, he has left the impression that he is genuinely concerned about debate and information and peaceful resolution of differences, which would lead to disarmament. Considering the fact that two-thirds of the Members of Parliament have not told their constituents where they stand on the Cruise issue, considering that his own Minister of National Defence has said that Canadians opposing the Cruise are "victims of misinformation", does the Prime Minister not think that he has a responsibility, when he reaches such a decision, to bring it back to Parliament for a decision of all Members of Parliament who are elected from all across Canada?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, one of the reasons we have not yet authorized the testing of the Cruise is because the debate has not been completed and the debate has not been joined. We are in the process of discussing that whole subject. We are discussing it today with Vice-President Bush. The NATO Allies are expressing views upon it, and the debate is still going on.

• (1430)

The Hon. Member wants to have that debate in the House. He just says that there was a debate and the vote was taken. I do not know why he thinks that the next vote would be any different. If a whole new series of facts come out, if the debate proves that there should be re-examination of this, as the Government is constantly re-examining it, then the Hon. Member can ask the question again. But I put to him the fact—and the talks about the Soviet treatment of the Poles—if indeed he is sincere in referring to that, if he thinks that the Soviets can be so abject, if I can paraphrase him, why is he not a little bit concerned about the SS-20s? What was the reason for the deployment of this new weapon of terror on western Europe? Does he not think that there should be some process of negotiation which would get the Soviets to withdraw that weapon of terror? What is his position on that? I did not hear him mention it in the debate in the House of Commons.

Some Hon. Members: Hear, hear!

Mr. Broadbent: You were not here for the debate.

REQUEST THAT GOVERNMENT PROMOTE DEBATE

Mr. Terry Sargeant (Selkirk-Interlake): Madam Speaker, my supplementary is also directed to the Right Hon. Prime Minister. For the last 15 days a young Canadian named Karen Harrison has been sitting in the gallery of this House while fasting, to demonstrate her concern over this whole issue of the Cruise missile. This concern is shared, as my Leader has pointed out, by over half of the people in the country.

I would like to ask the Prime Minister whether or not he believes that he has a responsibility to respond to the Miss Harrisons of Canada by allowing, indeed even promoting, a Government day debate, a debate that is not tied to a confidence motion as the Prime Minister tied the last vote—a debate in this House on the whole issue of our country's participation in the development of the Cruise missile.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, of course the subject is important, and of course it is being debated all across Canada. It has been debated in this House. It has been debated in the dozens of questions from the Opposition that I have answered on this subject. I do not say that it should not be debated. I say, like the Hon. Member, that we have debated it and, if it is necessary, it can be debated again. But I do not like the simplistic approach of suddenly discovering that our side is testing a weapon when we know, because Mr. Andropov said so much in so many words in his December address, that the Soviets are testing too. They are testing the Cruise.

Mr. Broadbent: I never said that.

Mr. Trudeau: The Leader of the New Democratic Party has some kibbutzing, Madam Speaker. We will hear what he has to say. Has he written to Andropov to tell him to stop testing the Cruise? Has he? He laughs.

Mr. Baker (Nepean-Carleton): Why do we not send him to Moscow?

* * *

THE ECONOMY

SURVEY BY FEDERATION OF INDEPENDENT BUSINESS

Mr. John A. MacDougall (Timiskaming): Madam Speaker, my question is directed to the Finance Minister. I am sure that the Minister of Finance is now aware of the Canadian Federation of Independent Business survey which reveals Liberal economic policies have cost some 800,000 Canadians their jobs with small and medium sized businesses. In my riding some of the hardest hit are the welding, fabrication and machine shops, and small foundries. The workers affected are highly skilled tradesmen and technicians. These are people with years of experience.

Can the Minister tell me what hope and encouragement he can offer to the operators of these businesses and the thousands of workers across Canada who have lost their jobs

because of the Government's inability to deal with the economy?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am pleased to note that the Canadian Federation of Independent Business has shown more judgment and more intelligence than the Hon. Member in analysing this situation.

Some Hon. Members: Oh, oh!

Mr. Lalonde: They have indeed mentioned the severe impact of the recession, but they have not tried to tie it to any particular Government or any particular Party. They know that the recession which we have seen has been international.

Mr. Wilson: Come on, give the people credit for more intelligence than that.

Mr. Lalonde: They know that there are 35 million people unemployed in the industrialized countries at the present time, and they have put their representations and their views with a much broader perspective than the narrow, partisan view of the Hon. Member.

I can tell him that I have had many meetings with representatives of the Canadian Federation of Independent Business. We have already in operation a number of measures and programs. It would be very helpful if the Conservative Opposition, in particular, were to pass the Small Business Loans Act—

Some Hon. Members: Call it, bring it on.

Mr. Lalonde: —and the Small Business Grants Act, and support what they have asked for. The Conservative Opposition has been dragging its feet on that.

Mr. Scott (Hamilton-Wentworth): Bring it on. We will debate it.

Mr. Lalonde: I can tell him that in my discussions with the CFIB I have examined with them further steps that could be taken in order to help small and medium-sized businesses. If the Conservative Opposition can pass the economic business before this House—

Mr. Nielsen: Bring it on.

Mr. Lalonde: —I will be very happy to introduce a budget which will come to the help of business in this country. I hope by then that the Conservatives will be less hypocritical about it.

Mr. MacDougall: Madam Speaker, my question is again directed to the Finance Minister. We are 24th out of 24 in OECD. I say to the Minister, bring the Bill on; bring the Bill on to the House.

Some Hon. Members: Hear, hear!

[*Translation*]

BILINGUALISM

INQUIRY RESPECTING AMENDMENT OF OFFICIAL LANGUAGES ACT

Mr. Louis Duclos (Montmorency-Orléans): Madam Speaker, my question is for the Secretary of State. In his annual report for 1982 published yesterday, the Commissionner of Official Languages states the following about the language of work in the Federal Public Service:

> There can be little real progress on language of work while the legal basis and exact scope of this right remain in question—

In view of the accuracy of the assessment by the Commissionner of Official Languages, could the Minister tell the House whether the Government plans on proposing amendments to the Official Languages Act in the near future to specify the executory nature of the right to work in the official language of one's choice as recommended last June by the Special Joint Committee of the Senate and the House of Commons on Official Languages?

Hon. Serge Joyal (Secretary of State): Madam Speaker, I am pleased to inform the Hon. Member that we have been working for some time at the Department of the Secretary of State of Canada on updating the official languages policy statement which my predecessor made public in 1977. As soon as the Cabinet has approved the revised policy, it will be made public. I suppose that it will then be referred to the appropriate Parliamentary Committee so that it may call witnesses, debate the matter and make appropriate recommendations. I share the concern of the Hon. Member and I believe that it is time to review and update the provisions of an Act which has served Canada well up to now and must continue to do so in the future.

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GOVERNMENT AID

CANADA-QUEBEC AGREEMENT—NEED PROGRAM—REQUEST THAT FUNDS BE SPENT IN QUEBEC

Hon. Roch La Salle (Joliette): Madam Speaker, in the absence of the Minister of Employment and Immigration, my question is directed to the Right Hon. Prime Minister of Canada. Since the Canada-Québec agreement on the $220 million promised under the NEED program has hit a snag with respect to Quebec's municipalities since Quebec intends to exercise its jurisdiction in that area, could the Right Hon. Prime Minister give the House the assurance that the $170 million earmarked for the Province of Quebec will be spent in that province, as originally intended?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Madam Speaker, although we regret that the Péquiste Government rejected an agreement we thought would be acceptable to them

and under which the Federal Government would be spending the $170 million, at least partly, through the municipalities and according to priorities determined by the municipalities. We regret this, but we are firmly resolved to see that the $170 million is spent in the Province of Quebec just the same. However, it will not be in co-operation with municipalities and that is unfortunate. We shall find ways to spend these funds usefully, in the federal public sector and certainly in the private sector in the Province of Quebec, in order to stimulate economic recovery and create jobs in that province.

REQUEST THAT PROVINCIAL JURISDICTIONS BE RESPECTED

Hon. Roch La Salle (Joliette): Madam Speaker, I have a supplementary. I am very pleased to hear the Prime Minister's assurances that the people of Quebec will get the $170 million, because they need it. Yesterday, the Prime Minister said, in answer to a question by the Member for Beauharnois-Salaberry, that in cases where agreement could be reached with a province or provinces, he intended to subsidize municipalities directly. The Quebec Minister of Municipal Affairs seems prepared to spend the funds to be provided by Quebec under the NEED programs for municipalities, since they come under his jurisdiction. Has the Prime Minister, who implied that the Federal Government had decided to subsidize municipalities directly, now decided to respect provincial jurisdictions?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in his first question, the Member for Joliette seemed to be showing a great deal of flexibility, because he was particularly concerned that these funds should be spent in Quebec. My answer yesterday to the Member for Valleyfield was given with the assurance I had at that time that the Péquiste Government would continue negotiations and agree to sign the agreement in question, which would allow us to provide direct assistance and to deal directly with the municipalities. Now that is no longer the case, I am not sure what the Hon. Member means by respect for provincial jurisdictions. I am sure that the other Provinces who allow us to give direct assistance to municipalities will not take any unconstitutional action, and if it is a political decision by the Péquiste Government which does not want us to deal directly with the municipalities, in any case, the Hon. Member's first question and my answer indicated that we were prepared to spend the funds in the Province of Quebec in a legal manner, but we can no longer do so in the manner I referred to yesterday.

• (1440)

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF HON. GEORGE BUSH, VICE-PRESIDENT OF UNITED STATES OF AMERICA

Madam Speaker: I would like to draw the attention of the House to the distinguished presence in our gallery of the Vice-President of the United States of America, the Hon. George Bush.

Some Hon. Members: Hear, hear!

* * *

ABORIGINAL RIGHTS

POSITION OF NATIVE WOMEN—WORDING OF CONSTITUTIONAL ACCORD

Mr. Rod Murphy (Churchill): Madam Speaker, my question is directed to the Minister of Justice. As the Minister realizes, Mr. Charlie Watt, of the Inuit Association, has added his voice to those of other native people who claim that there was a switch in the constitutional provision which would provide sexual equality for both men and women under the aboriginal clause in the Constitution. Mr. Watt also claims that the reason for the switch is that the original wording which was agreed upon by the federal Government would in fact guarantee federal benefits to thousands upon thousands of women and children in Canada, and that the new agreement will not do that. Will the Minister stand in this House and deny that there was a switch and, second, confirm that the new wording will not deny benefits to a number of non-status women and their children?

Hon. Mark MacGuigan (Minister of Justice): Madam Speaker, this is the same question that I was asked the other day by a Member of the Official Opposition. The facts are exactly the same, that the agreement which was made public was the agreement that was reached by the committee. We have asked all of the Governments of Canada and all of the other groups about their recollection of the events. The Governments are unanimous that the written agreement represents the agreement that was reached in the committee. Some of the Native groups are of the same opinion.

There seems to be a genuine mistake of fact on the part of some of the native groups that the proposals they put forward were accepted when they were not. There was no debate of them and they were never accepted. That mistake in fact is unfortunate, but it remains. What we plan to do is to encourage the early discussion of this issue in the ongoing process. I understand that the Native Council of Canada is prepared to accept that solution.

REQUEST THAT TRANSCRIPT OF MEETING BE TABLED

Mr. Rod Murphy (Churchill): Madam Speaker, the Minister says there is some confusion over facts. Some native groups claim that when they put forward the proposition which they claim was agreed to, at best what can be said for the federal Minister responsible, the Minister of Justice, is that he mumbled.

Some Hon. Members: Oh, oh!

Mr. Murphy: That is the charitable position, that they do not know what he agreed to or disagreed with. In order to clear the air, will the Minister table in this House a transcript of what was said and what the Minister replied in those meetings?

Hon. Mark MacGuigan (Minister of Justice): Madam Speaker, maybe the Hon. Member would like to take this up with the other Governments in Canada. This is not a position that the federal Government alone is advancing. All the Governments in Canada are agreed on this. Why does the Hon. Member not contact his own provincial Government and see what its position is on this?

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NORTH ATLANTIC TREATY ORGANIZATION

REQUEST THAT MINISTER REPORT ON MEETING IN PORTUGAL

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is for the Prime Minister. The Minister of National Defence is at present attending a NATO meeting in Portugal where, according to UPI, United States Defence Secretary Caspar Weinberger is "to consult the allies on controversial NATO plans to deploy United States Pershing II and Cruise missiles in December". Can the Prime Minister assure the House that, on his return, the Minister of National Defence will make a statement on motions to inform the House and the country what Canada's current position is on this very important subject?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can certainly promise that the Minister will be making a statement to Cabinet. Whether a statement will be made to the House or not at that time is something that we will decide when the time comes. I think the Hon. Member realizes that, while this is being discussed in Portugal, it is also being discussed today in Ottawa with Vice-President Bush and his officials. It is this very subject that we discussed for a few hours this morning. I think that we are making great progress.

REQUEST THAT PRIME MINISTER MAKE STATEMENT

Hon. Allan B. McKinnon (Victoria): Madam Speaker, the Prime Minister will surely agree that the country is greatly puzzled over our position on this matter. He did not help matters very much yesterday when in an answer to a question he said:

—I would be repeating myself if I told the Vice-President that there had been no Cabinet agreement not to test the Cruise.

If there is no agreement not to test the Cruise, one cannot be surprised at the Minister of Justice believing that there had been an agreement to test it, which he has maintained over the last year. I wonder if the Prime Minister might take the opportunity tomorrow, after his discussions with the Vice-President, to clarify this matter and make a statement on motions.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member heard me answer a like question to the Leader of the New Democratic Party five minutes ago. I put it to the Opposition that, if they think this matter is serious enough to warrant debate in the House, there are 13 Opposition days between now and the end of Supply in June. There will be some confidence votes in amongst those 13 days. If the Hon. Member's Party is really interested in having this question debated, I would think its Members would see their way clear to taking one of these days, during which the Minister of National Defence, the Secretary of State for External Affairs, or myself would be able to repeat our positions or state them as they then exist.

If there was a double negative in yesterday's quote, and I do not have *Hansard* before me, I think the meaning of it was clear, because I have said it many times. I repeated it this morning to Vice-President Bush, that there has been no Cabinet decision to test the Cruise. In fact, I have said before in this House that the United States have not yet asked us to test the Cruise. They asked us whether we would sign an umbrella agreement permitting the testing of weapons systems. The answer is yes, they have asked, and we have indeed signed such an agreement. I have made it clear that before we test the Cruise there will have to be a decision of Cabinet, which has not yet been made.

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CANADIAN NATIONAL RAILWAYS

LOSSES IN 1982

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question for the Minister of Transport regarding the financial state of Canadian National Railways. The Minister knows that Canadian National recorded record losses in 1982 of $223 million, and that $62 million was lost as a result of an imprudent investment in Cast Shipping which was used to purchase six foreign vessels. Has Canadian National proposed a new financing of any kind or requested government financial assistance of any kind? I remind the Minister that the Government has bailed out CN on other occasions.

• (1450)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I think, in talking about CN losses, one has to indicate that a certain number of these losses result from non-

profitable activities of CN such as CN Express, Terra Transport, et cetera. On the subject of the future of the relationship between CN and Cast, it is being discussed now, and I am not in a position to report on the conclusion of these negotiations.

REPORTED PROPOSAL TO ACQUIRE SOFATI CONTAINER LINE

Mr. Howard Crosby (Halifax West): Madam Speaker, the Minister mentions ongoing negotiations between Canadian National and Cast. There are published reports that CN Rail proposes to acquire Sofati Container Line which utilizes the Port of Montreal. This of course means that Montreal will have an unfair advantage over ports like the Port of Halifax. Can the Minister give some assurance that CN will not be allowed to take any steps to acquire Sofati Container Line or any assets of Cast until the Canadian Transport Commission has investigated the relationship between Cast and CN and made the appropriate rulings? Can the Minister stop CN from further investment in this disastrous transaction?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I cannot accept the foundations of the question. Very few people will accept the proposition that what is happening in the Port of Montreal has a direct effect on the Port of Halifax. As a matter of fact, there is a debate on this subject, and many people say that the future belongs to multi-modal facilities in the field of transportation. CN cannot ignore that. I see that the United States has a similar movement—taking place now.

Another factor to take into consideration is what CP does in the Montreal area. CN can hardly stay idle while CP establishes a position that would give it a tremendous advantage over CN.

* * *

[*Translation*]

AGRICULTURE

REQUEST FOR REINSTATEMENT OF SECTION 16 OF UNEMPLOYMENT INSURANCE REGULATION

Mr. Marcel Ostiguy (Saint-Hyacinthe-Bagot): Madam Speaker, my question is directed to the Minister of Agriculture and it has to do with section 16 of the Regulations which has recently been cancelled by the Unemployment Insurance Commission. Would the Minister use his influence with his colleague the Minister of Employment and Immigration and ask him to restore Section 16 because this is prejudicial to agricultural workers and Canadian farmers and more specifically to apple growers?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I have had discussions with my colleague.

RAILWAYS

CROWSNEST PASS RATE—PROPOSAL TO ESTABLISH GRAIN VOLUME LIMIT

Mr. Arnold Malone (Crowfoot): Madam Speaker, I have a question for the Minister of Transport. Bearing in mind the comments he made in Winnipeg with respect to his proposals for a change in the Crow rate, how does he justify putting a cap of 31 million metric tonnes of grain on which farmers would receive some transportation assistance as opposed to paying the total cost thereafter, also bearing in mind that we are almost at that level of production now? Why would he apply a dissentive to grain production when four-fifths of the world are suffering from malnutrition and there is a tremendous need for cereal protein to be disbursed around the world?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the idea of establishing a volume limit is not mine. It is the result of discussions held by Gilson and the shippers some months ago. The idea came from those meetings. It is postulated on the basis of economies of scale. If you reach the production of a given volume of a certain commodity, it is generally felt that additions to that volume will cost less. In the statement I made at the time of the announcement of the government western rail initiative, I indicated that, for example, for a spending of $40 million more for transportation of grain, western farmers would be in a position to gain $400 million in revenues. That is the justification for the volume limit. There would still be an incentive for the western farmer to produce more.

Mr. Malone: Madam Speaker, it does not matter who thought of the idea; the idea is wrong because economies of scale cannot be applied just to the Prairies as a whole. They must be considered with respect to each farm family's economic unit.

EFFECT OF INCREASED TRANSPORTATION COST

Mr. Arnold Malone (Crowfoot): Madam Speaker, with respect to the Minister's position on an open-ended cost, why will he not tie any increase in cost to the farmer's ability to pay—in other words, some percentage of the bushel or tonne value of the grain? How can he justify his position when, according to his own projection, half the cost of grain will go to pay for transportation by the year 2000? While he is on his feet will he tell us when he is going to table—

Madam Speaker: Order.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, first of all I do not agree with the statement made by my hon. friend. What is valid on a collective basis is also valid on an individual basis with respect to the savings from volume.

On the subject of the relationship between the cost of transportation of grain and the international price of grain, the idea is again in the Gilson Report, and Gilson says it is one worth studying and suggests that it should be the object of the

1985-86 review. So that is where we stand now. The idea is a reasonable one, but there are some disadvantages to it also because, should you guarantee the international price of grain, obviously there would be a similar demand from producers of other goods for a guaranteed price also. A snowballing effect is one which we cannot accept lightly.

* * *

NORTHERN AFFAIRS

STOKES POINT DEVELOPMENT PROJECT

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. As he knows, the Gulf application concerning Stokes Point came in on March 11 and he has another 30 days to make a decision. I am sure he is also aware that the Canadian Arctic Resources Committee announced this morning that, if the Government goes ahead in approving the application, they will go before the Federal Court. My question to the Minister, as he leads the charge of the oil brigade to Stokes Point into lands which were withdrawn from exploration in 1978 following the very expensive and very lengthy Berger inquiry, the recommendations of which were supported by all Members of this House and by the National Energy Board—and those lands were withdrawn for three very specific reasons, those being the settlement of land claims—

Madam Speaker: Order, please. Could the Hon. Member please ask his question? It is very close to the end of Question Period.

Mr. Fulton: Madam Speaker, would the Minister tell this House whether the 1978 withdrawal of those lands was public posturing, a bill of goods, or was it a serious Order in Council?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, despite the unnecessary and rather insulting preface to the Hon. Member's remarks, it is totally false. May I say it was a serious Order in Council.

USE OF PUBLIC LANDS—GOVERNMENT POSITION

Mr. Jim Fulton (Skeena): Madam Speaker, my supplementary is directed to the Prime Minister on one of his favourite topics, conflict of interest. I would like him to comment on a conflict of interest his colleague, the Minister of Indian Affairs and Northern Development, finds himself in, in that the 1978 Order in Council was very specific. Those lands were for settling land claims, they were for a national park, and conservation purposes. Would he tell this House whether or not he believes that 1978 Order in Council was in fact bona fide? Was it in the interests of the people of Canada, or is his Minister in a conflict of interest in giving away the land to Gulf?

The Late J. J. Macdonell

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, there is no conflict of interest whatsoever.

Mr. Broadbent: There never is.

Mr. Munro (Hamilton East): The situation is that I am in possession of a legal opinion which would indicate that I have the authority to give a land use permit on a temporary basis—this is for exploration—to Gulf Oil Company. For exploration. It is quite true that if it were more than temporary, if it were for a permanent site for transportation of production of oil, an amendment to the Order in Council would be required. Since it is temporary, however, my legal advice is that it would not be necessary to get that Order in Council withdrawing these lands for park purposes, amended. I am advised that I do have the authority.

• (1500)

May I quiet the concerns of the Hon. Member by telling him that I have no intention at the moment of approving even any temporary land use permit for a site at Stokes Point, even for exploration purposes. I have not decided to do so, and I have not decided not to do so either; I simply have not decided this question at all. I am going to undertake, as I should, consultation with the native groups concerned. I am sure the Hon. Member would approve of that.

* * *

[*Translation*]

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the petitions presented by the Hon. Members on Tuesday March 22, 1983, meet the requirements of the Standing Orders as to form.

* * *

[*English*]

THE LATE JAMES J. MACDONELL

TRIBUTES TO FORMER AUDITOR GENERAL

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I rise on a point of order. I seek the unanimous consent of all Members of the House to make a brief statement or comment with respect to our late Auditor General, James J. Macdonell, whose untimely death yesterday shocked all of us.

Some Hon. Members: Agreed.

Mr. Johnston: Madam Speaker, yesterday we lost a great Canadian and a great friend of many Members of this Cham-

ber and, I might say, a great friend of the Canadian people, the late James J. Macdonell.

When Jim Macdonell came to Ottawa in the early 1970s he already had a record of many accomplishments. He had been a successful and prestigious auditor and a renowned management consultant. He came here and I think achieved what was probably the greatest accomplishment of his career, as our Auditor General. He brought new ideas to the position, he brought enthusiasm, he brought energy, and perhaps above all he brought dedication and preoccupation with the concept of providing Canadians with value for money. He believed that the taxpayers of Canada should receive full value for the disbursement of public funds. In that light and for that purpose he introduced the concept of comprehensive auditing to our system.

[*Translation*]

Madam Speaker, it was mainly Mr. Macdonell's work that had instigated the establishment of the Lambert Commission, and that has provided Canada with an accounting system for dealing with public funds the efficiency of which has been without precedent.

[*English*]

He reminded us constantly, as Parliamentarians, that the funds we appropriate in this House are funds of the taxpayers of Canada and are to be disbursed and accounted for accordingly. Indeed, Madam Speaker, Jim Macdonell has left all Canadians a very rich legacy.

[*Translation*]

To his family we extend our deepest sympathies.

[*English*]

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the death of James J. Macdonell, former Auditor General of Canada, comes as a shock to this House and to all Canadians. He was a good servant of the House and of all Canadians.

His reports on the financial procedures of the Government from 1973 to 1980 identified the problem of over-spending by Government and, as the Minister has said, introduced the principle of value for money, a principle totally foreign to the methods of the Government then and now.

To quote the wisdom and words of the former Auditor General, recently he pointed out that Canada in the 1970s "indulged in the biggest spending spree in the history of the country". This statement corresponded fully with the views of the Opposition, although it has still failed to win recognition in the House.

J. J. Macdonell, born in Calgary, sprang from the ancient Highland stock which settled in Glengarry County not far from the capital, Ottawa. A namesake was aide-de-camp to General Brock at Queenston Heights. Perhaps it was this combination of Scottish canniness and dogged dedication to duty that made him a formidable foe of waste and extravagance by the federal Government. He fulfilled his difficult mandate with distinction.

His memory deserves well of this nation and this House.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I should like to join with my colleagues from the Government and the Official Opposition and, on behalf of the New Democratic Party, offer condolences to the family of J. J. Macdonell and say a few brief words about his accomplishments.

As a member of the Public Accounts Committee, I first came to know Mr. Macdonell in early 1980. I had heard of him before but had not previously had the opportunity to meet and work with him. The time that I spent on the Public Accounts Committee when he was Auditor General is time that I will cherish. I found him not only to be a person very concerned about the public purse and the way taxpayers' money was spent, but also to be a very warm person. He was quick to offer assistance to all Members of Parliament who wished to come to him to take advantage of his insight into the way that the taxpayers' money was being spent.

I am sure he will be long remembered for his accomplishments. He pushed for the establishment of the Comptroller General's office, he was responsible for the revised estimates that sprang from it, and, as the Minister of State for Economic Development (Mr. Johnston) mentioned, was responsible for putting comprehensive audit into place.

I am sure Mr. Macdonell will be long remembered as one who brought much to Canada and to Parliament. On behalf of the New Democratic Party, I wish to offer our condolences to his family.

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, as one who had the privilege of serving as a chairman of the Public Acccounts Committee while J. J. Macdonell was Auditor General, I should like to join in expressing to his family my condolences and those of members of that Committee many years ago.

He was able; he was experienced; he was conscientious; but above all he had a bulldog-like tenacity to see an issue or a problem through to its successful solution, no matter whose toes were stepped on. I believe that he will be remembered not only for his well-known reforms in accounting and auditing procedures and concepts, but also for his ability to attract the services of excellent people to assist him. He served the taxpayers of the country well and we all honour him.

Hon. Ron Huntington (Capilano): Madam Speaker, thank you for allowing me to add a few words to those of my colleagues and particularly those of the Minister of State for Economic Development (Mr. Johnston).

I was also a chairman of the Standing Committee on Public Accounts that served under J. J. Macdonell. Those who knew him well knew that he would pass away with his boots on, which was his will.

I think the mark and style of the seventh Auditor General of Canada was described best in the language of Damon Runyon by the late Hon. Robert Andras, who was responsible for some of the great advances Mr. Macdonell was able to give to

Parliament and the country, when he referred to his mark and style as being "Ottawa's oldest, established, permanent floating crap game". That more or less describes the vigour with which negotiations proceeded.

• (1510)

He will be remembered as the person who, at the pinnacle of an outstanding professional career, put all aside to lead the design of a system of accountability essential to the continuity and quality of the parliamentary form of Government. Value for money management concepts, the new Auditor General Act, the office of the Comptroller General of Canada, systems in place to measure effectiveness, the new form of the Estimates and comprehensive auditing were all products of that game which was the mark and style of James J. Macdonell.

The conclusion of his great effort rests with us in the House, the backbench Parliamentarian and the Government, that is, to deliver a Committee system which will allow us to use effectively the information system he did so much to put in place.

Hon. Herb Gray (President of Treasury Board): Madam Speaker, as the current President of Treasury Board, I want particularly to associate myself with the sentiments expressed by my predecessor, now the Minister of State for Economic Development (Mr. Johnston).

The late J. J. Macdonell made a very important contribution to the public life of Canada. I will not take the time to repeat his many achievements and interests. I might say, however, that while I did not serve, as some of the people who have spoken, on the Standing Committee on Public Accounts during his time as Auditor General, I had the opportunity to have a number of discussions with Mr. Macdonell on a personal basis about his concerns and the initiatives connected with them.

There is no doubt that he has made a very important contribution, as I said, to the public life of Canada. I join with the other Hon. Members of the House who have spoken at this time in expressing my sincerest sympathy to his family and friends on his passing.

Madam Speaker: I am sure the House will want me to convey to the family of the late J. J. Macdonell the sympathy of the House on his untimely death, a sense of gratitude for his remarkable contributions to parliamentary accountability and a recognition of the gentle and firm manner in which he prompted all of us to be more accountable.

* * *

POINT OF ORDER

MR. LEWIS—PRIVILEGE OF MR. MACKASEY—OFFENDING MATERIAL NOT TABLED

Mr. Doug Lewis (Simcoe North): Madam Speaker, I rise on a point of order relating to the reference yesterday to the Standing Committee on Privileges and Elections of the allegations contained in *The Gazette* of Montreal of March 10, 11 and 12 concerning the activities of the Hon. Member for Lincoln (Mr. Mackasey) with respect to 109609 Company Canada Ltd.

I made some reference yesterday to our concern about the sufficiency of the motion, but be that as it may, quite apart from the question of the sufficiency of the motion, it is our concern that the practices of the House have not been followed with respect to a complaint made of a newspaper.

It is my understanding that when an Hon. Member rises to complain about statements made in a newspaper, the offending words should be read into the record. Furthermore, United Kingdom practice indicates that complete copies of the newspaper or newspapers in which the offending article or articles in this case, appeared should be filed with the Table.

We would contend that until such time as these articles are put on record, the House is not seized of them. To suggest otherwise would be to suggest that anything put in print anywhere in Canada would be a matter of record in the House of Commons.

My case is based upon Citations 83 and 332 of Beauchesne's Fifth Edition which deal with questions of privilege based on published material. Citation 332(2) of Beauchesne reads as follows:

> It is in order to quote a newspaper reflecting on proceedings in the House if the quotation is followed by a privilege motion.
>
> When a complaint is made of a newspaper, it is the practice in the House of Commons for the Member to rise on a question of privilege and point out that he has been libelled or misrepresented. He may read as much of the article as is necessary to prove his case but he cannot go further. He is bound to confine himself strictly to the question of privilege.

The root of my argument now lies in Citation 83 of Beauchesne, page 25, which reads as follows:

> Should a question of privilege be based on published material, the article in question must be submitted and read at the Table.

As a further example of the established practice of the House in this regard, I refer to Appendix D of the first report of the Special Committee on Rights and Immunities of Members, which was laid before the Thirtieth Parliament on July 12, 1976. It indicated that during questions of privilege raised in 1956, 1964 and 1968, newspaper articles criticizing Members were read into the records of the House. These instances can be found in *Hansard* at page 4528, pages 4431 and 4432 and page 9855.

The Canadian practice is further supported by references in Erskine May to the practice in the United Kingdom. I could provide the Chair with the references for that, but on page 164 of Erskine May, in a rather large paragraph, there appears the following sentence:

> When the Member has concluded his complaint the Speaker desires him to bring the document to the table and, when the document has been brought to the table, directs the Clerk of the House to read the passages complained of.

Without trying to interfere with what has gone forward, we would submit that the actual articles have not been read into the record. Therefore, the Committee that is trying to proceed has nothing firm upon which to proceed until they are either

read into the record by the Member or by the Clerk. It seems clear to us, if we are to follow proper procedures in dealing with questions of privilege and newspaper articles, and in order to be fair to the Member, to the Committee and to the newspaper involved, that the articles complained of should be read into the record.

I am talking about past practice. Since the matter of privilege has been decided and has gone to Committee, I suggest that for our purposes we would in this instance be prepared to have the articles printed in *Votes and Proceedings*; but in no case should the Committee start its proceedings without knowing what exactly it is the House of Commons is directing it to review. That can only be done if the articles in question are read into the record, tabled or in some way become a firm part of the record of the House of Commons.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): I have three points to make, Madam Speaker. First, there is no appeal from a decision of the House. Yesterday, the House supported unanimously a motion for referral to committee, and if I am not mistaken, my hon. colleague's party was unanimous in supporting this motion. We cannot criticize or appeal a decision once it has been made by the House, so that the referral may not be changed in any way.

Second, the motion is now before the committee and according to our parliamentary procedure to which my learned friend was referring, no comments may be made on the motion until a report is received from the committee. That is not the case, and I submit that this discussion actually contravenes our Standing Orders, because we may not discuss a matter once it has been referred to committee. Third, the remedy for what was implied by the Hon. Member is in the Standing Orders. I may refer the House to Standing Order 69(8), which, except when the House otherwise orders, empowers the committee not only to hear witnesses but also to produce papers and records, and therefore, if it is relevant and it seems to me that is the case, but I would rather let the committee decide since it runs its own show—the committee has the authority to demand production of the newspaper articles in question. For the purposes of our discussion, I would like to read Standing Order 69(8), which is very clear on this matter, and I quote:

> Standing committees shall be severally empowered to examine and enquire into all such matters as may be referred to them by the House, and, to report from time to time, and, except when the House otherwise orders.

And incidentally, there has been no order to the contrary. I shall continue the quote:

> —except when the House otherwise orders, to send for persons, papers and records, to sit while the House is sitting, to sit during periods when the House stands adjourned, to print from day to day such papers and evidence as may be ordered by them, and to delegate to subcommittees all or any of their powers except the power to report direct to the House.

The fact of the matter is that there has been absolutely no order to the contrary preventing the application of Standing Order 69(8), which empowers the committee to produce any relevant papers or records, including the newspaper articles to which my learned colleague referred, and in addition to ordering production of such papers before the committee, it can also, according to the Standing Order from which I read, print from day to day such papers and evidence as may be ordered by the committee. Therefore, these documents will appear in the committee's proceedings, and eventually, it can be assumed that the committee's report will certainly make some reference to the proceedings and the documents.

Therefore, as a practical remedy, if the Opposition is really serious when it says that it wants fair treatment for the Member who proposed the motion, well, I think they should respect parliamentary procedure, refrain from using points of order to cast all kinds of doubts on the validity of the referral, and respect the Standing Orders, which are very clear on this matter. There will be every opportunity according to our procedure, and the committee is able to do so, if it is relevant, and the Progressive Conservative Members on that committee will also be able, to request the tabling before the committee of all relevant records, including the newspaper articles referred to by the Hon. Member.

Therefore, my three points, and I shall not repeat them, are quite simple. A decision rendered by the House cannot be appealed. The matter is before the committee. No comments may be made before the committee reports to the House, and third, the remedy exists in our Standing Orders.

• (1520)

[*English*]

Mr. Lewis: Madam Speaker, I listened to the words of my colleague with interest. I would point out that we are certainly not challenging the ruling of the Chair or the motion that was passed. What we are trying to do is to perfect the proceedings of the House. I suggest to you, Madam Speaker, with respect, that we perfect the proceedings of the House, and under the Standing Order to which my colleague referred, we perfect the matter "as may be referred to them by the House".

In other words, we want the Committee to do its work. We made that very clear at the outset and we made it very clear yesterday. Surely we should have the articles before us. I am not suggesting the articles in question be read in full. It would be satisfactory to us to have copies of the Montreal *Gazette* for March 10, March 11 and March 12 tabled. Nor are we asking for a delay while the Clerk reads them. But to perfect what this House is doing, we are making this suggestion so that in future when someone asks what was done in March, 1983 on a very important matter of privilege—whether or not it was done before or after, at least before the Committee starts its proceedings—those following us will be able to say: "Yes, the articles were read in and became part of what was referred to the Committee". That is the point we are making.

Mr. Nielsen: Those are the facts.

Madam Speaker: The desire to protect the proceedings of the House is certainly a very laudable one. I would concur with

anything that would contribute to that perfection. I thank the Hon. Member for raising this question. As we debated or discussed the proceedings yesterday, there did not seem to me to be any kind of anomaly in the way we did proceed. If there had been, I suppose we would have to recognize that the House did give its unanimous consent to whatever we did. However, if there is any way of perfecting the process, and if there is any avenue open to me in order to do just that, I would, of course, want to do it. Therefore, I will take that point of order under consideration.

* * *

PRIVILEGE

MR. MURPHY—NOTICE OF POSSIBLE QUESTION TO BE RAISED

Mr. Rod Murphy (Churchill): Madam Speaker, I rise on a question of privilege. I would like to reserve my right to raise the subject matter of answers I received today from the Minister of Justice (Mr. MacGuigan). I do not have a copy of those answers but I would like to review them. I believe he seriously misled the House with regard to the position of the Province of Manitoba on the issue of equality for male and female persons.

Madam Speaker: The Hon. Member does not need to give any kind of notice of this type in the House. If upon reading the blues he realizes that he has a point to make, he can do so tomorrow.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. HNATYSHYN—TESTING OF CRUISE MISSILE ON CANADIAN SOIL

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I rise today to present a petition on behalf of 73 parishioners of the St. Thomas-Wesley United Church in Saskatoon, Saskatchewan. Because of the possible testing of the Cruise missile on Canadian soil, your petitioners call upon this House to oppose the testing of the Cruise missile.

MR. MURPHY—RETENTION OF CROWSNEST PASS RATES

Mr. Rod Murphy (Churchill): Madam Speaker, I have a petition to the House of Commons signed by a number of Manitobans opposing the announcement of the Minister of Transport (Mr. Pepin) that he would end the statutory Crowsnest Pass freight rates. The petitioners are concerned about how farmers' agricultural organizations, local and provincial Governments, trade unions, and many others will suffer as a result of the Pepin-Gilson plan. The petitioners have also had an opportunity to examine the position of the New Democratic Party's alternative plan and suggest the House of Commons adopt that instead of the Government's proposal.

* * *

BUSINESS OF THE HOUSE

NOTICE OF ALLOCATION OF TIME TO CONSIDER REPORT AND THIRD READING STAGES OF BILL C-143

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, I wish to inform the House that there have been consultations among representatives of the Parties and it has not been possible to reach an agreement pursuant to Standing Order 80 or Standing Order 81 with regard to the allocation of time at the report stage and third reading stage of Bill C-143, an Act to provide supplementary borrowing authority. Therefore, at the next sitting of the House I shall propose a motion pursuant to Standing Order 82 to allocate one sitting day to each of the said stages of the said Bill.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,921 to 3,926 inclusive, 3,932, 4,553 and 4,562.

[*Text*]

KEELE STREET CENTRE, TORONTO

Question No. 3,921—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Keele Street Centre, Toronto and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Keele Street Centre but there is a Superintendent, whose name is Anthony Lombardo. (a) Date of appointment to present position: September 1, 1980. *(b) Position held prior to present appointment: Assistant Warden, Administration, Warkworth Institution, Campbellford, Ontario. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Keele Street Centre but one of the four Parole Officers, Allan Beauvais, is presently designated by the Superintendent to act in his absence through

a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to the three other Parole Officers.

(a) Date of appointment as Parole Officer: March 1, 1978, *(b) Position held prior to present appointment: Counsellor at Montgomery Centre, Toronto, Ontario. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

*Information provided is for previous work experience in the Federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the Federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

MONTGOMERY CENTRE, TORONTO

Question No. 3,922—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Montgomery Centre, Toronto and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Montgomery Centre but there is a Superintendent, whose name is John Arthur Currie. (a) Date of appointment to present position: July 1, 1979. *(b) Position held prior to present appointment: Area Manager, National Parole Service, Etobicoke Office, Toronto, Ontario. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Montgomery Centre but one of the four Parole Officers, Colin Campbell, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunitites to the three other Parole Officers.

(a) Date of appointment as Parole Officer: February 19, 1978. *(b) Position held prior to present appointment: Counsellor at Montgomery Centre. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

*Information provided is for previous work experience in the Federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the Federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

BEAVER CREEK CORRECTIONAL CAMP, GRAVENHURST

Question No. 3,923—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Beaver Creek Camp, Gravenhurst and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Beaver Creek Correctional Camp but there is a Superintendent, whose name is Theodore Van Petegem. (a) Date of appointment to present position: March 19, 1973. *(b) Position held prior to present appointment: Supervisor of Classification, Warkworth Institution, Campbellford, Ontario. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Beaver Creek Correctional Camp but the Case Management Officer, Ronald Kerrigan is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to the Case Management Officer and the Living Unit Supervisor.

(a) Date of appointment as Case Management Officer: November 22, 1976. *(b) Position held prior to present appointment: Classification Officer at Collins Bay Institution, Kingston, Ontario. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

*Information provided is for previous work experience in the Federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the Federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

BATH INSTITUTION, BATH

Question No. 3,924—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Bath Institution, Bath and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Bath Institution but there is a Superintendent, whose name is Mel Willard. (a) Date of appointment to present position: July 7, 1971. *(b) Position held prior to present appointment: Assistant Warden, Administration and Services, Millhaven Institution, Bath,

Ontario. (c) Salary range: $26,871 to $30,280. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Bath Institution but the Co-ordinator, Offender Programs, Mathew Gventer, is presently designed by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to the Administration and Supply Officer and the Living Unit Supervisor.

(a) Date of present appointment: July 4, 1978. *(b) Position held prior to present appointment: Head, Social Development, Kingston Penitentiary, Kingston, Ontario. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination "General Intelligence Test 310" and possess the experience qualifications for the position.

*Information provided is for previous work experience in the Federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the Federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

PITTSBURG INSTITUTION, JOYCEVILLE

Question No. 3,925—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Pittsburg Institution Farm, Joyceville and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Pittsburg Institution but there is a Superintendent, whose name is James Caird. (a) Date of appointment to present position: May 1, 1980. *(b) Position held prior to present appointment: Superintendent, Frontenac Institution, Kingston, Ontario. (c) Salary range: $30,567 to $34,090. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Pittsburg Institution but the Co-ordinator, Offender Programs, Douglas Roantree, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to three other officers.

(a) Date of appointment as Co-ordinator, Offender Programs: May 6, 1978. *(b) Position held prior to present appointment: Inmate Classification Officer, Pittsburg Institution. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

*Information provided is for previous work experience in the Federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the Federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

FRONTENAC INSTITUTION, KINGSTON

Question No. 3,926—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Frontenac Institution Farm, Kingston and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Frontenac Institution but there is a Superintendent, whose name is George Phillip Downing. (a) Date of appointment to present position: May 1, 1980. *(b) Position held prior to present appointment: Regional Chief, Security Operations, Regional Headquarters, Kingston, Ontario. (c) Salary range: $32,112 to $36,212. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Frontenac Institution but the Co-ordinator, Offender Programs, Bruce Black, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to the Farm Manager and the Administration and Supply Officer.

(a) Date of appointment as Co-ordinator, Offender Programs: August 11, 1980. *(b) Position held prior to present appointment: Section Supervisor, National Parole Service, Eastern Ontario District Office, Kingston, Ontario. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

*Information provided is for previous work experience in the Federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the Federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

REGIONAL PSYCHIATRIC CENTRE, KINGSTON

Question No. 3,932—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Regional Psychiatric Centre, Kingston and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Medical Director at the Regional Psychiatric Centre, Kingston is Dr. Frederick Peter Stephens. (a) Date of appointment to present position: February 9, 1981. *(b) Position held prior to present appointment: Clinical Director at the Regional Psychiatric Centre, Kingston, Ontario. (c) Salary range: $52,192 to $63,152. *(d) This position requires graduation from a recognized school of medicine and certification in a medical specialty recognized in Canada by a statutory licensing body.

B. There is no Deputy Director at the Regional Psychiatric Centre, Kingston but the Clinical Director, Dr. Andrew Maley, is presently designated by the Medical Director to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act.

(a) Date of appointment as Clinical Director: March 2, 1981. *(b) Position held prior to present appointment: Clinical Psychiatrist at the Regional Psychiatric Centre, Kingston. (c) Salary range: $52,192 to $63,152. *(d) The minimum educational qualifications for psychiatrists working in the Correctional Service of Canada require graduation from a recognized school of medicine and certification in a medical specialty recognized in Canada by a statutory licensing body.

*Information provided is for previous work experience in the Federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the Federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

RADIO ADVERTISING IN QUEBEC

Question No. 4,553—**Mr. Gamble:**

With reference to the answer to question No. 4,395 which stated in part "There was no preferential treatment in as much as English (and French) radio was utilized in Quebec (and in no other province) to offset the lack of billboard advertising as outlined in Part 2 above" (a) what was the total radio time on (i) English-language (ii) French-language radio in Quebec which was employed to offset the billboard advertising availability (b) how does the use of French radio broadcasting in the Province of Quebec offset the lack of English-language billboard advertising in the Province of Quebec?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): (a) (i) English-language—$32,158.00*; (ii) French-language—$120,169.00**.

(b) French-language radio was never intended to offset the lack of English-language billboard advertising in Quebec. English radio was used to offset the lack of English billboards. French radio was used to offset the lack of French billboards.

(a) (i)* English radio time over a 3-week period: Each of six stations: 79 30-second spots.

(ii)** French radio time over a 3-week period: Each of 29 stations: 79 30-second spots; each of 66 stations: 42-44 30-second spots; each of 19 stations: 32-34 30-second spots.

TRIP TO FAR EAST OF DOMINION FIRE COMMISSIONER

Question No. 4,562—**Mr. MacKay:**

1. Did the Dominion Fire Commissioner, Mr. G.A. Hope, recently take a trip to the Far East and, if so (a) what was the purpose and duration (b) what were the destinations (c) who accompanied the Commissioner (d) what was the total cost to the Government?

2. How many years of service has the Commissioner left to serve before his normal retirement age?

3. Are there any plans to appoint the Commissioner, on an acting basis or otherwise, to the job of head of the Western Region of the Dominion Fire Commissioner's Office, located in Vancouver?

Hon. Roméo LeBlanc (Minister of Public Works): 1. Yes. (a) As a member of a fire protection delegation sponsored by the Canadian Association of Fire Chiefs (CAFC) under External Affairs Scientific and Technical Exchange Program. The Commissioner was out of the country for 15 days (October 23 to November 7 inclusive).

(b) The destinations were Beijing (Peking); Tianjin; Shanghai; Guangzhou (Canton); and Hong Kong.

(c) (i) Bernard Bonser, Chief of the Toronto Fire Department and President of the CAFC; (ii) Percy Clark, Chief of the Saint John, N.B. Fire Department and immediate past president of the CAFC; (iii) John Bateman, Ontario Fire Marshal and President of the Association of Canadian Fire Marshals and Fire Commissioners (ACFM&FC); (iv) Donald Baird, Director of Fire Underwriters' Survey under the Insurer's Advisory Organization; (v) Murdoch Galbreath, Architect, Senior Research Officer in the Division of Building Research (Fire Research Section) of the National Research Council of Canada; and (vi) Lorne MacLean, Lt. Col., Fire Marshal of the Canadian Forces.

(d) The total cost to Public Works Canada was $4,000 made payable to the Canadian Association of Fire Chiefs Inc., which includes the Department's share in financing a reciprocal visit by a delegate from the People's Republic of China to Canada.

2. Seven years plus.

3. The position referred to is not available; however should it become vacant, normal staffing procedures will apply.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

* * *

[*English*]

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

[*Translation*]

Madam Speaker: Shall the notices of motions be allowed to stand?

Some Hon. Members: Agreed.

PRIVATE MEMBERS' BUSINESS—PUBLIC BILLS

[*English*]

Madam Speaker: Shall all items listed under Private Members' Public Bills preceeding No. 321 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

[*English*]

SENIOR CITIZENS COMMISSION ACT

MEASURE TO ESTABLISH

Hon. J. Robert Howie (York-Sunbury) moved that Bill C-521, an Act respecting senior citizens, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

He said: Madam Speaker, in my remarks today I would like to draw attention to a very serious and pressing social issue which, to some degree, affects all of us. The Bill before us may be one means of addressing this issue; perhaps there are other and better means which Hon. Members will want to suggest. At any rate, I think it is essential for Parliament to be giving serious and earnest attention to the needs of the elderly, and specifically to the problem of abuse of the elderly in our old age homes and other senior care institutions throughout this country.

Since this Bill was first introduced I am happy to see that the Government has produced, in consultation with provincial and territorial representatives, a helpful and well documented report on aging. This report, which was initially prepared to

serve the Canadian delegation to the United Nations World Assembly on Aging, discusses a number of humanitarian issues related to the aging population including income security, housing, health and social welfare.

• (1530)

But its purpose is informational rather than critical and reflects the perspective of Government officials rather than the elderly themselves. As such, it does not in any way address the inadequacies of care and facilities or the more serious injustices and abuses which affect so many in our aging population. References to institutional care are, in fact, relegated a few pages and there is a conspicuous absence of any allusion to the attitudes of the elderly themselves to the level and quality of institutional care that they receive. This is, in short, a report neither by nor for the people who are its ostensible subjects. Their own voice does not emerge.

There is, however, a growing witness from other sources that incidents of elderly abuse, like other forms of social abuse and violence, such as parents against children or husbands against wives, for example, constitute a social problem of significant proportions and one which can be expected to worsen as the number of elderly in our society increases and economic pressures grow.

In October, 1980 the Ontario Advisory Council on Senior Citizens made an extensive survey of attitudes of the elderly concerning certain of their most pressing needs and problems. Many of the criticisms outlined in this report entitled "Through the Eyes of Others" were specifically directed against nursing homes and institutions.

A recurrent theme underlying many of the survey's detailed findings is the resentment of seniors of the segregation and isolation which they experience in these facilities. They do not want to be shut away or cut off from their community or deprived of normal relationships and activities. They want to be recognized by their own names and for their own qualities and character as persons, to be valued for their lifelong contributions to society and respected as continuing members of that society.

But personnel and staff are often alluded to as insensitive, impatient, patronizing and thoughtless of basic needs for privacy and personal dignity. It was reported that there is an assembly line approach to care and that facilities operate for the convenience of staff rather than the residents.

The survey indicates a high frequency of complaints about overcrowding in rooms and inadequate bathroom facilities. Lack of special facilities for handicapped seniors attracted comment: countless minor daily inconveniences and frustrations are caused by drinking fountains that will not accommodate wheelchair patients, for example, or taps that are difficult to turn.

Theft of personal effects was alluded to as a frequent problem, with clothes and other personal items vanishing from

rooms or blankets and the like sent by relatives never reaching their intended recipient.

Quantity and quality of food were generally regarded as far from adequate. One woman complained, "My husband is six feet tall and weighed 179 pounds when he went in. Now he weighs less than 100 pounds and has bed sores. There are other men in there who beg for food".

There was a good deal of bitterness about the lack of an effective inspection program or of remedial measures even when problems were detected. Inspectors frequently announce their intention to visit facilities in advance and staff are able to make short-term changes to save appearances. As one senior complained, "The homes make good money by cutting corners on staffing, food and good maintenance care, but they can put on a good show when the inspectors come. The residents are helpless to defend themselves."

Perhaps the most devastating published critique of nursing homes to date comes from author Daniel Baum in his book called "Warehouses for Death". I would like to read a paragraph from that book:

> People are there to die. Once they walk through the nursing home door they will not walk out again. They are stripped of their assets, given a small personal allowance, promised minimal nursing care, regulated severely in their routine and medicated to institutional compliance. In a very real sense they are encapsulated and warehoused for death. They are removed from the community, and the community accordingly does not have to see either old age or death.

Such comments may make us uncomfortable and defensive, which they certainly make me, but they cannot be ignored.

The subject of abuse of the elderly is roughly at the stage where that of wife-battering was ten years ago. There has been far less research into this problem than into any other aspect of aging, and most of the evidence of abuse which has surfaced in the last few years has come from investigative journalists and concerned groups of citizens who have made private inquiries of their own.

Some systematic research has been conducted in the United States but no statistics on abuse of the elderly are yet available in Canada. The Government of Ontario has just launched a major inquiry concerning abuse in nursing homes, the results of which should be available about a year from now. Other provincial Governments have undertaken similar studies. For the most part, however, we have to content ourselves with impressions and isolated accounts, as well as a few studies published in foreign journals.

Initial studies in the United States have indicated that the problem of elderly abuse is widespread and takes many forms. The first major study, "The Battered Elder Syndrome", listed physical abuse, psychological abuse, material abuse, violation of rights, medical abuse and failure to provide a sanitary environment as major aspects of mistreatment of the aged at the hands of their caretakers. The study indicated that most of the abuse was psychological rather than physical, centering on verbal assaults, taunts and threats. Physical abuse for the most part involved neglect and blows resulting in welts and bruises rather than broken bones, "slapping, shoving, and shaking rather than hitting with a fist".

Another study by Lau and Kosberg entitled "Abuse of the Elderly by Informal Care Providers" included in its definition of abuse: physical abuse, neglect, and emotional and psychological abuse. Lau and Kosberg found that over 75 per cent of the cases that they investigated involved physical abuse, consisting of lack of physical care, lack of food, lack of medical care and lack of supervision. Over 50 per cent of the cases involved psychological abuse, including mistreatment such as theft or misuse of residents' money or property.

There are certain obvious factors which contribute to abuse of the elderly, including lack of trained personnel in senior care facilities. But two additional and more pervasive sociological factors may also contribute to this phenomenon. They are agcism and negative attitudes toward the disabled.

Agcism, or bias against the elderly, is widespread in our society. As one scholar has expressed the prejudice:

> Old is ugly, young is beautiful. Old is useless, young is worthwhile. Old fashioned used to be an accolade; now it has become a pejorative ... the derogation of the aged is subtle and often subliminal, which makes it hard to combat.

Negative attitudes toward the disabled are also prevalent, and since many elderly persons are to some extent disabled, they are victimized by this prejudice as well.

Further research may well establish that the misconceptions and distortions which contribute to ageism and bias against the disabled are also contributing factors in creating situations of abuse. If this is seen to be the case, then we must take them into account in education and employment training programs.

On December 1, 1982 a group calling itself "The Concerned Friends of Ontario Citizens in Care Facilities" issued a report on elder abuse in Ontario. The information was compiled through observations by group members and through informal chats with home operators, employees and ministry officials, and provides a disturbing picture not only of inadequacies in the quality of home care but also of serious violations of residents' rights and personal wellbeing.

The members gathered information from 30 of the 40 homes in Metro Toronto and from other homes across the Province. They repeated frequently heard charges that the industry cannot easily get a fair assessment of this situation in many institutions because inspections are generally prearranged and staffs are able to cover up.

• (1540)

Among the chronic abuses outlined in the Concerned Friends' report, several are particularly unsettling, and I would like to tell Hon. Members about them. They include cries for help going unnoticed; failure

to monitor conditions like weight loss; consistent bed sores and physical injury; indifference to personal difficulty; paralyzed residents being left sitting in wheelchairs in the hall, unable to cover themselves; and cursory visits by doctors. One doctor said he visits 41 patients in one morning each week. There is apparent indifference to appropriate care needs. Rather than giving bowel training or using adult-sized diapers which require effort, one resident complained, doctors usually

order catheters for immobile patients. There are also unsanitary conditions. Some homes were reportedly infested with cockroaches.

Critical questions confront lawmakers who seek to make a legal response to such problems as these. Although there is a growing body of evidence of outright violence against the elderly, the problems seems &ed425;-1 more often to be one of neglect and deprivation and of emotional and social maltreatment, rather than physical abuse as such.

Apart from the obvious fact that such situations are often hidden and it is as difficult to remedy as to detect, they also pose a quandary: can we legislate care and concern for our senior citizens? Could we realistically expect that any such laws would be enforceable? Genuine solutions will require a much deeper understanding of the problem than we have now. We must inquire whether our knowledge of the etiology of abuse of the elderly is sufficient to enable us to legislate wisely. Our investigations must inevitably take us to a further consideration of abuse of the elderly in non-institutional settings, even within the family itself.

If mistreatment of the elderly is shown to be largely a function of stress due to the difficulties of living with the elderly, voluntary programs which provide services to help the elderly maintain independence or resources to lessen the burden on the nursing home staff or on families can be implemented. An interim measure could consist of drafting an elder abuse prevention and treatment act, which would make it mandatory for nursing home personnel to report cases of elder abuse and neglect and would make renewal of a nursing home licence subject to a clean record with respect to elder abuse.

Whatever measures we might take, we must ensure that laws designed to protect the elderly are sufficiently enlightened that they do not inadvertently contribute to stereotyping of the aged by treating them as incompetents who cannot make decisions with regard to their own welfare.

As Your Honour can see, I have not come with many answers today, but, rather, with a deep sense of concern and responsibility and a desire that we at least begin to ask the right questions concerning this significant social problem. I think it is time to invite the elderly themselves into the conversation. Many of them have been subjected to or have witnessed the kinds of abuse to which I have referred today. We need to hear from them if we are to be able to take measures which will speak to their real needs.

Abuse of the aged is, in the words found in one article on this subject, "everybody's nightmare". I think it should be a matter of urgent priority for this Parliament.

Some Hon. Members: Hear, hear!

Mr. David Weatherhead (Scarborough West): Mr. Speaker, I am very pleased to have the opportunity today to speak to Bill C-521, introduced by the Hon. Member for York-Sunbury (Mr. Howie). Like him, the Minister of National Health and Welfare (Miss Bégin) has great concern and respect for the needs of senior citizens. I also have those same concerns, coming from the older suburbs of the eastern part of Metropolitan Toronto. We have the largest number of seniors in Scarborough in our particular riding.

In recent weeks, I have had the honour of being elected Chairman of the Standing Committee on Health, Welfare and Social Affairs. I have also had the privilege of being appointed, in recent days, to the new pension task force on pension reform. I am looking forward to taking a very active part on both the Committee and the task force in the months ahead.

However, in reading Bill C-521, and in listening to the comments of the Hon. Member this afternoon, one wonders what the proposed Senior Citizens' Commission could be expected to accomplish. The Bill states that the Commission is to study and identify the needs of senior citizens and make recommendations concerning these needs to the Governor in Council. A Commission such as that proposed would more appropriately be a matter involving action by the Provinces. I may say in passing that I think the Hon. Member confirmed this in devoting many of his comments today to the real problems in nursing homes. However, to my recollection, nursing home jurisdiction is almost completely in the hands of the Provinces. Although I am not downgrading his comments in that respect, as this should be of real concern to all of us, I think we should be speaking in terms of the provincial legislatures and not Parliament, or not to the same extent anyway.

Indeed, a number of provincial Governments have already made appointments and others are considering the appointment of bodies to identify the needs of older persons, to make recommendations as to how these needs can be met, and to serve in an advisory capacity in the establishment of programs and services to meet needs, identify gaps in information and services, promote research and, in some cases, carry out research. Called by any one of several names—senior citizens' commissions, provincial advisory councils or provincial senior citizens' councils—they are appointed by Government and responsible to a provincial Minister of the Crown.

Several Provinces have bodies operating under voluntary auspices, either as independent councils on aging or as components of provincial social planning councils. In some urban centres, similar structures have been organized locally. In addition, some Provinces have an office, bureau or division on aging, usually located in the Department of Social Services. Two Provinces have secretariats which serve to co-ordinate the programs and services related to aging and the aged being developed by several Departments. Finally, the appointment by Governments of provincial gerontologists to provide advice and consultation to the provincial Governments, academic institutions, service agencies, research projects and other endeavours, has augmented the work of the aforementioned bodies in identifying the needs of older people and in establishing or co-operating in establishing services for them.

At the federal level, the National Advisory Council on Aging was established by our Government in May of 1980. Perhaps the Hon. Member's Bill was filed before we went back in April of 1980. A number of things have occurred here since

the Bill was filed, and the establishment of a National Advisory Council was one of them. Its 18-member Board of Directors, all appointed from outside Government, serves as an advisory body to the Minister of National Health and Welfare. Its other main role is to serve as an advocate for the aged. Within the Department of National Health and Welfare itself, the Office on Ageing was established in November, 1980. Designated in the Department as the focal point on aging, it serves both the health and welfare sides of the Department and carries a major responsibility in co-ordinating the Department's work on aging.

At the international level, the World Assembly on Aging was convened by the United Nations in Vienna last summer. All Hon. Members of the House received a copy of the Canadian Governmental Report on Aging, which was prepared by a federal-provincial territorial committee and endorsed by all Governments involved in its preparation. Each member country of the United Nations was invited to prepare such a report describing the current situation and outlining the issues respecting the aged to be faced over the next ten to 15 years in the country concerned. The Canadian report has received international recognition for its detailed analysis of the situation. The issues raised and the needs to be met are in accord with those identified in the International Plan of Action prepared by the World Assembly and later endorsed by the General Assembly of the United Nations. The Canadian Conference on Aging is to be held in October of this year as a follow up to the initiatives started by the World Assembly and will further extend Canadian efforts at that time.

• (1550)

Such developments are not surprising when the needs areas of older persons are considered—and the Hon. Member speaking previously has referred to many of them—economic, physical and mental health, nutrition, living arrangements, transportation, leisure activities, education, employment and retirement, and spiritual well-being.

The federal Government's responsibility in the economic sphere is fully recognized. The presentation made earlier in this House when the Green Paper entitled "Better Pensions for Canadians" was tabled need not be repeated, nor any prediction attempted about those that will be made to the Special Committee of this House embarking upon its own investigation into pension reform. As mentioned before, I am pleased to be on that task force. Income security in old age is our concern. Further, federal financial participation with the Provinces in the development of health and social services, as well as the construction of housing and institutional care facilities, has been in effect for many years.

The fact is that health and social services, housing, institutional care facilities, including the nursing homes that the previous speaker spoke so long about, education and so on, are all under provincial jurisdiction. Thus facilities, programs and services to meet the needs of the aged must be planned, organized and developed at the provincial and local levels.

There are those who argue that if older people were provided with enough money, they could look after their own needs. This is a fallacious argument. It assumes that the services needed are available, that they are accessible, and that, whatever their cost, old people could afford to pay for them regardless of the quantity required or the length of time the services were needed. Recognizing the lack of supportive services to help elderly persons live independently in their own community, despite socio-economic and physical problems, was the motive behind the federal Government's initiative in establishing the Canada Assistance Plan which, although not specific to the aged, is important to thousands of them who benefit from services cost-shared by the federal, provincial and territorial Governments.

The problems of the aged and the aging are as diverse as those which afflict all of society. We know, however, that the aged of the 1980s are very different from those of the 1960s and 1970s, and that those of the 1990s will show even greater differences. It is estimated that about two-thirds of those aged 65 and over have no single identifying characteristic except age. They mingle largely unnoticed in the community. Indeed the majority of older people can function in the community if society permits and encourages them through the provision of special services. Thus, an integral part of the planning process should be the provision of services and resources which will provide opportunities for senior citizens to participate in the community.

The New Horizons Program of the Department of National Health and Welfare, with which we are all very familiar, was established ten years ago to help and encourage retired people to engage in activities of benefit to themselves, each other and their communities. The result has been a dramatic increase in the number of community groups established by, and for, retired and elderly persons. In my own area of Scarborough West, we have between 20 and 30 of these groups, and the seed moneys that are used for their facilities represent some of the wiser expenditures that have ever been made by this Government, and are very wisely spent by the seniors involved.

Many of these groups have joined provincial and national senior citizens' organizations and these organizations have become extremely effective in speaking on behalf of their members. In Scarborough we have the Scarborough Senior Citizens' Council which co-ordinates the seniors' activities in this borough of more than 400,000 people in Metropolitan Toronto. They are a first rate group of people and no one could be more thoroughly familiar than they are with the needs and aspirations of retired and elderly people. On many occasions these organizations meet with the Minister of National Health and Welfare, the Hon. Monique Bégin, to discuss their concerns and to present their recommendations for improving the quality of life for retired Canadians. Many of their proposals have been incorporated into Government programs for pensioners, and there is a continuing dialogue between the Department and the spokesmen for senior citizens' organizations. Ways of making this dialogue even more effective are being considered.

It is worth noting that it was as a result of the groundwork laid by a group of very knowledgeable seniors from across Canada, funded by New Horizons money through an

independent study of the kinds of structures that might be most effective as a focus for concerns about aging at the national level, that the National Advisory Council on Aging, mentioned earlier, was established. The majority of the members of the Council are older persons. They and their peers have proven themselves quite capable of identifying the needs of senior citizens. The possibility that a Senior Citizens' Commission, as proposed in the Bill before us, would contribute anything of significance to the many efforts already under way appears unlikely.

The paradox in respect to the older population is the tendency to view success as a problem. It is a particularly frustrating irony that progress in man's search for a longer life should produce the "problems of aging". In fact, the very successes in economic, social, medical and industrial progress that now permit such a large number of people to reach old age have also produced the changes that make elderly people a generally "dependent" group and have robbed them of their most important and traditional functions, roles and statuses.

Since World War II, scientific and technological advances with increasing industrialization have changed both the way people live and the ways by which they earn their living. The impact of population growth, urbanization and industrialization on the lives of older people has been heightened by the fact that these changes are occurring rapidly. Coupled with these rapid changes has been a new phenomenon—retirement. For the first time in the history of the world, thousands of persons each year leave the labour force and enter retirement. But it is here that difficulties have arisen. The right of persons to spend their later adult years not tied to the demands and responsibilities of the working world has become accepted, but we have failed to take steps to provide people with systematic preparation for their retirement years. Preparation for adulthood, and particularly for work, is an institutionalized part of the system; preparation for the later adult years is left to the individual, and as a result is haphazard and often incomplete.

With the end of the work role, the value of the older person's contribution to the family, the church, the neighbourhood and voluntary associations has been downgraded. Society has developed negative attitudes toward the aged and the aging. Older people now carry these attitudes, developed earlier in life, into their own retirement with the result that they have negative attitudes about themselves and their peers. The previous speaker spent some time in his speech talking about these negative attitudes. I think he was very correct as far as he went in that regard.

Overcoming the negative attitude society has concerning the aged and the aging is the challenge we face. Like all age groups, older people have problems and we must continue our efforts to solve them. But we must not allow our efforts to aid the helpless to become synonymous with the whole spectrum of aging. Stress on the negative side of aging has contributed to the stereotypes and the myths which have grown around it. Most of us have in some way contributed to the false picture that has been created.

Until we come to terms with our own aging and accept it, we will continue to endow the later years with all the misconceptions and untruths that society has built up, particularly over the past 30 to 40 years—insidious and ultimately dangerous in terms of society's acceptance of its older citizens. There are older people, many who are frail and not in the best of health, who are demonstrating that chronological age, in itself, is a meaningless measure. They continue to contribute to society, to their families and to grow as individuals. When we see them, aging takes on a new dimension. Mr. Speaker, we all know such people and indeed there are a few in this House of Commons.

But changes in attitudes cannot be legislated. These will only come about through teaching in the homes, the schools and in the training of professionals who will be working in the community with the aged as well as other age groups. Each of us as individuals has a responsibility in this. Older people themselves have a responsibility. Increasingly, they will have to demonstrate that they remain socially responsive and responsible, that they can and do continue to contribute to society, that there are new roles which they are willing and able to assume. We have to help them find these new roles. We have to provide the aged themselves with opportunities to do so.

• (1600)

The forthcoming Conference on Aging mentioned earlier, which is being convened by the Minister of National Health and Welfare and will involve the federal, provincial and territorial Governments, as well as the non-governmental sector in its planning, has been designated as a working conference. It has two major goals: to address the issues of most urgent concern in an aging society over the next 10 to 15 years and suggest proposals and strategies for consideration in resolving them; and also to consider the means whereby continuing dialogue and planning can be most effectively furthered.

The hard work before us now is finding solutions within our human and economic resources to the problems that have to be resolved if the needs of the aged are to be met. To the extent possible, duplication has to be avoided and statutory authority respected.

No one denies that there is much to be done. No one denies the challenge that faces us as such a large segment of our population continues to age. We must, however, deny that a Senior Citizens' Commission such as proposed in Bill C-521 can undertake the tasks that should be undertaken.

Mr. Neil Young (Beaches): Mr. Speaker, I congratulate the Hon. Member for York-Sunbury (Mr. Howie) for giving the House the opportunity to discuss this very important matter. The Bill is rather straightforward and relatively simple. It calls for an Act that would be cited as the Senior Citizens' Commission Act. The major object of this Act would be to establish a Commission to study and identify the needs of senior citizens. Once those studies have been completed, the Commission would make recommendations to the Governor in Council with respect to the needs of seniors.

It is in the best interests of the work that has been done in the past that this Bill be referred to a Committee and not be talked out in this House, and for the very reasons that the previous speaker, the Hon. Member for Scarborough West (Mr. Weatherhead), attempted to persuade the House that it should not. The problems and solutions have been well-known to anyone who has been interested in the whole question of aging. In fact, the United Nations World Assembly, to which the Hon. Member for Scarborough West referred, took place at the end of July and beginning of August of last year. I was a Member of the Canadian delegation which attended that World Assembly. One of the seniors who is on the Canadian Advisory Council on Aging, Mr. Chuck Bailey from British Columbia, spoke to me at the end of that UN Assembly. He said: "When you guys get back to Canada, you will probably hear that another assembly will be held, that another conference on aging will be held to discuss the problems that senior citizens in the country are faced with".

I did not realize it at the time, but I have come to realize that all the information that I received as a delegate to that assembly provides all the arguments required to make the case that finally work should begin to be done rather than being spoken about again and again. Mr. Bailey said to me that all that anyone would require to gain full knowledge about the problems that elderly people face, and which we will all face when we reach that magic age of 65, is in the report of the National Advisory Council on Aging, which was the non-governmental organizations' report to the Minister of National Health and Welfare in preparation for that assembly. He told me that the other document that would give me full information was the Canadian Government report on aging, which was also considered by that assembly, as well as a copy of the address made to the assembly by the leader of the Canadian delegation. Those three documents list every argument, every problem and every solution required to solve the crisis that people face at age 65.

I would like to see this Bill referred to a committee so that Members of this House can begin putting together programs to address the real problem that people face when reaching age 65. It is not enough to say that all programs that can benefit people at age 65—and I will come back to this in a moment—must be dealt with by the Provinces. I do not accept that at all. I appreciate that many of the programs in place are cost-shared between the provincial and federal Governments, and in some cases with municipal governments or regional authorities. It is not right to slide out from under our responsibility to deal with those problems in a factual way, sloughing it off to some other level of Government. From my examination of the problems I conclude that we will be abdicating our responsibility as Members of Parliament and as responsible Canadians if we do not address them in a very real way. That is why I would like to see the Bill finally go to a committee in order that we can begin that kind of work.

A year or so ago the Members of this Party, both in caucus and at convention, recognized that we live in an aging world, that by the year 2000 the average population is likely to be quite elderly as opposed to that which exists today. For that purpose we established a task force to look into the problems of older women in particular. Our past experience, and certainly the one that exists today, shows that while most elderly persons at age 65 look forward to spending the balance of their life living in poverty, statistics show that elderly women in particular look forward to a harder life than males.

There are some two million Canadians now over 65. According to Statistics Canada, with 3.7 million people now aged between 25 and 34, the number of people over 65 will more than double when the "baby boom" generation begins to retire. By the year 2015 and the following decades, the global population of elderly will reach a staggering one billion, or approximately the size of China's population today. In 20 years the number of women over 65 in Canada will reach two million, outnumbering the men of the same age by two to one. Yet older women, especially single older women, are more likely to experience poverty than any other group in society.

• (1610)

In addition, Mr. Speaker, Statistics Canada labour force studies confirm that age discrimination persists where workers over 45 have longer bouts of unemployment than younger workers and only 27 per cent of workers over 55 have any jobs at all. As to retirement income, the same statistics tell us that 43 per cent of the Canadian population has no investment or private pension income. So for very many of them, retirement means poverty. Fifty per cent of people over 65 live on less than $6,000 a year. After 11 provincial and federal task forces, various Royal Commissions, reports on pension reform including the recent federal Green Paper "Better Pensions for Canadians", reform for the elderly is still very remote in the sense of providing an adequate retirement income for most people at age 65.

To minimize and indeed attempt to dismiss the fact that elderly Canadians have problems at age 65 is really quite surprising. I know the Hon. Member for Scarborough West is a gentleman who would not do that lightly, and the facts show quite differently. You can hardly look at any media coverage on the personal examination of a person or persons over 65 without becoming quite concerned. For example, a recent study in Ontario showed that Ontario's older women who are widowed, divorced or separated and living alone are the most disadvantaged group in society. In the metropolitan Toronto area alone there is an estimated 36,000 of these older women living below the federal Government's poverty line. That particular study shows that the median income of these women was $5,645 a year in the 65 to 74 age group, and only $4,964 per year for those aged 75 and over. This is an area to be somewhat concerned about.

In another article which appeared in the Toronto *Star* recently, written by Steve Kerstetter, for example, it was pointed out that Ottawa pays a Guaranteed Income Supplement to people over age 65 with little income other than the federal Old Age Security. It also pays spouse's allowance to people between 60 and 65 in similar circumstances. However,

in January close to 1.3 million senior citizens received the supplement and officials say about half the recipients are so poor they qualify for 80 per cent or more of the maximum supplement. The number of people receiving spouse's allowance was nearly 88,000 in January of this year. Even the Minister of National Health and Welfare (Miss Bégin) has said that the plight of the elderly poor is particularly severe because they are mostly unable to get extra cash from full- or part-time jobs. So the problem is indeed serious and it bears further examination by Members of this House. If it was referred to a committee we would have a better opportunity to do so.

Another area which I was not really familiar with, and perhaps I should have been, is that studies coming out of some other jurisdictions show that there is an increase in the incidence of violence against elderly people. In fact, I believe that a study done by the Department of National Health and Welfare warned this violence was increasing. There is also an increasing incidence of suicide of people over the age 65. That is not some alarmist statement coming from a Member of the NDP or the Official Opposition; these are statistics produced by the Department of National Health and Welfare. That is something we should be concerned about.

One of the figures I saw was that it was predicted that the incidence of violence against elderly Canadians and awareness of it is probably at about the same stage as violence against children was ten years ago. I know of a case in my own riding which concerned not only violence. It involved an elderly person who, because of age, has become forgetful and whose attention span was not what it used to be. She became easily confused by everything that was going on around her. An individual in an elected position—no doubt in my view in an attempt to assit this lady and ensure that no one took avantage of her—ended up acting as a trustee for her bank account. Unfortunately, this woman ended up leaving the amount in her bank account to this person who was acting as a trustee.

Now, I am not suggesting any bad motives on the part of the individual involved, at least initially, but the point is that when that happened, and it received wide attention in the press, other members of my community came to me and told me about similar cases on their own street where neighbours were going into elderly persons' houses to see how they were and were walking away with half the house.

I know of another case just around the corner from where I live in my constituency where there is no question but that a real estate agent convinced this woman, who was 72 or 73, to sell the house to him. This was only about three years ago. The houses in my area cost anywhere between $80,000 to $120,000. He convinced this woman to sell the house to him for $10,000 and he would allow her to live at a relatively low rent in the second half of the house.

That happens I think more frequently than it comes to our attention as Members of Parliament. It is shameful, Mr. Speaker. But what it shows, I think very clearly on the part of society generally, is that first of all there is an attitudinal problem towards elderly people. When you become age 65 you are no longer considered to be a productive member of society so you are shunted away and forgotten about. No one pays any attention to you or what happens to you or even cares about what happens to you. I think that is how these incidents arise; no one pays any special attention to the elderly person who is living on their own. Society is changing so rapidly that very often people, without thinking about it too much, I suppose, become so concerned about surviving on a personal basis that they forget about people in society who are no longer able to care for themselves.

I tell you, Mr. Speaker, that at the United Nations Assembly on Aging, the difference in attitude between the so-called developed countries and the so-called Third World underdeveloped countries towards elderly people is like night and day. People in the Third World can show us an awful lot of things about how we should treat elderly people. People in Third World countries view the elderly as being rich in experience and wisdom with a valuable contribution to make to society, particularly to the children. It is only now, through some private projects in this country, that we are beginning to realize that when people reach age 65, rather than being dumped they should be encouraged to make a contribution to the community and to society as a whole. In the Niagara Peninsula through an excellent project, elderly citizens are encouraged to participate in the community with daycare and that sort of thing, and this has been very successful.

• (1620)

I could go on, Mr. Speaker, but I do not want to appear to be helping to talk out the Bill. I think it is too important to society generally, not just elderly people, that we take a hard look at what we want to do to assist seniors to continue to participate in the mainstream of Canadian life.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I would certainly be pleased to make a few comments on this Bill but, like my colleague the Hon. Member for York-Sunbury (Mr. Howie) and the Hon. Member for Beaches (Mr. Young), I want it to go to Committee. I wonder how much time is left before the hour is up.

The Acting Speaker (Mr. Corbin): I should inform the Hon. Member that the debate began at 3:30 p.m. so we have approximately eight minutes left.

Mr. Darling: Thank you, Mr. Speaker. I do not want to be the one who is accused of talking out the Bill.

I should like to commend the Hon. Member for York-Sunbury for outlining in detail many of the problems that face senior citizens. I suppose that in order not to get into trouble I should declare a conflict of interest immediately. I am a senior citizen myself and, I think, one who is reasonably active.

I share the concern of Hon. Members for senior citizens, some of whom find it difficult to get along financially and others who are not treated as well as they should be. It is probable that a good many of the latter live in the more heavily populated areas of the country. In the smaller towns

and villages, senior citizens usually have friends and relatives who help look after them.

Some senior citizens who are 65, 70 or 75 are probably more alert and active than a good many people in the 35 to 50 age group. Just two or three days ago I had the privilege of sending a letter of congratulations to a couple in Parry Sound, Mr. and Mrs. Ernest Greer, who will celebrate their seventy-first wedding anniversary on March 25. They are still living in their own home and looking after themselves. That shows how conducive the environment in Parry Sound is to good health!

In the smaller areas apartments are provided for senior citizens. As the Hon. Member for Scarborough West (Mr. Weatherhead) mentioned, a good many of them are provincially sponsored but the federal Government has done an excellent job through CMHC of providing co-operative or non-profit apartment units for seniors. This enables some people to move out of the large house they have lived in but still be together in an apartment.

The Hon. Member for York-Sunbury has suggested that a commission be established. Of course, it could be claimed that there have been too many commissions already but perhaps senior citizens could be appointed to this one from seniors' groups across the country to act in an advisory capacity to the Government.

In the past week or so someone suggested that a senior citizen's parliament should be inaugurated so that their wisdom could be used. Perhaps they would not need to meet for as long or as often as we do, but I am sure they could contribute some excellent ideas and give good advice on legislation that even this august body could take into very serious consideration.

I feel that the New Horizons Program is very important, Mr. Speaker, as it makes senior citizens feel that they are wanted. Through that program equipment is provided for club rooms, among other things. In the past few months I have had the privilege of visiting three or four senior citizens' club rooms in my riding for which the Government provided the equipment. This is very useful and people like to congregate there.

As the Hon. Member for York-Sunbury said, there is also the other side of the coin and that is care for the people who are in nursing homes which, as he pointed out, come under provincial jurisdiction. Prior to becoming a Member of this House I had the privilege of sitting on the board of directors of a senior citizens' home in my riding. It is a provincial home and a beautiful one where excellent care is given. The staff there does an outstanding job. There are three senior citizen homes in the riding of Parry Sound-Muskoka and I have visited all of them. I can assure Hon. Members that they are well run by a board of directors made up of municipal officials and concerned citizens. There is no way there could be any mistreatment.

A few days ago I received a letter of complaint about the treatment of certain senior citizens. It was claimed that they were tied in their chairs, but when I checked with the director of the home, I was told that they had to be tied, otherwise they would fall out. The senior citizen homes are doing an excellent job, Mr. Speaker.

I hope the Government will give consideration to sending Bill C-521 to committee and to appointing the commission. This would not cost any money.

I see there are only a few minutes left, Mr. Speaker, so I hope we can put the question now.

Mr. Roland de Corneille (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, it surprises me to learn from Hon. Members opposite that they are concerned about talking out the Bill. The Hon. Member for Beaches (Mr. Young) took his full 20 minutes, allowing little or no opportunity for other Members to participate in the debate, and the Hon. Member for Parry Sound-Muskoka (Mr. Darling) ran the clock out telling us about the situation in his riding rather than dealing with Bill C-521.

We have to ask if we need another commission to do more study. Clause 3 of the Bill reads as follows:

The objects of the Commission are to study and identify the needs of senior citizens.

It is the position of the Government that we wish to implement the recommendations being put forward rather than give birth to more studies. It surprises me that Bill C-521, which is identical to Bill C-218 which received first reading on October 31, 1977 during the third session of the Thirtieth Parliament, has been reintroduced.

I have the greatest respect and sympathy for the motives of the Hon. Member for York-Sunbury (Mr. Howie) because the well-being of senior citizens is of great concern to all of us. It certainly is to me. The well-being of these people is part of our concern in the House and the Government's programs are well known to the people of Canada and to Members of the House.

● (1630)

The Acting Speaker (Mr. Corbin): Order, please. Pursuant to Standing Order 24(2), it is my duty to interrupt the proceedings.

Shall all orders listed under Private Members' Public Bills preceding No. 164 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

[*Translation*]

AN ACT RESPECTING THE RECOVERY OF ALIMONY AND MAINTENANCE

MEASURE TO ESTABLISH

Mrs. Céline Hervieux-Payette (Montreal-Mercier) moved that Bill C-364, an Act respecting the recovery of alimony and maintenance, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

She said: Mr. Speaker, I must say I am very pleased with this opportunity of presenting in the House a Bill that has been before the House since May 1980. Patience is a virtue that in this case is its own reward, since this afternoon, we shall at last have a chance to consider a subject that is very important to single-parent families in Canada.

Mr. Speaker, I think that a few statistics will demonstrate the seriousness of the problem we shall be discussing this afternoon. Not long ago, we were given the latest Statistics Canada reports. According to the last report, there were 653,440 single-parent families in Canada. This means that for 11 million, or more accurately, 10,959,000 family units where both the father and mother are present, there are 653,000 families with only one parent to look after the children. Mr. Speaker, I also would like to point out to Hon. Members that since in most cases, parents are responsible for the education of their children and for supporting the family, the parent who is responsible for the children's education must have the necessary resources. However, from what we have seen, and according to reports submitted in the House and various groups who are studying the problem, it seems that nearly 50 per cent of court judgements based on existing legislation are not enforced. Mr. Speaker, why is it that multinational corporations have no such trouble with court judgements, while thousands of orders, and thus judgements, obtained legally before the courts are so difficult to enforce? There is of course the administration problem, but I believe we should also deal with the principle of the matter, since the majority of these women—most of the time, single parents are women—live below the poverty line, on the meager resources at their disposal under our welfare legislation.

Mr. Speaker, I realize that this is a matter of joint jurisdiction. In fact, for the benefit of those who are interested in the matter, I asked the Library of Parliament's research branch for a study that is available to all Canadian citizens and deals with the constitutionality of federal intervention in the alimony and maintenance field through a federal or joint system. This study, which is fairly long and I have no intention of reading all thirty-seven pages here in the house, demonstrates the seriousness of the problem and also explains the jurisdictional aspects.

However, Mr. Speaker, we are not dealing with a problem of jurisdiction, but a human problem confronting hundreds of thousands of individuals in Canada who are indeed being deprived of their dignity because they are not entitled to income payments directly related to the family. The main objective of my Bill is to pave the way for more effective enforcement of court orders.

Mr. Speaker, I think that my colleagues will agree with me that my Bill should provide for the possibility of alimony payments being transferred to a Government. Since the Federal Government is present throughout Canada, I would suggest that in case of default, the order could be transferred to the Federal Government. My Bill would amend the Income Tax Act with a view to authorizing the Minister of Finance to enforce the order for alimony or maintenance payments in favour of the spouse. The necessary mechanisms to collect the money are already there, and I know that it is obviously easier for a Government to collect payments on a debt than it is for a spouse who has children but no income.

Mr. Speaker, my Bill also features an amendment to the Divorce Act. It is not a major amendment since the question is now under study, in any event, but still I think it is important to amend the Divorce Act so that once the order has been registered we will be in a position to take action. Naturally, a law is effective to the extent that the penalties are effective.

I have also included in my Bill a provision to amend the Criminal Code. My colleagues will undoubtedly recall that Criminal Code section 197 is entitled "Duties Tending to Preservation of Life", duty of persons to provide necessaries. It states that every one is under a legal duty as a parent and all other qualities which make the alimony necessary—must provide himself with necessaries of life . . . and others towards whom he has an obligation. Every one who commits an offence under subsection (2) is guilty of an indictable offence and is liable to imprisonment for two years.

• (1640)

Mr. Speaker, we have noted that this provision is not really effective and is rarely used because the courts are reluctant to deprive the breadwinner of his earnings, and of course, spouses often do not really want to start criminal proceedings.

I have proposed amendments to Section 289 rather than to section 197 so that, as is now the case in Germany, it would now be considered a crime if a spouse is shown to have robbed the other spouse by not paying alimony. Some will say that this is rather harsh. It probably is, but we are now facing a very serious problem affecting hundreds of thousands of people, which has not yet been solved and is still being negotiated and discussed by the federal and provincial Governments.

Mr. Speaker, according to the figures for 1978-79, female heads of households and women in general in Canada who are lucky enough to earn their living have an average income of $7,600 compared with $14,900 for men. This means that even those who work and can do something to feed their family already have problems.

Moreover, Mr. Speaker, according to the most recent report of Statistics Canada which provides figures for 1979, there were 59,474 divorces in that year, and this does not include legal or *de facto* separations. We have a very high figure of nearly 60,000 divorces, which means nearly 60,000 maintenance orders.

In view of these figures, Mr. Speaker, we cannot ignore this issue because we are faced not with human problems, but

simply with an issue that still has to be resolved. I must say in this regard that Quebec and Ontario have both taken major steps to help spouses with dependent children to support their family when the other spouse does not keep up his payments.

I must congratulate the provincial legislators for taking such action. Yet, Mr. Speaker, while these measures are relatively effective, hundreds of millions of dollars are still being paid through the welfare system because the spouse has moved to another province and cannot be reached.

In addition, Mr. Speaker, the Supreme Court made a ruling recently. In fact, this is why I asked the Minister of Justice (Mr. MacGuigan) that my Bill be referred to the Committee on Justice and Legal Affairs. This ruling has just been made. It means that even if we could go before the courts, obtain an order and have it registered in another province, we would need a reciprocity agreement if the spouse leaves the country.

The case submitted to the Supreme Court involved a university professor who had left his province to live in Florida. He owed over $100,000 in alimony, which means that he had practically never made a payment, and he finally left the province with an accumulated pension fund of over $150,000. Under the present legislation, the Supreme Court was unable to seize the pension fund and to force compliance with the alimony order. The husband, who was responsible in this case for the maintenance payments, moved to Florida, a state with which we have no reciprocity agreement, which means that it is just about impossible to go through the whole process in Florida all over again and begin proceedings under private international law, which would be quite complex and costly.

Even in cases of this importance where an order called for up to $100,000 in alimony, we can see that there is no compliance with the law and that thousands of rulings are not obeyed in this country, which I consider quite unacceptable.

Mr. Speaker, we took a first step in this House during this session to amend the present legislation concerning the recovery of alimony and maintenance. I feel this must still be stressed by addressing the issue, and I start with Bill C-38, an Act to provide for the garnishment and the diversion of pension.

Mr. Speaker, I must emphasize that it took Canada well over 100 years to allow for the diversion of pensions of every employee within the Canadian government. We may have been slow to act in this respect, but at any rate it is a reflection of our times that the Government, the Parliament of Canada has taken action, as the Bill already has been enacted.

My proposal, Mr. Speaker, does respect the arrangements that may have been agreed upon between spouses, because in cases of separation there may be an arrangement, and where there is a divorce, of course, there is a court decision. But in all cases there is failure on the part of individuals to comply with the arrangement of court order.

Over these last few months, according to the information provided by the Department of Justice, the Federal-Provincial Committee dealing with the implementation of these procedures has been meeting regularly, but if my Bill could be considered by our learned colleagues from the ten provincial legislatures and territories, we could ensure a little more dignity for single parent families, and a little more respect for our laws and our courts.

I am afraid it is too easy to get caught in legal wrangles, the reference being that this is a provincial matter, but as a member of this House, Mr. Speaker, I cannot indulge in federal-provincial bickerings that penalize families, the children and ultimately, the future of thousands of individuals. I cannot accept that.

I would ask my colleagues to consider very seriously the proposals now before them, and if I am so allowed, I would also invite at a later date, the Committee on Justice and Legal Affairs, of which I am a member, also to consider very seriously my proposals and even to bring in amendments in order to help solve the problem that exists regarding alimony and all monies that may be affected.

Mr. Speaker, when we enshrined the Charter of Rights in the Constitution, when we enacted a clause on equality, I submit that what was intended was both equality of rights and equality of responsibilities.

Mr. Speaker, we must realize that in this country, there has been no dearth of responsibilities for heads of single parent families. Those have been very great, and indeed the Canadian people as a whole have been called upon to assume part of those responsibilities when the spouse failed to do so. I believe, Mr. Speaker, that we maintain single parents in a totally unacceptable situation simply by forcing them to show up at welfare offices to be harassed, as is often the case, by allowing legal action to be taken against them or simply by perpetuating the long-standing controversy within the family unit, which has already been dismantled. Mr. Speaker, such a situation should not be allowed to continue in a modern, responsible and advanced society such as Canada.

Therefore, Mr. Speaker, I would ask my colleagues to forget about the situation of relatives or friends for they might be tempted to pass judgment. I am not passing judgment on any of those thousands of divorces. I simply recognize that there is a problem we must address. We are faced with 600,000 family units which all have an equal right to respect and dignity, yet there can be no respect without a decent income. Mr. Speaker, I believe everyone of us will recognize that in order to raise children, one must at least have a minimum of resources which means providing them with the food, clothing and lodging they need. And I do not think that we can no longer tolerate that the great many women who are heads of single-parent families should live for 20 years in a state of permanent anxiety because 50 per cent of all orders to pay alimony are not enforced. And, as I said, the situation is the same, whether

these women are separated or divorced. In cases of divorce, I do not think there are any problems, as far as jurisdiction is concerned.

The study I referred to a while ago dealt with the issue of alimonies granted following legal separations, which is a matter which comes under provincial jurisdiction. We will see, however, that matters can be worked out under the present Constitution because of a legislation which provides that 50 p. 100 of all social welfare funds everywhere in Canada come from the Federal Government and that these funds must finally be spent by the neighbour who, for all intent and purposes, assumes the responsibility of a particular family.

Mr. Speaker, I think we must see to it that all Canadian children grow up in the most healthy family environment possible. And I think also that both spouses share and should continue to share equal responsibilities in this regard, and the very purpose of this bill is to ensure that court orders are strictly enforced.

[*English*]

Hon. Ron Huntington (Capilano): Mr. Speaker, first I would like to congratulate the Hon. Member for Montreal-Mercier (Mrs. Hervieux-Payette) for bringing this important issue once again before the House.

• (1650)

I think Hon. Members might be interested in knowing some of the history of this issue and the dedication that backbench Members from all three Parties of the House have given to this issue. It remains an issue only because the Liberal Government of Canada apparently whishes to postpone this tragic issue and prevent its resolution, something which it could quite easily do if it had the will.

Let me go back to the Twenty-ninth Parliament when Mr. Danson, who subsequently became the Minister of National Defence in the Thirtieth Parliament, had a private Members' Bill in the House on this particular issue. His Bill died on the Order Paper. During the Thirtieth Parliament I went to Mr. Danson to ask him if he had any objection to my taking the spirit and thrust of his Private Members' Bill through the Order Paper again in a rewritten Bill. He encouraged me strongly.

The Hon. Member for Montreal-Mercier says that she has been very patient with respect to Bill C-364 since May 2, 1980. The point I am making is that this issue was debated in the twenty-ninth Parliament and again in the Thirtieth Parliament. At that time I brought in a Private Members' Bill, Bill C-203, which was extensively debated and talked out by the Government. On May 2, 1980, I brought in Bill C-250, an Act to amend the Divorce Act, alimony and maintenance orders, which has some six months of background work applied to it by outside lawyers who were interested in seeing a resolution to this most serious condition which exists across the country. The parliamentary counsel advising the Members worked over Bill C-250 of May 2, 1980, and put it in a form that would be acceptable in the context of the procedures of the House and would be acceptable to the Government.

I noticed under the Clause dealing with amendments to the Divorce Act in Bill C-364, that the Hon. Member for Montreal-Mercier has thought well enough of the subject matter and amendments to the Divorce Act that were in my Bill, C-250, in May of 1980, to have taken Clauses 15 and 15.1 and incorporated them into her Bill as amendments to the Divorce Act. I am pleased that she has thought well enough of the work which was put into those Clauses to do so.

I also note that an essential element has been left out. It is the Clause concerning payments into court which states that moneys payable by Her Majesty are attachable. I assume that the Hon. Member believes that the other two Acts which she is seeking to amend cover the particular points in that Clause.

While I am still dwelling on the history of this much needed legislation, may I remind Hon. Members that when Bill C-250 was being debated in the House—I was advised just prior to its debate in Private Members Hour that the Government was going to talk it out—the present Minister of National Health and Welfare (Miss Bégin) was most disturbed that this subject matter would not be allowed to go through to the standing committee.

Mrs. Hervieux-Payette: That is not true.

Mr. Huntington: You were not here. Sit and listen. The Minister of National Health and Welfare was most anxious that the subject matter of Bill C-250 should go to the standing committee for discussion. However, the Minister of Justice at that time said that the Government would not let it go through because a Government omnibus Bill was to be introduced which would amend many of these issues and that this issue would be one of the items dealt with in that amending omnibus Bill. This happened back on February 10, 1981 when the then Minister of Justice, in my presence, gave that answer to the Minister of National Health and Welfare behind the curtains on the Government side. He said that this issue would be dealt with in an amending omnibus Bill and that the matter would be cleared up then.

It is now March 23, 1983, and this tragic issue still exists in every Province, city, town and other parts of Canada. It still exists in this "just society". There are spouses who are left alone as single parents and have as many as four children whom they are trying to educate, clothe and keep warm. All across the country there are court judgments for maintenance orders which last for one, two or three months and then cease, with no further payment to the spouse who is trying his or her best to bring their children up so that they may have a chance in this land of opportunity. There are companies that pay extra moneys to single parent employees because these court maintenance orders are not being enforced and children are being prevented from having a better opportunity to be educated, clothed and provided with shelter. There are people on the verge of nervous breakdowns every time that a maintenance cheque does not arrive because they do not know what to do.

Bill C-250, which was a partial amendment to the Divorce Act which is in Bill C-364, was very simple. All that needed to be done was to repeal Section 15 of the Divorce Act and replace it with two Sections that allowed that, "Any order made under Sections 10 or 11 by any court may be registered in any other Superior Court in Canada and, when registered shall be deemed to have been made by that Superior Court and shall have the same course and effect as if the order had originated from it". We were simply attempting to amend the Act in order to allow maintenance orders to go through.

Further, Bill C-250 sought the inclusion of Section 15.1(1), which stated:

Notwithstanding any law or practice to the contrary, every court making an order under Sections 10 or 11 and every court deemed by Section 15 to have made such an order is responsible for the enforcement of the order within the Province where the court has jurisdiction.

It also sought the inclusion of Section 15.1(2) concerning no special default proceedings, which stated:

Without limiting the generality of subsection (1), the court shall not require a spouse to initiate a procedure for garnishment of wages or seizure and sale of property or any other procedure in order to compel enforcement of an order described in subsection (1), but shall, through its officers, upon default under such an order, issue such continuing orders and initiate such further action as it may, under the circumstances, deem necessary.

Section 15.1(3), dealing with payment into court, stated:

To better ensure the enforcement of its orders, the court may require that all moneys owing pursuant to an order made under section 10 or 11 be paid into court, whereupon the court shall forthwith transmit the moneys so paid to the spouse on behalf of whom or on behalf of whose children the order was made.

Section 15.2 also allowed them to attach and garnishee wages of people working for the Crown.

Why can backbench Members of all Parties in the House not be heard by the Government? Why can we not address this very serious social issue? Why can we not put some heart into our activities here and address this issue?

The United States has taken a much more detailed look at this issue than the Government is prepared to do in Canada. There are income withholding laws in the United States where some States move in and seize the entire bank account and take some serious and drastic actions. Why is the Government postponing action on some simple requests for amendments to the existing law which would give some heart and compassion to this growing segment of our society and would allow children of single parents to be brought up in some decency? I suppose I would call it pride of seed. I would hate to think that I was ever responsible for abandoning a child to another person unable to fully support that child. Where has our sense of pride, dignity and decency gone? Has it gone from the people of this country? We are dealing with a breakdown of the whole family unit. We have a rising number of cases of single parents trying to bring up their children and get them through the educational process, and it is a very difficult task. We should not allow that task to be made more difficult by court orders for payments being ignored, payments which are relied upon to carry out this human function. This has been causing the high levels of anxiety which are being experienced all across Canada.

• (1700)

The statistics are available in Canada. The Family Law Reform Commission has written extensively on the matter, and there is serious debate on the subject in the United States. It simply seems that here is one other Hon. Member proposing a series of amendments to three Acts, when the essential issue concerns the maintenance payments for children being looked after by single parents.

In its working paper on divorce, published in 1975, the Law Reform Commission of Canada stated that "one of the most serious problems facing a divorced spouse is the inability to enforce an existing maintenance order by some simple, quick and inexpensive procedure". That is what I was trying to do, and that is what Mr. Danson was trying to do back in the Twenty-ninth and Thirtieth Parliaments. Yet here we are, still facing this issue. The Commission reiterated the conclusion expressed in its working paper on the family court, that it is necessary to establish services and procedures whereby the court, through its officers, can directly secure the enforcement of its orders.

That is what these amendments were trying to do. That is what the amendment to the Divorce Act through this Bill, Bill 364, is trying to do. It is that simple.

The Province of Ontario, I understand, receives the money and delivers it out to the payee. However, the courts in Ontario will ensure that cheques arrive on time every month so as not to interfere with the maintenance needs of single parent family units. The court then pursues the person against whom the order is made. Therefore, why can we not agree to these amendments to Section 15 which are in Bill C-250 and which are now carried forward in Bill C-364? Can we not address this serious cancer which is out there, this condition which causes so much anxiety concerning growing children? Single parents often face the anxiety of having to go back at least two, three or four times a year for another order, which is not enforced. It does nothing but increase the level of our tolerance to law and order, to the rule of law.

It is time that we got rid of the havens in Canada. Someone can leave a family in Vancouver, out in British Columbia, and move into the Province of Quebec, and the laws of Quebec will offer protection against the moral obligation to support the family left behind.

Mr. Blaikie: Let's get rid of tax havens, too, Ron. How about tax havens?

Mr. Huntington: I am not referring to tax havens right now. That is your worry, and I am surprised—

Mr. Fisher: That's your next Bill.

Mr. Huntington: —that you are interrupting on a subject as humane as this one, because I know that you are a very humane person.

Mr. Blaikie: There's a moral analogy, that's all.

The Acting Speaker (Mr. Corbin): Order, please. Hon. Members should address their remarks to the Chair.

Mr. Huntington: Hon. Members of the NDP are worrying about tax havens. I guess this might be included as a tax haven, because it certainly is a dodge to move across provincial boundaries, and particularly into the Province of Quebec. As a result, there are all kinds of examples of great hardship being caused, because courts from other Provinces cannot attach the assets of such persons.

If we were to consider Bill C-364 seriously and went back to the Bill presented on May 2, 1980, Bill C-250, we would see that there are some ways in which the federal Government could move in this respect. There are some amendments to existing Acts which should be made. The omnibus Bill should come down or this Bill should go through to committee, and the Minister should be forced to do something about it.

I would urge Hon. Members to start taking this issue very seriously. I would be surprised to find very many of us in this Chamber who have not come across examples of the tragic trauma being experienced by all too many single parent families across this land. Why do we not get on with it and do something about it? Must we sit around and wait for another four or five years before something humane is done to correct this growing problem in a society which is losing the value systems which sustain family units? We seem to be going off in all directions, and most particularly toward more single parent families. All too many parents seem to want to escape the obligations they undertook when they conceived and brought children into this life.

If we are to do any leading and to address anything as serious as this problem, it is time the subject matter got through to a committee and we forced the Minister of Justice (Mr. MacGuigan) to do something serious in the way of addressing amendments to the laws. One cannot handle the detail on the floor of the House, as you know, Mr. Speaker, but in committee we should certainly be able to hear the family law experts and some of the people involved with Bill C-250 so that we can put in this amendment and do much to relieve or even remove this whole problem caused by the breakdown in our courts' ability to sustain the even flow of maintenance payments stipulated in their orders.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I also extend congratulations on the part of our Party to the Hon. Member for Montreal-Mercier (Mrs. Hervieux-Payette). I am very pleased that there is unanimous consent to refer this Bill to the Justice and Legal Affairs Committee. It seems a very practical step toward helping to solve a very grave problem about which we are all very concerned.

Bill C-364 will authorize the Minister of National Revenue (Mr. Bussières) to enforce maintenance orders by compelling employers to deduct maintenance money or alimony owing to a spouse from an employee's paycheque. These moneys, as we know, would be deducted from the employee's paycheque, remitted to the tax department, and then forwarded as maintenance payments to the spouse and the children, the spouse usually being the mother.

Recent statistics from Statistics Canada show the urgency of this situation because of the very dramatic increase in the number of marriages ending in divorce and the number of children, of course, from those marriages, who need to be assured of regular maintenance care. We were recently told that 40 per cent of marriages end in divorce, a 500 per cent increase since the divorce laws were liberated in 1968 in Canada. This involves some 500,000 children of separated parents who need ongoing support. In 1976, however, we were told that there was a 75 per cent default in payments on the part of spouses, again usually the fathers, who were responsible, through agreement, to pay maintenance for their children and families.

On the other side, of course, is the tremendous expense incurred by spouses who need maintenance payments if they must go to lawyers at $500 a throw in order to follow up and have something done to ensure payment. Therefore, it is a very urgent situation, both as a human problem and also as a financial problem. It involves a great cost to society, as well.

This Bill appears to be a very practical step toward overcoming the very high incidence of non-payment of maintenance to families, payments which are really in default because there is no way in which Provinces or women can now enforce court orders.

Many women who are divorced or separated suffer very severe economic and emotional pressures. I am sure these are reflected in their children in most cases, because support moneys which they need to receive from their husbands or ex-husbands are not forthcoming. We know that in many situations women who are unable to receive support from husbands must resort to applying for welfare, although they are very reluctant to do so. We know of course how inadequate welfare payments are. The very high cost of living, particularly of housing, makes it extremely difficult to survive on welfare payment.

• (1710)

Those women who are working, of course, carry a very heavy and unfair burden and financial responsibility if they are raising children as single parents. We know how inadequate the pay is for most women. They are usually ghettoized in the lowest paid jobs. Many who have been raising children have not been in the work force for long or have been in and out of the work force, and they certainly do not receive equal pay for work of equal value to which they are entitled and which is needed to raise a family and pay for all the costs of child rearing.

So we know that this situation creates extreme hardships for families, in terms of security, and this results, I am sure, in very hostile family relationships. As the wife waits for maintenance payments to pay for rent, food and education, she certainly must feel anything but good about the father of her children, and I am sure this is transmitted to the children.

This Bill is long overdue. It is unfortunate that Members have had to wait three years for it to be introduced as a Private Member's Bill. I am sorry the Hon. Member is not here at the moment, but I commend her in sisterhood for her initiative.

The proposed payment arrangement of Bill C-364, which would treat maintenance payments as an income tax deduction, will benefit society as well as the families concerned.

The Hon. Members seem to be somewhat worried about jurisdictional questions. I would think that this Bill would be received very positively on the part of the Provinces. As a former social worker, I know that this proposal would certainly relieve provincial family courts of repeated costly appeals on the matter of unpaid maintenance. It would also reduce welfare costs in many cases, such as when the husband is working and can pay support, and the related costs of the administration in these two systems. It would also relieve the cost and the frustration and worry that provincial Governments and their agencies have when they cannot enforce maintenance payments. Social service departments have to go from Province to Province trying to cut down errant husbands who are Province-hopping spouses, who really are responsible for repaying welfare costs and very rarely are able to do so.

I would think fathers also may be relieved at this procedure for paying maintenance costs regularly. Use of the income tax system would be a very neutral, business-like kind of arrangement which would avoid domestic disputes. It is a way for a father to pay for children's support routinely, relieving his feelings of guilt, which I am sure many fathers have, and showing his children that he cares for them. If he does not earn enough to pay income tax, this also will be documented objectively and help to relieve the guilt or misunderstanding within the family.

The federal application of this maintenance enforcement also is essential since it provides for uniformity of payments across Canada and standard access to all families, regardless of what Province either the family or the supporting-spouse lives in. The present system of court orders for maintenance of a dependent spouse or a child is, for all practical purposes, often not worth the paper it is written on. The enforcement of maintenance obligations is the weakest link in the legal chain, we are told by legal authorities. A 1980 Law Reform Commission study paper states that without a doubt the most effective method of collecting maintenance would be to employ the machinery of the tax collector.

Is it any wonder that women often give up and either resign themselves to be dependent on welfare or accept a standard of living for themselves and their children which is far below that which fairness and justice entitles them to, to say nothing of the law, of course? We feel very strongly that this Bill is needed. Reciprocal inter-provincial arrangements which are now in place have not operated effectively. Often it takes years before the defaulting spouse pays anything, and children and wives have to eat in the meantime. Existing garnishment of wages also is not good enough. It is necessary to repeat the process for each month's maintenance payment, which can result in prohibitive costs to the judgment creditor.

Although Manitoba has proposed some effective alternatives, we believe that to have a uniform system across the country this Bill is certainly of great value. There are intolerable frustrations, undue technicalities of procedures, expenses and delays, and the intransigence of men who seem to refuse to meet their obligations, especially to their children. In Canada of course, as we know, and especially those of us who live in the west, we have a very high geographic mobility rate, so there are very many spouses who are not living in the same Province as their families are.

Of course there are limitations to this Bill and we should see it as a start but not as a complete solution to adequate maintenance payments. For example, there is no assured maintenance for families where the responsible spouse does not pay income tax. We know of course there will be many, many people who are unemployed now who simply are not earning enough to pay income tax and therefore cannot pay support and would not be able to pay this through the Income Tax Act.

This whole question of support for children would not be nearly as urgent a problem, of course, if women themselves were paid more equitably for the work that they do, and if, like men, they earned enough to be independent and to be able to support their own children if they chose to do so. This is a very major social problem and an inequity in our whole economic system to which we must address ourselves. Although it is a band-aid solution that would help, it is certainly not to be forgotten that many women themselves want to be able to raise their own children and not necessarily have to depend completely on the spouse.

Therefore, we must continue to press for affirmative action programs. We have repeated this over and over again in this House, and the Government listens very little to our requests for mandatory affirmative action. We must also have decent paying jobs with access to promotion for women in the same way as we do for men. We must also make sure that equal pay for work of equal value is not just a principle to which the Government gives lip service and then ignores. We have to make sure that this is enforced so that women have adequate incomes and that the many, many women who raise their children on their own will be able to afford to do this.

Another limitation in the Bill is the fact that it may be a double jeopardy for many poor families, where both the man and the woman are poor. There is a very excellent article I would like to refer to in the March 22 issue of the *Citizen* by Leonard Shifrin in which he refers to the statistics that I have just mentioned, that in 86 per cent of divorces involving children their custody is awarded to the women. He says that although the man is ordered to contribute to their financial support, "Husbands default on these payments with regularity and impunity." Forty-two per cent of single parent families headed by women are living below the poverty line, and that is a good place to start, Mr. Shifrin says.

Mr. Shifrin goes on:

The underlying problem is that most ex-husbands remarry, and few earn enough to support two families.

That leaves the first family dependent on a woman's earnings. And these, on average, are only 60 per cent of what men make.

He said that the Law Reform Commission estimated that three-quarters of the men who should be making maintenance payments are in default. We talked before about the high incidence of the divorce rate which is rising.

Mr. Shifrin concludes by saying:

The new reality is arriving rapidly. The 1981 census reports that in the preceding five years the number of single-parent families increased at more than three times the rate of the two-parent version.

What lies ahead may well prove grim. But, if so, it will be because, like dinosaurs, we fail to adjust to the new reality.

• (1720)

We know that when poor families are broken in half, they become even poorer. Both partners have a limited income to cover two households, sometimes with chidren. Unemployment and illness also make it difficult for people to keep up maintenance payments. It is important that we support this Bill as one step in the right direction, but we must not forget that a much more comprehensive social policy is needed to ensure adequate incomes for families. We have talked about this a number of times in this House. This Party is doing intensive research in an attempt to find a solution to the whole question of tax reform as it affects families and how we can gradually replace the regressive child tax deductions with increased Family Allowance payments. That would certainly be one solution.

We must begin again to establish a guaranteed income system. It is more important than ever before, as we look at the full technological revolution and the fact that many people will not be fully employed as they may have been in the past. Family law requires comprehensive reform.

This Bill has particular relevance to the very urgent and dangerous situation facing battered wives. I again refer to the Standing Committee on Health, Welfare and Social Affairs and the study, of which we are all aware, which shows that one out of ten wives in Canada today is battered. Most of these women remain in deplorable situations because they have no other means of support, nowhere to go, no refuge for themselves and their children. They know that it is very unlikely that they would receive maintenance payments and support from their husbands. In fact, they may feel too intimidated to return to the situation. However, if they knew they could receive regular maintenance payments through the income tax system, they might feel less trapped. In fact, I am sure they would feel they had more choice. Undoubtedly they would take the difficult step of leaving in the interests of their own physical and emotional health, and in particular the welfare of their children if they could be assured of adequate support after they left the violent family situation.

I refer Hon. Members to a report presented to the standing committee by the Canadian Advisory Council on the Status of Women, prepared by Debra Lewis. It reads:

On top of this, the economic reality means that battered women, who must for their own safety leave their marriages, must choose between a life of fear and one of absolute or relative poverty for themselves and their children. There is no need for us to once again cite the evidence to show that women who are alone are significantly more likely to live below the poverty line. Even women who may manage a somewhat higher standard of living for themselves still know that it may be considerably less than if they stayed in their marriages. Most women are prepared to take the consequences of this decison for themselves. However, it is much more difficult to decide that their children too must go without comforts or even necessities in order to escape the violence. The fact that husbands in general do not generally comply with child support or maintenance payments certainly makes this economic reality worse—

Homelessness is an extension of the fact that battered women do not have adequate financial resources at their disposal. The National Council of Welfare report "Women and Poverty" demonstrated clearly that almost half of single parent families headed by women live below the poverty line. Separated and divorced women in general seldom receive adequate child support and maintenance payments. Enforcement mechanisms for even court-ordered maintenance and support are generally non-existent.

In referring this matter to the Justice Committee, I hope that the Committee will look at the report from the Standing Committee with regard to the situation of battered wives. I suggest that they look at two recommendations, in particular having to do with the jurisdiction of federally appointed judges over family matters.

Recommendation No. 15 states that a recent decision of the Supreme Court of Canada has called in question the right of provincially-appointed family court judges to issue civil orders designed to exclude a spouse from the family home or prevent him from harming his family. We hope the Committee will look at this recommendation which is directly related to federal court jurisdiction.

Recommendation No. 17 states that, in light of the decision of the Supreme Court of Canada referred to in recommendation 15, the proposed federal-provincial conference should also address the problem of establishing a validly constituted civil court which is able to issue orders affecting the possession of the family home and prevent a man from harming his wife, at least as quickly and with as little cost to the wife as provincial courts do now.

In closing I wish to say that the NDP supports this Bill. We do not see it as a final solution. We would like to take a very comprehensive look at the whole question of support for separated familes, particularly those with children, and income support generally. We ask that some of the recommendations in the study on battered wives be considered by the Justice Committee at the same time because they are related. The situation in Canada is very serious. The number of single-parent families is increasing. Under the present system, there is absolutely no way of enforcing regular maintenance, particularly for women with children. Again, we commend the Hon. Member for introducing this Bill in the interests of the children of Canada.

[*Translation*]

Mr. Roy MacLaren (Etobicoke North): Mr. Speaker, first of all, I should like to offer my warmest thanks to my distinguished colleague from Montreal-Mercier (Mrs. Hervieux-Payette) for the interesting piece of legislation she has put before the House today. Indeed, it is with great satisfaction

that I note the deep interest showed by the hon. member in the matter of the recovery of alimony and maintenance. Undoubtedly, several of our Members, including the Minister of Justice (Mr. MacGuigan), are equally interested in this matter.

[*English*]

It had been my intention to say some words this afternoon about the enforcement provisions of the laws affecting divorce matters, particularly with regard to those who abscond or who in other ways default on court orders which, as several Members have noted, are enforced by the provincial courts. However, given the limited time available, I shall not attempt to enter into the details of the Bill before us including various legal questions that the Bill raises. I shall simply note that there has been some consultation, and I believe agreement, among Members today to the effect that the subject matter, although not the Bill itself, be referred to the Standing Committee on Justice and Legal Affairs. Accordingly, I move, seconded by the Hon. Member for Verdun-Saint Paul (Mr. Savard):

That the motion be amended by deleting all the words after the word "that" and substituting the following therefor:

"Bill C-364, an Act respecting the recovery of alimony and maintenance, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject matter thereof referred to the Standing Committee on Justice and Legal Affairs".

• (1730)

The Acting Speaker (Mr. Corbin): Is it the pleasure of the House to adopt the amendment?

Some Hon. Members: Agreed.

Amendment agreed to.

The Acting Speaker (Mr. Corbin): Is it the pleasure of the House to adopt the motion, as amended?

Some Hon. Members: Agreed.

Motion, as amended, agreed to.

The Acting Speaker (Mr. Corbin): Accordingly, the order is discharged, the Bill is withdrawn and the subject matter thereof referred to the Standing Committee on Justice and Legal Affairs.

Order discharged and Bill withdrawn.

The Acting Speaker (Mr. Corbin): Pursuant to Standing Order 24(2), it is my duty to interrupt the proceedings.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Corbin): Shall all orders listed under Private Members' Notices of Motions preceding No. 87 be allowed to stand by unamimous consent?

Some Hon. Members: Agreed.

INCOME TAX

TRANSFER OF PORTIONS TO UNITED NATIONS FUND

Mr. Jim Manly (Cowichan-Malahat-The Islands) moved:

That, in the opinion of this House, the government, in pursuance of a policy of peace and peace-making, should consider the advisability of allowing residents of Canada who pay income tax to transfer a portion of their tax to a United Nations fund that is used for peace research and of having this amount calculated by taking the percentage of the national budget allocated to defence, which is currently 8.8 per cent.

He said: Mr. Speaker, first of all, on a point of order, I presume that there will be an extension of time to provide the full hour for debate on this motion?

The Acting Speaker (Mr. Corbin): Under the Standing Orders governing our proceedings, the Chair has no choice but to put the adjournment question at six o'clock.

Mr. Manly: Mr. Speaker, I appreciate the opportunity, even though time is short, to debate this motion calling on the Government to establish a fund for peace research. Today is a particularly appropriate day to debate such a motion. First of all, it is appropriate because of the visit of the United States Vice-President, George Bush, who is twisting Canada's arm to secure permission to test the Cruise missile on our territory. Secondly, it is appropriate because in the United States Congress today there is a continuing debate over the size of their defence budget, whether or not some $9.3 billion should be slashed from the $230 billion currently being allocated. Yesterday would also have been an appropriate day to debate this Bill because yesterday the death train arrived at Bangor, Washington, carrying nuclear warheads for the Trident submarine base. Last week would have been an appropriate time to debate this Bill when the Minister of National Defence (Mr. Lamontagne) spoke before the committee to defend his Estimates and refused to rule out the possibility of a first-strike nuclear attack by NATO. In fact, he explicitly reserved that possibility. In short, Mr. Speaker, this is an appropriate day to debate this motion because, like every day, the arms race proceeds apace. Unless we take action to stop it, our world is indeed doomed.

The motion asks the Government to allow Canadian taxpayers to earmark the percentage of income tax which would normally go to the Department of National Defence and divert that money into a United Nations fund for peace research. The important thing here is the principle; it does not need to be a United Nations fund. A Canada peace tax fund or a list of recognized non-governmental organizations with peace research activities could be established. The important thing is that Canadian taxpayers should be able to transfer tax money from so-called defence to purposes of peace.

This proposal is designed for two groups of people. These groups are not mutually exclusive, but rather one merges into the other. First of all, there is the group of conscientious objectors. There is a long association of people associated with the historic peace churches and conscientious objection to war. Conscientious objectors have won the right not to have to serve in the Armed Forces but to give alternate service during time

of armed conflict. This principle should also apply to the paying of taxes. Already in Canada a group of people who have objections of conscience to paying money for militaristic purposes have established a peace tax fund. It is based on the principle of freedom of conscience, which last year we formally recognized in our Charter of Rights and Freedoms.

This peace tax fund has a growing list of adherents, Mr. Speaker. It is not yet recognized by Government, but I believe it should be. In addition to those who are conscientious objectors, there is a wide class of people who do not oppose all use of force by the state but who object very strongly to the present insanity of the arms race. They are a group of people who believe that their money can contribute much more to Canada's security and world peace if it is directed toward such things as peace research, international exchanges and visits to promote understanding, goodwill and trust, and toward pilot projects which could lead to reconciliation in areas of strife. They believe the money could do more good if it could be used to endow peace research chairs in universities. At present the Department of National Defence supports some five chairs in strategic studies. Why do we not do something in terms of supporting peace research? They believe that their money could be better used for some kind of independent analysis of the arms race.

We often hear criticism of Canada's Armed Forces, Mr. Speaker. Just this last week a United States source criticized our navy as a collection of miscellaneous cats and dogs. Yet this next fiscal year we will spend some $7.8 billion on defence, an 11 per cent increase over the $7 billion spent last year. It is a fact that 8.8 per cent of our tax dollars goes to defence; that is over $300 for every man, woman and child in Canada. But still this is not enough to satisfy those people who look to our Armed Forces to provide us with the kind of security we need to live a decent life. It is true that it is not enough and it will never be enough, and we only need to look at the United States right now and the debate whether over $230 billion is enough to understand that we can continually escalate the amount of money we spend on defence and it will still not be enough. The simple fact of the matter is that we do not find security through armaments. Whether we limp or whether we sprint, the arms race is not the answer to our problems.

I would like to read just a couple of short paragraphs from a speech given by the late Lord Louis Mountbatten on May 11, 1979. He said:

> Next month I enter my eightieth year. I am one of the few survivors of the First World War who rose to high command in the Second and I know how impossible it is to pursue military operations in accordance with fixed plans and agreements. In warfare the unexpected is the rule and no one can anticipate what an opponent's reaction will be to the unexpected.

So much for some of our planned limited nuclear warfare. He goes on:

> As a military man who has given half a century of active service I say in all sincerity that the nuclear arms race has no military purpose. Wars cannot be fought with nuclear weapons. Their existence only adds to our perils because of the illusions which they have generated.
>
> There are powerful voices around the world who still give credence to the old Roman precept—if you desire peace, prepare for war. This is absolute nuclear nonsense and I repeat—it is a disastrous misconception to believe that by increasing the total uncertainty one increases one's own certainty.

• (1740)

We cannot increase our security as a nation by increasing the insecurity of our world.

The Prime Minister (Mr. Trudeau) has talked about suffocating the arms' race, but if anything has suffocated under his leadership it is our halting effort at disarmament. The ambassador of disarmament has a budget of $300,000 per year, which is approximately what the Department of National Defence spends on its magazine. That is what I call suffocation, Mr. Speaker.

This past winter, in 130 communities 75 per cent of the people voted in one way or another for disarmament. On the specific question of Cruise missile testing in Canada, 52 per cent of Canadians are opposed. The Government pretends that these figures do not mean anything. It claims that it is easy to vote for disarmament, and it asks how serious the commitment is behind that 75 per cent.

This motion challenges the Government to give people the opportunity to vote with their money. If only 1 per cent of Canadians chose to divert 8.8 per cent of their income tax to peace research, that would bring in approximately $2.7 million. That money could go into peace research and should be compared with the measly $300,000 that is presently allocated to the ambassador for disarmament.

I should like to deal briefly with some objections raised by people who say that the peace research fund sounds like a good idea but that it would be difficult to administer. There are many ways it could be administered. All Members of the House have benefited from provisions in the Income Tax Act that allow people to make contributions to political Parties and to claim tax credits for them. We could have a similar provision to allow people to make contributions to the United Nations fund or to recognize non-Governmental organizations and claim a 100 per cent tax credit.

The second objection is that anyone with an axe to grind concerning some Government expenditure would want similar provisions. For example, someone who objected to the official languages policy might demand that his money not be used for that purpose. The critics fear a hodge podge where everyone opts out of paying taxes for one project or another.

In answer to these criticisms I propose that the Government should bring in a Bill to alter the Income Tax Act and make this diversion possible. The issue of national security and world peace is the most serious issue of our times. Such a provision demands the time and attention of Parliament. It would rule out the possibility of less serious issues receiving the same consideration.

The third objection is that the arms' race would continue in any event. In a sense that is true. The danger of the arms' race is not likely to end overnight, but with this proposal a significant number of people would be able to register their disapproval of it in a way that the Government understands. They would be able to make a positive contribution to peace and work toward that time when the arms' race would no longer be

necessary. It depends upon mutual distrust, but if we accept this motion we can begin to build trust and understanding. In the long term, this would lead to a reduction in the arms' race.

The final consideration that many people raise is employment. With two million people already unemployed, we do not want more people laid off from DND establishments or defence-related industries. I admit that this is a most valid concern in today's economy, but two factors need to be considered. First of all, in the foreseeable future, Canada will continue to need the Armed Forces for United Nations peacekeeping duties, for establishing and maintaining territorial sovereignty, air-sea rescue facilities and dealing with disasters. There would be no immediate dismantling of domestic facilities.

As well, it is important for Canadians to realize that more jobs per dollar are created through peace-related industry and activity than from military-related activity. One of the areas of research that the peace research funding should be directed toward is the transition from a military to a peace economy.

In conclusion, Mr. Speaker, I urge the House to accept the motion and to recognize its importance. By accepting it we would implement in a political manner the Prime Minister's suggestion that we suffocate the arms' race. We would recognize that Canada's way to security is not by limping along behind the United States but that our security can only be found through world peace. A peace research fund such as I and others have proposed would be one small step in that direction, and I urge the House to take it.

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I am pleased to have the opportunity to challenge some of the statements made by the Hon. Member who proposed the motion. He has raised a number of issues that cannot all be answered in the short time available to me.

The first of these is the statement made by a naval officer in the United States, Commander Byron, who happens to have expressed a personal opinion which has not been confirmed or substantiated by the United States Navy or their external affairs officers. He is a submariner and has a very periscopic view of forces. He sees the force only as a submarine commander does, with a very narrow and limited view. He would like to see the Canadian navy converted essentially into a submarine supporting agency for the United States Navy. This has never been the intention nor has there ever been any suggestion of it by NATO commanders. The three submarines that we have are training submarines and take part in submarine detection.

I would prefer to quote a former commander of the Atlantic supporting units of NATO who indicated that there is no better marine unit in the world than the Canadian marine unit in detecting submarines. He has given them full credit for a job well done, particularly emphasizing the professionalism of the men who carry out the duties allotted to them. The safety of transportation across the Atlantic depends on the submarines, surface vessels and the Aurora planes.

The statements made by Commander Byron are not indicative of the true state of our navy. It has been allotted a task by NATO, but it must also protect the sovereignty of our islands, protect our fishery patrols, support whatever needs there are in search and rescue, as well as take part in the collective security of the country, along with our commitments to NATO.

• (1750)

However, as far as the Hon. Member's motion is concerned, while doubtless prompted by the highest of motives, it is one which I suggest it would not be prudent for the House to support. The course of action which the motion would have the House advocate is one that it would be irresponsible for the Government to follow. The fault lies not in the motion for more peace research or indeed in relation to support of the United Nations. The fault lies in the implicit idea that our efforts to come to grips with the causes of international conflict are an alternative to, or a substitute for, Canada's efforts to preserve our security by the maintenance of our contribution to collective defence.

Some Members may say that the motion does not necessarily call for a transfer of resources from the defence effort to anything else. This is quite true. It does not. However, it relates one activity to another in a way which could create an utterly false impression that the Government's defence policy is in some mysterious way not concerned with peace—the making of peace and the keeping of peace. Members will be aware that Canadian security policy has been and continues to be aimed exclusively at the maintenance of world peace and, in particular, the prevention of a war that would engulf Canada.

As the Minister of National Defence (Mr. Lamontagne) stated recently, we have achieved our aim by providing, in concert with our allies, a believable and therefore effective deterrent to the threat of aggression which we have seen the Soviet Union and its allies as potentially raising against us. At the same time, we have pursued with vigour and persistence the objective of arms' control and disarmament arrangements which would produce equal or greater security for all, while lowering reliance on military power, particularly nuclear power, for that purpose.

The Government is convinced that as long as there is a threat to our security at home by way of a nuclear attack on North America, or there remains a threat of aggressive action against any of our European NATO allies, the preservation of our collective security must be found first in collective deterrence and defence measures. Unattractive as a policy of deterrence may be for keeping the peace, it has the advantage of having worked. It is also likely to continue to work as long as there is as much thought given to preserving a deterrent as there is to finding means to get around it. As costly as defence measures may be, there is no substitute for them in a world in which the application of military force is an option in the pursuit of national objectives. What we seek is stability through a balance in the potential for the use of force between

states in order to make resorting to force an unattractive option.

The Government accepts its responsibilities to see that Canada bears an appropriate share of the collective defence and deterrence burden. But the Government knows that arms alone will not provide certainty that a military balance will remain stable and reliable in the long term. Lasting security and simple common sense require that the attempt be made to create a stable military equilibrium at the lowest possible level by means of balanced limitations of military potential. We have seen that such agreements, if they are to be of any value, must take into account the military efforts of the other side. They must also provide for unreduced security by maintaining a balance of deterrent and defence capabilities at every stage of moving toward lower levels of military effort. As has been said many times, the Government sees arms' control, disarmament measures and deterrence by military means as mutually reinforcing elements of a policy having security and stability as its basic objectives.

I am sure Members of the House will have heard how, in pursuit of security and stability at lower levels of military effort, Canada plays a full role in the work of the United Nations and the Committee on Disarmament. The pursuit of an easing of tension between East and West is an important objective of the Conference on Security and Co-operation in Europe, CSCE, in which Canada also participates. As a Member of NATO we also take part in alliance consultations on the bilateral Strategic Arms Reduction Treaty, START, and the Intermediate-range Nuclear Force Treaty, INF, nuclear arms negotiations. We participate directly in the Mutual and Balanced Force Reduction, MBFR, negotiations. In short, we continue to believe that our current approach of attempting to maintain a stable military balance, coupled with active pursuit of negotiations to reduce the levels of both nuclear and conventional forces, offers the best possible prospects for peace now and for the foreseeable future. This is the policy for peace which the Government has long pursued and will continue to pursue.

There is another aspect of the peacemaking process in which Canada as a country and the Canadian Forces as instruments of Canadian policy have been particularly active for many years and to which I would draw the attention of Hon. Members. Among the more significant achievements of the international community since the Second World War has been the development of the concept of peacekeeping—the use of truce supervisory bodies, military observers or larger military forces to prevent or control conflict among nations. The concept evolved in a pragmatic and ad hoc fashion. Soon after the establishment of the United Nations, it became clear that fundamental political differences among great powers would preclude close co-operation among them to maintain international peace and security.

Peacekeeping techniques were developed as a means of enabling the international community, with full consent of the Governments directly concerned, to take positive action in disputes threatening international peace and security. Since 1945 Canada has participated in ten United Nations peacekeeping operations. It has also been a member of the International Commissions for Supervision and Control in Indo-China, which were established outside the framework of the United Nations.

Our service personnel continue to serve in the following significant United Nations missions: United Nations Truce Supervision Organization, where 20 Canadian military officers are deployed with other nationals in Israel and surrounding countries; United Nations Disengagement Force, where approximately 220 logistics, signals and observer personnel serve in a multinational contingent, and this contingent is supported by regular CF strategic airlifts; and United Nations Force in Cyprus, where an infantry unit of approximately 550 personnel serves as part of a multinational contingent which maintains the security of the border area between the Greek and Turkish Cypriots. The Canadian contingent is rotated every six months and resupplied weekly by Canadian Forces strategic airlift. Also, Canadian Forces continue to maintain one infantry battalion and supporting elements on standby for these such other peacekeeping operations as may be undertaken by the Government.

In conclusion, it is the Government's view that Canada has made and will continue to make a significant contribution to peace through the implementation of its defence policy. Canada's national security and the security of our allies require action on many fronts. We must make it clear that an attack on us would be a venture too costly to be justified, no matter what the aggressor might hope to achieve. We must pursue means of reducing the risks of devastation through deliberate or inadvertent action by arms' control and disarmament arrangements.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being six o'clock, this House stands adjourned until eleven o'clock tomorrow morning, pursuant to the provisions of Standing Order 2(1).

At 6 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, March 24, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

Hon. Paul J. Cosgrove (for the Minister of Finance) moved that Bill C-139, to amend the statute law relating to income tax (No. 2), be read the third time and do pass.

He said: Mr. Speaker, I would like to commence my remarks on third reading of Bill C-139, an Act to amend the Income Tax Act, by looking at some general principles underlying the Government's approach to the income tax system. The Government wrote the amendments with the basic premise in mind that the Canadian tax system is better with lower rates and with tax levied on a broader base. The desired result of lowering taxes by spreading the load over a wider base is reflected in a number of benefits to be enjoyed by the average taxpayer once the amendments are passed, hopefully as quickly as possible.

For instance, the Bill will bring into law the lower personal income tax rates proposed in the November, 1981 budget for the 1982 taxation year. These reduce the tax in many income brackets and represent a significant total saving of $1 billion a year for an estimated 5.8 million Canadians. Thus the general approach.

To benefit one-earner families in low and middle-income brackets, the federal tax reduction has been revised to a flat $200 per taxpayer, plus up to $200 for a dependent spouse as was proposed, again, in the November, 1981 budget. When the new system is in place, it will result in a tax saving of $200 per taxpayer with dependent spouses and incomes of up to $20,000.

Of course, there is more good news for taxpayers with children whose healthy appetites and ability to grow out of clothing are a constant reminder to parents of necessary budgetary considerations for both national and household budget preparation. The refundable Child Tax Credit is increased in this legislation by $50 to $343 a year per child effective for the 1982 tax year. The Government is conscious of the fact that some of the taxation proposals contained in the November, 1981 and June, 1982 budgets would create hardship on the average Canadian during current difficult economic times. That was the reason motivating the Government not to proceed with some of the proposals in the earlier budget. I would quickly refer to the initial proposal to tax benefits received by employees whose employers contribute to health and dental plans. Had it been enacted, the cost to taxpayers would have been an estimated $100 million. We have indicated that we would not proceed with that proposal.

Small business, one of the cornerstones of our society, will gain a number of incentives in the Bill, signalling the Government's appreciation of the difficult challenges facing small business, particularly at this time in light of the world-wide recession. Let me give a few examples of some of the sections in the amendments before us. Provisions for the Small Business Bond program which encourages assistance to small firms in financial difficulty are extended to the end of 1983. The program had been designed to expire at the end of 1982; it is now extended for a year. It reduces interest rates by 6 per cent to 7 per cent through the provision of a tax exemption to lenders.

The limit on annual income qualifying for the low small-business tax rate is increased to $200,000 from $150,000. The total accumulated income that can qualify is raised to $1 million from the present amount in the legislation of $750,000. The tax rate of 12.5 per cent on dividends paid by small business corporations will apply only to income generated in years commencing after December 31, 1982. This, we believe, and other changes, will simplify the tax while it will address concerns expressed by small business groups and Members of the House of Commons who, for example, participated in the hearings of the Standing Committee on Finance, Trade and Economic Affairs.

• (1110)

Businessmen generally, Mr. Speaker, will benefit from a number of changes proposed in this legislation. For example, the rules governing taxation of work in progress for professionals was modified to exempt certain categories after study by the Committee, including doctors, dentists, lawyers, accountants, veterinarians, chiropractors; and, in addition, the Minister of Finance (Mr. Lalonde) has indicated the Government's intention to add to that category notaries for the Province of Quebec.

Interest expenses incurred for productive purposes will not be restricted. Reserves will continue to be permitted within specific time limits on the instalment sale of assets. This proposal will specifically benefit farmers and small-businessmen.

A new system of forward-averaging was introduced which simplifies the averaging process and eliminates payment of

commissions. Exemption of small business to the corporate surtax is continued, and the surtax rate of 1983 is reduced to 2.5 per cent. The taxable benefit for an employee with a company car will be 2 per cent of the cost of the car or two-thirds of leasing costs. This is a reduction from the original proposal in the 1981 budget presented to the House.

As the Minister of Finance told the House of Commons in speaking to the Bill, it is of great importance not only because of the many positive changes it proposes in the tax system but also because its passage will end the uncertainty that lingers on through this process of consultation since this legislation was first introduced. He added that the Bill also provides an important example of the mechanism of consultation in shaping a tax system that works better for all of us. Indeed, the Minister carried on that process in the first months of this year in preparation for the upcoming budget and met with a wide variety of Canadians representing a particular interest in the community right across the country.

The time span covered by the process, that is from the original introduction of the 1981 amendments to date, reflects the degree of intensive and comprehensive consultation that was followed. Department of Finance officials met directly with a wide range of individuals and organizations who had advice to give on tax issues. In addition, Members of the House of Commons and the Senate gave consideration on both a formal and informal basis to many of the issues before they were finally brought forward in Bill C-139.

The Finance Committee of the House worked through the summer. It reported in the early fall. The Senate Committee on Banking, Trade and Commerce also held hearings on the original Ways and Means motion which signalled the contents of the Bill. Members individually and through their Party representatives held meetings across the country and solicited input to the original proposals.

The Lortie Commission, comprised of private sector individuals, made recommendations on the matter of inflation and the taxation of personal investment income. Several other groups of outside tax experts and members of the business community were appointed to examine important tax proposals. I submit that the proof that this consultation was for real is in the legislation which we have before us. Indeed, we solicited and received much advice and the proof of the pudding that we listened to the advice are the amendments before us which have taken that advice into account.

• (1115)

As I indicated earlier, the basic premise of the Bill is that the Canadian tax system is better with lower rates of tax levied over a broader base. In order to broaden the base, we decided to apply a principle that supposedly has been the cornerstone of the income tax system. It is that the purpose of income tax in Canada is to tax income.

However, we all know that there are certain segments of the economy where this framework has not been applied or has not been applied as strenuously or diligently as it should have been. There were certain tax advantages enjoyed by some Canadians investing in various financial instruments, such as guaranteed investment certificates, term deposits, bonds, deferred annuities and certain contracts of life insurance.

Therefore, in November, 1981 and again in June, 1982 the Government signalled its intention of taking a new direction in the matter of taxation by broadening the tax base but, at the same time, lowering tax rates. In tightening the system, it became apparent that as we eliminated tax advantages in some areas, the purchase of life insurance purely as an investment instrument for tax deferral purposes was becoming increasingly attractive, particularly to those Canadians who had a good background of disposable income available for those investment purposes. The Government was then faced with the task of preventing unfair advantage being taken of the situation without losing sight of the fact, of course, that most Canadians who buy life insurance as protection for their dependants should not be penalized in the process of the adjustment that we had recommended.

As an indication of the Government's success in approaching this difficult aspect of balancing the interests of taxpayers and those in the life insurance industry in particular, I would like to refer to an article in the December 18 issue of *The Financial Post* of which the headline states: "Life Industry Comes Out on the Bright Side". The report begins:

> For whole life policy holders, life agents and life companies, Ottawa's package of Income Tax Act amendments last week was well worth the wait—all sides seem to have scored little victories.

This was done, I might add, after lengthy and productive consultation with the life insurance industry and I would like to highlight the results, if I may.

The most important point to keep in mind at the outset is that the legislation does not affect any policies purchased before December 2, 1982. The vast majority of policies purchased after that date will not be taxed on accumulating income on a regular basis. This is the result of the amendment that defines an exempt category which people in the industry indicate will exempt the broad base, up to 90 per cent, of anticipated business in the industry.

The policies exempted from tax are essentially those paid for by premiums over 20 years or more. This was a major concession on the part of the Government. There is an income build-up in policies exempted as there is in other policies, but by saying that this income will never be taxed if the policy is held until death, the Government is providing an important incentive for the purchase of life insurance protection. The life insurance industry has played an important leadership role both in Canada and in many other countries. It is in recognition of this very important role which the life insurance industry has played that the Government has moved to that exemption.

• (1120)

I would like to say a few words about this issue of complexity and the time it has taken for this legislation to be processed through the House of Commons and its committees in the normal legislative process. Some Hon. Members argue that the

legislation is too complex and that the amount of time for consideration is inadequate. There is no doubt but that the amendments are voluminous. There is no doubt but that they are difficult to understand. However, as I have already indicated, the amendments have been examined by Members of Parliament, they have been examined by Senators in committee, and they have been extensively examined by the public for the last 16 months.

Since the introduction of the Bill on December 7, 1982 this House has heard over 99 Hon. Members speaking during second reading stage alone.

Mr. Smith: Filibuster! Shame!

Mr. Cosgrove: We are now moving to third stage consideration of the Bill. At second stage there were 99 Hon. Members of this House who spoke on the legislation.

Mr. Malone: How many for the Liberal Party?

Mr. Cosgrove: Seventy-four of the Hon. Members who spoke were from the Official Opposition.

Mr. Malone: How many?

Mr. Cosgrove: Seventeen were from the NDP.

Mr. Thacker: You don't care. That's your trouble.

Mr. Cosgrove: I would argue, in reason, that there has been ample time, ample opportunity and ample debate, no matter the complexity and the length of the amendments which are before the House.

Mr. Young: You must be joking, Paul.

Mr. Cosgrove: Why, then, do we need passage of this legislation? Why does the Government urge quick consideration and a final disposition of the legislation? The Canadian taxpayer and the Canadian economy, I submit, are waiting for the tax refunds, refunds which will total $6.5 billion and which are important to the Canadian economy at this time.

Mr. Thacker: Where are you going to get the money?

Mr. Cosgrove: Those refunds will be enjoyed by some 11 million Canadian taxpayers. That will be a significant contribution to the movement of goods, the purchase of goods and the manufacture of goods in the Canadian economy.

Mr. Blenkarn: Why did you take it off them in the first place?

Mr. Cosgrove: In addition, we in this House all know that Canadian businessmen have requested an end to the uncertainty, the process which began 16 months ago—

Mr. Thacker: Eighteen.

Mr. Cosgrove: —with the introduction of these amendments to the income tax legislation.

Almost every business group which made submissions to the Minister of Finance in the last two months, as he began his consultative process in preparation of his next budget, indicated their wish that this House conclude disposition of these amendments to the Act as quickly as possible. Private sector entrepreneurs have asked for and need passage of this legislation to plan their actions, their investments in Canadian industry, investments which we know will create jobs.

Finally, we need passage of this legislation in order to move this House to consider new legislation, new business. The budget is being prepared by the Minister who is awaiting disposition of this Bill.

Mr. Thacker: It will be a dandy.

Mr. Cosgrove: Other legislation is before the House, including the request for interim borrowing authority pending production of the next budget, pending consideration by the House and by the public of the budget with which the Minister is now engaged.

We want to get on with this new work and with the task of preparing a foundation for recovery. We have many signals indicating the start of that recovery. We feel that it is important that we now assist that process of recovery. We believe that the business to which the House should address itself is that new business which will look to the future. We cannot allow the promise and the promising signs which are now apparent in the economy to slip from our fingers.

Some Members of Parliament have argued that the process, the complexity of this legislation by itself, creates delay and uncertainty. I would argue that this is simply a rationalization. Uncertainty, I argue, is created when legislation is stalled or when it is forced to stand in limbo through deliberate delaying tactics and political point scoring. The shame is that it is not Hon. Members who suffer as a result of that game playing, it is the ordinary Canadian and the ordinary taxpayer. It is the unemployed person in Canada, and there are too many of them, many of whom are awaiting return of refunds which cannot be made until this legislation is passed.

• (1125)

There has been ample time for debate and examination, in my submission. There is a real urgency to the passage of this legislation. I urge all Members of the House to get on with the task at hand and move this legislation as speedily as it can to a vote.

Some Hon. Members: Hear, hear!

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, this Income Tax Act we have before us represents the most major change in our income tax system since 1971. It brings with it a philosophical change in how we determine income. The previous tax Acts treated income as income when received. When you earn the income, when you have the income in your hands, you pay the tax. Now a new philosophy has been brought forward. We tax income when we impute income to you; not when you earn it, not when you have it in your pocket

to pay the tax, but when we impute that you have it in your pocket to pay the tax.

Secondly, we used to encourage people to save. We encouraged them to save for their old age, to save for their business, to save for expansion and to save for creativity. We now discourage saving. We discourage Registered Retirement Savings Plans, we discourage deferred profit-sharing plans and we discourage saving through life insurance. We wipe out the possibility of saving by buying an annuity.

This is an Income Tax Act that has a philosophy of grab, of take—get it as quickly as you can no matter how you get it and no matter what damage you do in getting it. We used to have an Income Tax Act that encouraged the formation of capital. We now have an Income Tax Act that discourages the formation of capital. We used to have an Income Tax Act that encouraged people to invest in shares in companies. We now have an Income Tax Act that adds another burden of taxation if a dividend is paid from a company.

This is an anti-productive Income Tax Act. It is an anti-entrepreneurial Income Tax Act. It is an Income Tax Act that is anti-saving. The Minister said that 74 Members of the Opposition spoke at second reading. Let me tell him that 65 Members of the Official Opposition travelled across Canada and held public hearings for three weeks in their vacation period in the winter of 1982. They took their own time and spent their own money and held those public hearings, and they heard from the people of Canada what they thought about this Government and its tax system. To say that 74 spoke and that that somehow is wrong, when 65 of them used their own time, their own weeks off to hear public evidence, is to indicate that this Government really wants to hear no input.

The fact is that this Act had but five days in Committee of the Whole House. It was not as if the Committee was not moving along quickly. Indeed the Committee covered over 75 pages of this monstrous statute. The Government stonewalled any reasonable opposition or any reasonable amendment. Indeed, it did not even make the amendment necessary to look after notaries in Clause 16 of the Bill, because it wanted to ram the Bill through. Even though the Government promised in this House to include the notaries, it did not get around to it because it wanted to force a vote. Even though it was told that this Clause had to be amended to include the notaries, it did not do that.

• (1130)

I want to tell the Minister that we will be moving in the Senate of Canada an amendment to Clause 16 of this Bill to include not only notaries public from the Province of Quebec, but notaries public from all across Canada. If our amendment should pass, they will be treated as a profession and included in Clause 16. We say to the Government that with its promises now made in this House, it had better support that amendment in the Senate of Canada. Since the Government would not make the amendment, we will make the amendment.

This Government used closure to ram the Bill through Committee of the Whole. It refused to listen. I want to tell Members of another Government that did listen. In 1979 the Government was faced with the obligation of putting through uncompleted parts of the Chrétien budget. It was not a Progressive Conservative budget, yet the Liberal opposition debated it in Committee of the Whole for five days. We did not bring in closure, we let them talk. We let them debate the Bill properly and it passed through Committee of the Whole with due consideration.

This Bill, the most massive change to the Income Tax Act in well over a decade, a complete change in philosophical approach, is rammed through by closure. The Government even made the mistake of not putting in its technical amendments to a number of Sections, making it a perfect piece of legislation for the courts of this country.

Let us talk about the great representation made to the people of Canada that they cannot receive their income tax refunds unless this Bill goes through. That is the most shoddy representation to be made in this Parliament for some considerable period of time. What is an income tax refund? It is money that this Government took out of somebody's pocket improperly. The money was taken through its deduction system, the forced payment system under the Income Tax Act. This money was taken from people who are now unemployed, people who need the money now, but the Government will not give it back. It was taken when we had a weak economy, when people were going out of business because they could not organize enough sales. It was taken improperly from the purchasing power of Canadians, yet the Government will not pay it back. The Government does not want to obey the law.

Let me read from Section 152 of the Income Tax Act. I quote:

> The Minister shall, with all due dispatch, examine a taxpayer's return of income for a taxation year, assess the tax for the year, the interest and penalties, if any, payable and determine
>
> (a) the amount of refund, if any, to which the taxpayer may be entitled by virtue of sections—

The Government has determined the refund, but does not want to give it back. It says it cannot give it back because the statute has not passed. What drivel, what deceit, what misrepresentation of the truth.

The Government says it can demand the collection of tax from people on weasly Ways and Means motions, but it cannot pay refunds even though the statute requires them to be paid. Even though the Government took more than it was entitled to, it says it cannot now give some of it back because this statute is not passed. There is not one Clause in this Bill before us that has anything whatsoever to do with refunds to anyone.

Some people would say that the Minister is a fraud. I would not say that because it would be unparliamentary. Some people would say that the Minister acts with wilful deceit. I am not saying that because it would be unparliamentary. Some people say the Minister acts like a thief. I would not say that because it would be unparliamentary. However, I would think it.

We cannot trust the Ministers of this Government to follow the law. With ample money in the till, they use Governor

General's warrants to borrow money on the street when they know they are not entitled to do it except in emergency situations. Even though the Income Tax Act demands that the Government pay refunds to those who have been overtaxed, it does not do it. It does not obey the law because it believes it is above the law.

Mr. Smith: Wrong.

Mr. Blenkarn: The Parliamentary Secretary says wrong, but he still acts as if he is above the law.

Mr. Smith: Why don't you go to court?

Mr. Blenkarn: A lot of good that would do with the Government paying all of the costs; fight City Hall if you will, take them to court. Perhaps someone should take them to the real court, the court of public opinion in an election. That is the court case we will win. It is the court case that will determine that the Hon. Member for Willowdale (Mr. Peterson) and the Hon. Member for Don Valley East (Mr. Smith) will not be in this House again.

In the few minutes left to me, I want briefly to go over some of the issues that we were not able to deal with in Committee of the Whole because the Government brought in closure. First, let me deal with small business. If any Bill has done incalculable damage to the small business community, it is the Bill before us. It gutted the small Business Development Bond concept and left us with a bank bail-out bond. In a challenge to the Minister, the Hon. Member for Kamloops-Shuswap (Mr. Riis) said: "Please show me where a bank has advanced fresh funds for one of these bail-out bonds. Give me one example." The Minister could not give an example of fresh funds being advanced on even one of these banker bail-out bonds. He said it may result in a saving of 6, 7 or 8 per cent in interest. With the interest factors today, a person would be lucky to save 4 or 5 per cent.

Let us deal with the 12.5 per cent special tax on dividends. A company that has paid corporate tax will be further taxed on the distribution of profits to its shareholders. That is double taxation. It is taxation that applies years after when the company is to be wound up or when there is to be a takeover or change in direction or management. It discourages small businesses more than anything. On top of the 12.5 per cent tax, it eliminated the possibility of a small business reaffirming or recreating its cumulative deduction account. As soon as a small business has earned the maximum $1 million in profit and paid tax on it, it is automatically deemed a large business. No matter what dividends it has paid out in its history, it is automatically a large business. There are some businesses—the Minister knows this but will not admit it—that remain small businesses, profitable but small, which will be that way forever—small stores, garages, small construction companies. We have had evidence of this before the Committee. To treat one small business differently from another just because over its history it has earned $1 million in income is to be totally unfair and anti-productive.

• (1140)

As for the question of indexing, we had in our Income Tax Act the principle that if there was inflation we would not tax that inflation. We now have the six and five principle brought into this Bill. I say to you, sir, that that principle is not necessary. Inflation is already dropping dramatically and there is no need to change the principle of indexing. We would not oppose the six and five principle on taxation the way it was, in the sense of increasing the income to Government. We believe that if you are going to do that, you do it by amending the Income Tax Act, by increasing the rates of taxation; but to attack the principle of indexing, as this Bill does, is to take away the fairness which our Income Tax Act had, a fairness that was recognized almost throughout the world. We should have had an opportunity to debate that principle here in the House, but we have not had that opportunity.

Perhaps one of the meanest things this Bill does it to destroy the possibility of an employer lending to an employee money for the purpose of buying a home or for some short-term help. The present Act has a *de minimis* rule of $500 in it. If I want to lend an employee of mine $500 to pay for, perhaps, an airline ticket to fly to another part of the country to attend a funeral, and even if I am going to take it back out of his or her pay over a period of time, whether I charge interest on it or not, that loan is income and the instant that employee receives that loan he is subject to income tax on it. Housing loans have become income. If a housing loan is made it has to have an interest rate imputed to it at the imputed interest factor determined under the Act, even though these housing loans have been shown in every bit of evidence which we have ever heard, either in the Committee on Finance, Trade and Economic Affairs or in our own committees travelling across the country, to have been used to increase the productivity of businesses, mines, farms, stores, and companies of every nature. A housing loan is deemed to be an improper employee benefit.

The Minister also boasts about averaging. In the Income Tax Act we have right now—which we will not have soon—is the most fair system of averaging there could be. It applies to the little people of the country. If a fellow had a good year and his income went up from $5,000 to $15,000 all of a sudden, he got general averaging. The new system of averaging only helps the fat cats, the Government's friends. Only if you are in a tax bracket where you pay the 50 per cent rate, 34 per cent federally plus the full provincial rate, is forward averaging good to you. Otherwise, you must pay your tax at the 50 per cent rate if you want the averaging at all. So it is only the wealthy, the big wage earners, who can take advantage of forward averaging. The others are hurt. They are harmed. Young persons just out of school and starting a new career are harmed. A senior citizen who happens to sell his cottage in one year and must bring into income a capital gain in that year is harmed. The person who gets a bonus from his employer for an especially well done job in one year is harmed. An artist who manages to sell more paintings than ever before in one year, but not enough to get him into the 50 per cent bracket by a

long shot, is harmed. The Government harms the little people. It does the big people the big favours.

With respect to capital gains reserves, it harms the little people again. The man who wants to sell his summer resort, unless he can get himself conventional financing usually has to take back the paper on that resort himself. Yet he has to bring into income, as if it was all cash, the gain on capital made from this sale with respect to lands and buildings within a five-year period and within a three-year period with respect to the inventory and goodwill. To expect a person who has not received the money to pay the tax is wrong. It is harmful to the economy of the country and is anti-savings and anti-entrepreneurial.

I see my time is almost up. I would have liked to be able to carry on the debate with respect to soft costs, where a manufacturer who wants to increase the size of his plant, to put an addition on his building, must capitalize all of the interest and account for all of the interest on borrowed money during the course of that plant expansion, and he must add that interest and architects' fees, and the like, to his capital cost. We can increase his expenses for creating that addition to his plant by 20 per cent and 25 per cent quite easily that way. That is, apparently, fairness. That is the way we want to build a country.

That type of erosion, as has been pointed out, is in this Bill, and it has been pointed out by many people. Yet this Government refuses to listen. There is no reason for that refusal to listen if it wanted to help Canada grow. And while our airlines are losing money, we have a special tax on aviation fuel applicable only to our airlines. We have a special tax to make it more difficult for our steel companies to process iron ore.

I could go on and on, sir. This Bill should have received further and fuller consideration. Most of the Sections in this Bill are wrong. They are anti-entrepreneurial. They are anti-Canada. I say to you, sir, that the people of Canada will be the judge in that great court case of which my friend talked. The people of Canada will be offered a taxation system which will have some decency, some simplicity, which will be readable and which will abolish almost every one of the changes in Bill C-139. We make that pledge to the people of Canada today.

The Acting Speaker (Mr. Blaker): Questions, answers, comments.

• (1150)

Mr. Cosgrove: When this Bill was brought into the Committee of the Whole for Clause by Clause examination, Mr. Speaker, I indicated at the outset that it was the Government's intention to add to the category of doctors, dentists, lawyers, accountants, veterinarians and chiropractors the category of notaries public so that that profession would also be exempt from the rules governing the taxation of work in progress.

The Hon. Member for Mississauga South (Mr. Blenkarn), representing, I take it, the Official Opposition, refused to permit the introduction of the amendment at that time. Subsequently, on four different occasions which are recorded in *Hansard*, two of them on the last day on which the Committee deliberated, I again specifically requested the consent of the Hon. Member to introduce an amendment to include notaries in the exemption, but again was refused.

Following the Hon. Member's comments this morning, I should like to ask him what happened in the interval between the Committee hearings and today. What has changed the view of the Official Opposition so that it is now in favour of the amendment? Does it have anything to do with the fact that it is involved in a leadership compaign and is attempting to enlarge support across the public among the category of notaries? Is that why it is supporting the Government's proposed amendment?

Mr. Blenkarn: Mr. Speaker, you have never heard such a stupid and ridiculous question as that. If the Minister would pay attention he would realize that the Hon. Member for Joliette (Mr. La Salle) and I raised the question of notaries in December, 1982 and that has been confirmed by the Minister of Finance (Mr. Lalonde).

The Minister should also know that on three occasions while we were dealing with Clauses 3 and 16, I specifically pointed out the problem to him. He was so interested in keeping his ears shut and getting the Bill through that he refused to listen to any amendment, any suggestion or any alteration to the Bill.

The next day we advised his boss. Having read the Bill, his boss took him behind the curtain and thrashed him. Then he came pleading across the floor of the House and asked us to let him put it in. I said that we would look at it when we got to Clause 125. He was so interested in closing the House of Commons down that we never got to Clause 125, Mr. Speaker.

Next he asked me in the House if we would allow it to be dealt with after closure had been imposed. I said that if he wanted to open the Bill and drop closure we could deal with his amendment, but that if we were having closure that move would be improper and we would allow Parliament to deal with it.

The Minister was delighted. He thought the only House of Parliament was this House. He forgot there is another House, the red chamber at the other end of this building. The other night I said to him, and I say it again now, that the amendments will be introduced by this Party in Parliament—in the Senate of Canada, and his Party can vote for them there or not vote for them there.

Mr. Vic Althouse (Humboldt-Lake Centre): Mr. Speaker, it is with no great pleasure that I rise to discuss this Bill today. So far it has not been handled in a way that could please anyone. The use of closure at Committee of the Whole stage has made it impossible to effect the kinds of amendments ands changes that the Bill needs. We had prepared a great number of amendments in an attempt to improve the Bill or make it more acceptable. Since we went through Clause by Clause consideration in Committee of the Whole as is the custom, we never got to any of the Clauses that we proposed to improve or amend.

This is a massive Bill with some 134 Clauses, indicating, in almost every case, changes to the income tax laws of the country. It is several hundred pages long. We had what amounted to a few hours of debate on Clause by Clause consideration. It is very difficult to be pleased with the process or feel that there was an opportunity for Members to take part in formulating the tax policy of the country in such circumstances.

In addition to closure at two stages of debate on the Bill, we have watched the Government attempt to put outside pressure on Members of the House. Taxpayers who prepaid their taxes or overpaid their taxes were held as hostage. The Government threatened to withhold their refunds until such time as the House passed the Bill. I do not think there is any precedent for that, Mr. Speaker. There have been similar circumstances before but the rebates went out before the relevant Bill was passed. This year the Government says that will no longer be possible and that until the Bill receives Royal Assent, no rebates will be paid.

The Bill has brought about a number of basic changes to our tax system. I think the change that we most object to in principle is the one which we perceive to be a move away from the principle of progressive taxation. That is supposed to be the principle that this country follows although evidence of that is not always clear. It is the principle that is espoused on election platforms and in speeches on taxation policy.

We perceive progressive taxation to be the most fair and equitable because it follows the "ability to pay" principle. There is plenty of evidence to indicate that people who have higher incomes use more Government services and subsidies than people on lower incomes. There is another reason for a progressive style of taxation. Not only does it comply with the ability to pay increasing tax rates, but it also fits in with the calls on the public purse made by the various income levels.

I would remind those who may doubt that statement that it is generally people on higher incomes who use the subsidies that go to the airlines and the airports. People on low incomes do not travel by air so much and do not use the kind of subsidies that are available in that area.

We could probably cite many more instances but what I want to do today is to spend some time discussing the proposals for change that we would have made by way of amendment to the Bill had we had the opportunity.

• (1200)

The first change about which I want to talk concerns the provision in the Bill for a new system of forward averaging. We are proposing an amendment that offers the same sort of averaging, previously known as general averaging. It would react to a decline rather than an increase in income. In a sense it would be a mirror image of the old averaging formula. Our proposal is unlike the forward averaging proposal offered by the Government, in that it would be automatic and would require no designation of income above a certain threshold or payment of tax at a higher level in order to participate in the averaging process. Our forward averaging would be useful to retiring farmers or someone with a large sum of extraordinary income. We are adding automatic averaging to the existing provision of the Bill, for example, for a taxpayer who might have suffered a drop in salary for 1982. The cost of the proposal to the general revenue of the country would probably be somewhat less than the $2.6 billion which the Government expects to save by dropping general averaging over the next four years, assuming that the economy recovers or at least does not worsen in the meantime.

Our measure is progressive in the very best sense of the word because it reduces income tax for someone who was laid off or had a bad year. It is not as elitist as the existing forward averaging provision because it is automatic. Under our automatic averaging proposal, for example, with a fairly average income earner who earned incomes in the last five years of $17,000 in 1978, $19,000 in 1979, then $22,000, up to $25,000 in the following year, and suddenly a bad year of $16,000, the tax without the averaging provision for 1982 would be $2,610. With the averaging provision, his tax payable would work out to $2,404 or a saving of $206. We argue that that rebate of $206 during a year when income has dropped would be most welcome and would assist in evening out uneven incomes.

I might point out that farmers still have a five-year averaging provision, but we think that in these hard economic times when people are earning good incomes one year, then are laid off or their incomes are drastically reduced, an averaging provision such as the one we propose would make sense and be equitable to Canadians. The tax system has been and is continuing to work less to the benefit of ordinary individuals in the country.

Returning to the equity position, in the 1950s federal and provincial income tax worked out at almost 50 per cent paid by individuals and 50 per cent by corporations. I will take a shortcut rather than presenting all the figures. When we reached 1980, federal income taxes combined in that year fell 76.6 per cent on individuals and 23.3 per cent on corporations. There has not been a diminution of control or influence by corporations in that period of time. Almost any study at which we look, even without spending much time on analysis, indicates that the corporate sector was gaining far more control over the economy during that 30-year period. The amount of taxes they are being asked to pay by way of provincial and federal income taxes is proportionately down from what it was in 1950. I just wanted to put those facts on the record.

I would like to spend a few moments discussing some of the amendments we propose affecting small businesses, and farmers in particular. As we all know, the Bill does away with the income averaging annuity contract, restricted reserves and also halves the capital cost allowance for the first year of purchase of new machines. It proposes to do nothing to alleviate the burden of capital gains tax on retiring farmers. Despite that being one of the few planks in the current Liberal Government's platform back in the 1980 election campaign, there has still been no attempt to address that particular promise. I remind Hon. Member opposite that the promise was to change valuation day to the end of 1974 from the end of 1971. This

period is quite useful because in those three years land values increased at a very rapid rate.

Our proposal is slightly different. We think it provides some equity among taxpayers at all levels. We are proposing that there be a special exemption for farmers from the first $100,000 of capital gains tax. We argue that this is equitable because farmers generally do not have residences which can be classed as being free from capital gains tax, unlike most other individuals in society who own homes and can accumulate capital gains from the time they were purchased to the time of their sale for their old age. If they want to retire into apartments or retirement homes, they can pocket all the capital gains which accrue. But most farmers live on their farms and the problem is that the market value of their farms usually does not vary—sometimes not one iota—whether or not there is a house on the land. What is being sold is the productive assets—the land and to some extent the buildings, if it is a factory-type operation. The house itself has very little value in the transaction, so there is no real accrued capital gain which can be set aside for farmers. We are proposing a $100,000 tax exemption from capital gains in recognition of the fact that houses on farms are usually of very little value on the market.

An Hon. Member: They are exempt anyway.

Mr. Althouse: I hear my hon. friend. I admitted that before I began my dissertation. Had he been listening, he would have known that I was pointing out that even though the houses are exempt, they are of very little market value when the land is sold. Those who live in Ottawa should check land values and asking prices in the Ottawa area. They will realize that once they get 20 miles or 30 miles out of Ottawa, parcels of 100 acres, whether or not there is a good house on them or no house, are worth very much the same amount of money. An exemption would give similar recognition to farm homes as given to houses in towns or cities.

From the time the first budget was presented and for the last year and a half, we have argued that the income averaging annuity contract should be reinstated. This provision allowed farmers to spread their taxes over a few years rather than having to pay a large lump sum up front to Revenue Canada as required under the Bill.

• (1210)

When the then Minister of Finance presented the initial taxation proposals, we had a number of individuals who were caught in the position of having sold their land, property or business on a five or ten-year repayment plan. They were caught in the position of having received a downpayment which they had put into a retirement home, but the sudden change in tax law forced them to sell that home and borrow money in order to put the money up front required by the changes proposed in this Bill, leaving them with nothing on which to live for a couple of years. However, some of that inequity was corrected in subsequent announcements.

It is still, we think, a necessary condition of the taxation law of this country, since it is so complex already, to leave the income averaging annuity provision alone for those people who want to use it as a way of spreading income over subsequent years. We proposed an amendment to reinstate that provision.

In addition, we proposed amendments which would have reinstated the old reserve provisions. The former reserve provisions were popular in cases when a retiring farmer was selling to a person in a community, allowing cash up front. It helped the young person, and it helped the farmer spread out capital gains over a number of years.

These provisions have been drastically trimmed. Young people now must go to a bank or a trust company for more money because the person selling out has to have most of his cash up front. This forces buyers to go to lending institutions instead of dealing on a one-to-one basis with the farmer or the businessman and it is commercializing the transfer of property and assets from one generation to another to an extent that has not been common in Canada.

We were also proposing an amendment which would have restored the full capital cost allowance in the year of purchase. As you know, Mr. Speaker, that has now been cut to half in the first year of purchase. I suppose in an ideal world the proposal the Government made might have been sensible in so far as it would discourage unwise spending, which has got some farmers and some businessmen into trouble, I do admit. However, we are not in the kind of economy where everything is going well. People, including businessmen and farmers, are not spending very much money. This provision further inhibits the ability of farmers and small-business people to buy equipment, which, in turn, hurts the manufacturing industries.

While I am on this matter and before I conclude, I would like to point out that the farm machinery dealers across Canada have made very able presentations to Members of the House and to the Minister of Finance (Mr. Lalonde). They have pointed out that an investment tax credit, which now exists on new equipment, should be extended to used equipment and be restricted to the difference paid between the value of the purchased piece of equipment and the piece of equipment being traded in. These people have pointed out that there are tax benefits to the Government. Also it would provide some equity in terms of selling machinery and in terms of people who must, for financial reasons, buy used equipment.

I notice that my allotted time has come to an end and I will not be able to finish speaking about all the amendments we were proposing. May I say, however, that I regret the Clause by Clause stage did not progress through the House so that these very useful amendments could have been made in the proper fashion.

Mr. Lorne Greenaway (Cariboo-Chilcotin): Mr. Speaker, when I rose to speak to this Bill on February 21, I drew the attention of the House to the inequity of the present tax structure as it applies to those in the agricultural sector. In particular, Section 31 of the current Income Tax Act appears to have the potential of financially wiping out hundreds of thousands of farmers and ranchers across the country. Since I raised this issue on February 21, I have learned that Revenue

Canada has targeted its auditors at those engaging in agriculture, particularly those whom they regard as suspicious. Under this blitz, known as Project L, auditors are fanning out across the nation and assessing some farms up to four years in back taxes. In my riding alone over 300 ranchers and families have been audited since the end of January and many of them will have to sell out.

This procedure is a direct assault on the Canadian agricultural sector and the family farm. This callous Government is vigorously enforcing an unjust and an ill-defined piece of legislation in order to fill its empty treasury, while at the same time kicking a good portion of the agricultural community when it is down.

Let me briefly outline how this situation arose. In 1952 the Government amended the Income Tax Act so that three classes of farmers were established for tax purposes. These were full-time farmers, part-time farmers and hobby farmers. Full-time farmers can write off 100 per cent of their losses. For part-time farmers, the amount they can write off is limited to $5,000 a year. Hobby farmers cannot write off any losses against income, which is fair enough, I grant you that, Mr. Speaker.

Nevertheless, this section of the Income Tax Act has not been amended since it was introduced in 1952. The $5,000 a year deduction allowed to part-time farmers has not been updated to reflect inflationary increases in the cost of production over the past 30 years. If this item had been indexed, Statistics Canada estimates the deduction would be worth at least $20,000 a year. This, however, is only part of the problem with Section 31 of the Act.

According to Mr. Doug Eckel, a chartered accountant who was interviewed on March 13 on CBC's "Country Calendar", the wording of Section 31 is so ambiguous that only the original draftsman of the Bill could be certain of its meaning. He said that it is impossible accurately to interpret the intent of Section 31 and that it should be cleaned up, or better yet dropped entirely from the Income Tax Act. This poorly drafted legislation has allowed Revenue Canada to determine arbitrarily into which of the three categories a farmer falls.

As an example of just how arbitrary this ruling can be, I discovered when I returned to my riding last week that Revenue Canada's auditors are now using a figure of 100 beef cows to determine if a rancher is ranching on a full-time or on a part-time basis. In other words, if a rancher has less than 100 cows, he faces being reclassified as a part-time rancher, regardless of any other factors. According to Statistics Canada, the average size of a Canadian beef cow herd is 30.8 cows. It takes over three Statistics Canada renchers to make one Revenue Canada rancher. Clearly Revenue Canada's determination of what constitutes a full-time rancher is at odds with the Canadian reality as reflected by the Statistics Canada figures.

Originally, the intent of Section 31 was to prevent people from using a farm as a tax dodge. However, because of the ambiguous wording, Section 31 is now being used against quite legitimate full-time farmers. What has really complicated an already impossible situation has been that, because of the recession, farmers have been forced to find employment off their ranches and farms to help cover the cost of operating. There are now about 125,000 farmers in Canada who have off-farm jobs. For a variety of reasons, this often results in the farmer making more from his off-farm job than from this agricultural operation. At this point, Revenue Canada reclassifies him as a part-time farmer in spite of the fact that his other occupation is merely an attempt to keep his operation solvent. This is grossly unfair and leads to a "heads the tax man wins, tails the farmer loses" proposition.

• (1220)

If a farmer takes a job off the farm to help pay his bills, he will then be regarded as a part-time operator who is only eligible for $5,000 a year deductions. As well, some farmers are finding that they are being reduced from the second category to the hobby farm classification, which is even worse. In many cases, the only option left is to sell out to pay the tax bill. That is an alternative that is readily endorsed by the tax auditors. If a farmer has the audacity to suggest to the auditors that he would like to take the issue further and appeal it, the auditors tell him that it will cost too much and would be cheaper just to pay the tax bill and forget it. That is the kind of advice farmers are receiving from Revenue Canada.

To an individual who regards himself as a farmer or rancher, this is a disastrous blow which is akin to drought, disease and fire all wrapped into one. It is just as dramatic as a prison sentence for a born and bred farmer to be forced to sever connections with the land and move into town.

One of the greatest problems faced by farmers when dealing with Revenue Canada auditors is that very few auditors even have a basic understanding of agriculture. Revenue Canada does not hire or train auditors who have specific expertise in agriculture. It is possible for an auditor to be auditing a manufacturing company one day, a local pharmacy on another day and a ranch the day after. As a result, most auditors are unqualified to pass judgment on the viability of agricultural operations.

One of my constituents graphically described this lack of knowledge of Revenue Canada auditors in very telling terms. Auditors came to his ranch during the spring thaw to look at its operation and the books. The owner happened to look out of the window and saw one unfortunate auditor trying to pick her way through ankle deep mud wearing high-heeled shoes. He said that he almost felt sorry for her. The auditors did not even look at the owner's books but simply looked around the yard adjacent to the house. My constituent volunteered to take the two auditors on a thorough tour of the ranch. However, they declined.

A neighbour of this constituent said that he had observed the auditors earlier in the day driving slowly past the ranch attempting to view the property from the main road. How could people possibly assess an agricultural operation without being provided with a thorough tour of the premises by the

rancher? How could they be expected to comprehend how a ranch was operated when they did not even know enough to wear the proper footwear during spring breakup?

This ignorance extends beyond the technical details of running a farm operation. Revenue Canada assumes that if a person has a full-time job, he or she would obviously not be putting in many hours on the farm. I suggest that this is a reflection of typical bureaucratic mentality where an individual works for eight hours or less a day and then goes home. A farmer or rancher who is trying to keep his head above water does not have that luxury. He will put in his first eight hours in the off-farm job and then often put in a further eight hours or more on his farm. Weekends and holidays are also spent improving the farm so that the off-farm job will eventually not be necessary. The farmer's spouse and children also put in long hours to make the ranch viable.

I would like to cite a quotation from the March 9, *100 Mile House Free Press* that illustrates the problem:

Farming and ranching is just not everybody's idea of a good time anymore. With few vacations, hard work, crazy interest rates, hypersensitive market conditions, bizarre weather trends, livestock disease, increasing government intervention, and now—the auditors—some are wondering just how much more they can stand, economically and personally.

Such is the case with Terry and Ann Trip, Canim Lake farmers who have just been officially told by Revenue Canada that their operation is no longer considered a farm and that they will have to pay backtaxes for the years 1978, 1979, 1980 and 1981. The Trips, who have been developing their 266 acres of land since 1974, may be required to pay as much as $12,000 and the only way to do that will be to sell the spread they call home.

For the Trips it all started with a phone call on Feb. 10 from Revenue Canada officials who said they would be in the area from Feb. 13 to 25 and would be dropping by to audit the couple's farm books. There were a few missed and postponed appointments, but finally two . . . young men arrived on Feb. 21.

After a brief walk around the place, rather desolate at that time of year, they perused the books, checking totals and correlating bills with entries. They also examined the Trips' personal expense account to make sure everything had been kept above board.

Ann Trip said the men were surprised to see her books in good order. The auditors checked back to 1978, but didn't bother to go through 1982 figures, which Terry feels is a shame . . .

The auditors were part of an eight-person team which centered itself in Williams Lake and made forays into surrounding agricultural territory. They appeared to select their targets at random.

These auditors show a surprising lack of knowledge of agriculture. One auditor did not even know that a cow usually only has one calf per year. Another said that there was no viable agricultural enterprise in my riding. I will have you know, Mr. Speaker, that we have some of the largest and most successful ranches in North America in my riding. These people are so ignorant that I would really like to go out there and personally strangle them.

Lest one thinks that this kind of hardship as a result of Section 31 of the Income Tax Act is a recent phenomenon, I would like to read part of a letter sent from the then Minister of National Revenue, the Hon. Member for Windsor West (Mr. Gray), to the Hon. Member for Mission-Port Moody (Mr. Rose). The letter dated June 2, 1972 says:

As a result of representations received from you and several other Members, I have reviewed departmental policy relating to the disallowance of certain losses claimed by 'part-time farmers'. As you are aware, the Department has been disallowing losses in cases where farming operations have had no reasonable expectation of profit. Such ground for disallowance are valid under the provisions of the Income Tax Act. However, I recognize that in a number of instances, the application of this policy has created hardship inasmuch as some taxpayers, whose deductions of farm losses had previously not been questioned, were later faced with an assessment of tax involving a disallowance of more than one year's losses.

I have, therefore, directed that a review be made of each case that has been referred to my attention. If, following the review, it is concluded that the departmental policy has been correctly applied to a taxpayer, I have asked that the disallowance of losses be limited to the most current of years under review. This basis of assessment will be continued in all subsequent applications of the departmental policy relating to losses claimed by part-time farmers so that only the loss for the one year is disallowed.

In 1972, the then Minister of National Revenue acknowledged that assessing farmers for more than one year's back taxes would create considerable hardship. It is creating much more hardship at this particular time. Furthermore, I repeat that he stated: "This basis of assessment will be continued in all subsequent applications of the departmental policy relating to losses claimed by part-time farmers so that only the loss for the one year is disallowed."

Clearly, the present Minister of Revenue is reneging on a promise made by his predecessor, the current President of the Treasury Board. Revenue Canada's Project L not only reneges on the assurance given by the present President of the Treasury Board, but goes against the spirit of his written statement to the Hon. Member for Mission-Port Moody.

Some of my constituents have been assessed for as many as four years in back taxes. This is inexcusable. I am surprised that the Minister of Agriculture (Mr. Whelan) has not publicly risen to the defence of these vulnerable and unprotected farmers and ranchers. The farmers of this country are used to the Minister of Agriculture misrepresenting his position by pretending to be the farmers' friend. He is a hypocrite and a deceiver. He misleads the agricultural community by passing himself off as an ally. Now we know why he wears his green hat: he pulls it down over his ears so he cannot hear and over his eyes so he cannot see. Unfortunately, his mouth keeps working as he travels back and forth across the country on his mobile manure spreader.

A good example of his deception occurred just the other day when he was on CTV blaming the Tories for dragging their feet on Bill C-653, which is a Bill presented by the Hon. Member for Lambton-Middlesex (Mr. Ferguson). That Bill seeks to provide a simple and inexpensive procedure for farmers to rearrange their affairs when cash flow becomes insufficient to meet current obligations as they become due. The Minister said it was us who were dragging our feet. That was a lie. If that was a lie, then the Minister is a liar.

The Acting Speaker (Mr. Blaker): I think it would be preferable, for the record, that I recognize some Hon. Member who takes objection to the language. I will then rule on it.

Mr. Ferguson: Mr. Speaker, if we look at the exchange between House Leaders a week ago last Tuesday, I think it is very evident from *Hansard* that the House Leader of the Official Opposition (Mr. Lewis) asked for additional time to consult with his caucus before coming forward with a decision

as to whether to give this Bill speedy passage on second reading and reference to committee. Therefore, in that context, I object to the word used and would ask the Hon. Member to withdraw it.

• (1230)

The Acting Speaker (Mr. Blaker): First, let me say that I sometimes wonder if it is the responsibility of the Chair to intervene when unparliamentary language is used or whether the Chair perhaps ought to wait until there is an objection made. For that reason, I tolerated the word "hypocrite", which is unparliamentary. However, I think that when we are concerned with an accusation that an Hon. Member is a liar and has lied, we must become attentive. Therefore, the procedure which I would follow is to now ask the Hon. Member for Cariboo-Chilcotin (Mr. Greenaway) if he would be so gracious as to withdraw those words.

Mr. Greenaway: I withdraw the fact that he may be a liar, but I think he is a hypocrite.

The Acting Speaker (Mr. Blaker): Order. Again, if the Hon. Member asks me to do so, I will check the authorities on the subject, but I think the Hon. Member can rely on my recollection, which is to the effect that the word "hypocrite" is not acceptable either. Perhaps I will again prevail upon his graciousness and ask him to withdraw that word.

Mr. Greenaway: Well, he is hypocritical, Mr. Speaker. I mean, we all know that.

Mr. Daudlin: I rise on a point of order. Mr. Speaker, I am sure the Hon. Member recognizes that the practice in this House is that if, in fact, the Chair has ruled that a particular phrase or word is unparliamentary, it is not a matter of explanation or a matter of trying to slide around the word but, rather, a matter of exercising some graciousness in withdrawing the word. The Chair has given some indication that, in fact, the word "hypocrite", or the phrase "to be a hypocrite", is unacceptable and unparliamentary. I would ask that the Hon. Member withdraw the words, as is expected of any Hon. Member in the House. If he tries to find something else which is within parliamentary practice and procedure, that is fine. However, I think that the proper procedure is to withdraw the remark, and I would ask, through Your Honour, that that be done.

The Acting Speaker (Mr. Blaker): I do not think there is anything further that I can add for the edification of Hon. Members. It seems to me that when I indicated to the Hon. Member for Cariboo-Chilcotin that some words were not acceptable, he evidenced his willingness to stay within the acceptable language limitations under our procedures. I do not want to pursue the point too often. The Hon. Member has now found a third word, "hypocritical". Again, I say that if he insists I will review the authorities on the subject and determine whether or not that is also unparliamentary. However, if he wishes he may rely on my recollection that it is unparliamentary, in which case I would have to ask him to withdraw it.

Mr. Greenaway: What kind of a Minister of Agriculture, Mr. Speaker, would allow people to lose their farms, and not even make any—

An Hon. Member: Throw him out!

Mr. Ouellet: I rise on a point of order. I think it is very clear that the Hon. Member has only one thing to say. He can either say "I withdraw the word", or he can tell us that he will not withdraw the word. It is not necessary for him to start to make a long speech to qualify another Hon. Member of the House.

I appreciate the fact that it might be painful for the Hon. Member, but I think that in all courtesy and for the good order of the House of Commons he should just very clearly and simply say that the word has surpassed his thinking and he should withdraw the word and continue his speech. However, I think clearly he has only one choice offered to him, which is to withdraw his remark. If he does not, the circumstance will become more difficult. We do not think, for the good order of the House, there should be situations where Hon. Members are impolitely qualifying other Members in the House.

The Acting Speaker (Mr. Blaker): The Hon. Member for Cariboo-Chilcotin will have realized that I am attempting to provide every opportunity, in the most pleasant fashion possible, for this matter to come to an end. However, the Chair reaches a position, particularly if some Hon. Members ask that the rules be observed, where my responsibility becomes, in effect, to enforce the rules.

I listened to the Hon. Member's speech and it is quite notable that he feels very strongly about some of the subject matters which he was raising. Sometimes these expressions slip out in the anger of the moment, and my hope is that they are withdrawn after a brief period of consideration. Therefore, I would invite the Hon. Member, if he would be so kind, to withdraw the expression "hypocritical" as well.

Mr. Greenaway: Mr. Speaker, I do not at all mind withdrawing the word "liar". However, I did not realize that "hypocrite" or "hypocritical" was unparliamentary language. I know I should have read Beauchesne to find out. However, I do think the Minister of Agriculture is a hypocrite, and I will not withdraw that word.

An Hon. Member: Throw him out! Chuck him out!

The Acting Speaker (Mr. Blaker): There is a procedure in this event. I want to explain to the Hon. Member—

Mr. Fisher: I rise on a point of order, Mr. Speaker. I know the Hon. Member for Cariboo-Chilcotin. I have spent some time with him to be a man of some conviction. I would simply urge him, one last time, to remember that forceful arguments and evidence might be better than impoliteness or a lack of flexibility. If it is useful to Your Honour, I would appeal to my friend to use forceful arguments and evidence in the time remaining rather than to use words which will only reflect on him in the end.

The Acting Speaker (Mr. Blaker): I have been checking Beauchesne. I find that on various occasions the word "hypocrite" or "hypocritical" has not been found to be out of order. However, the overriding principle stands, and it is the responsibility of the Chair to consider the mood of the House, to consider the expressions used and, to consider their context. I am of the opinion that when the Hon. Member calls another Hon. Member a liar or indicates that he believes that person has lied, and when he uses the word "hypocrite" or "hypocritical" in the same connection, then the responsibility of the Chair is to find that that is unparliamentary language. I so find.

Therefore, I will explain to the Hon. Member that tradition calls upon the Chair to extend to the Hon. Member every possible opportunity to consider whether he wishes to observe the requests of the Chair by withdrawing his remarks, in the sense of good order. If the Hon. Member refuses to accept the ruling of the Chair, then I have a further responsibility, and that becomes the business of naming the Hon. Member, with which I think he is familiar. The whole matter is an unpleasant task for the Chair, and I do not think really does much for the institution itself.

Therefore, I would ask the Hon. Member if he would be so kind, pursuant to the ruling of the Chair, to withdraw the remarks or the word, to which we have finally come to a conclusion, and that is either "hypocrite" or "hypocritical". If he would be so kind as to do that, we can get on with the business of the House.

Mr. Greenaway: I respect what you are saying, Mr. Speaker, and I respect the argument of the Parliamentary Secretary. However, last week people came to my office in tears. I have written to the Minister of Agriculture. He has done nothing. As far as I am concerned, he is a hypocrite and you can do what you want with me.

Mr. Neil: Mr. Speaker, on a point of order, I appreciate the position of the Chair, but over the years there have certainly been unparliamentary expressions used in the House, and I think they are clearly spelled out in Beauchesne. My understanding is that the word "hypocrite" is not found in the list of unparliamentary terms set out in Beauchesne. I would submit that in the absence of the word being specifically spelled out in Beauchesne as unparliamentary, then while the word is not a particularly complimentary one, an Hon. Member is entitled to make use of that word.

● (1240)

The Acting Speaker (Mr. Blaker): The Hon. Member for Essex-Kent on the same point of order.

Mr. Daudlin: Mr. Speaker, I think we now find ourselves in a double difficulty. I think the Chair has in fact found, in the context and circumstances of the use first of the word "liar" and then as a substitute therefor the use of the words "hypocrite" and "hyprocrisy", that in the circumstances this constituted, in the Chair's opinion, a disorder and, as a consequence, a ruling was made of disorder and the request was made for withdrawal.

I think that it is too late, quite frankly, to make the argument that the word is, is not, should not have been so declared and, as a matter of fact, to do so constitutes a reflection on an Order of the Chair, which clearly is a disorder and unacceptable in this House.

As a consequence, I put to you, Mr. Speaker, the unfortunate circumstance that we either have to move forward with a withdrawal, which the Hon. Member unfortunately appears to prefer not to do—and again I call on him to do so—or otherwise we are left with the unfortunate provisions of the rule which you, Mr. Speaker, are called upon to make use of.

I did want to enter the debate purely to reflect on the fact that an Order of the Chair now exists, and as a consequence it would be a disorder, in my view, to reflect on that Order or that finding.

Mr. Fretz: Mr. Speaker, on the same point of order, the Hon. Member for Cariboo-Chilcotin (Mr. Greenaway), withdrew the use of the word "liar", apologized to the Chair and said that he would withdraw that word. So really that does not enter into the debate at this time. He then used another word, "hypocrite" or "hypocritical", which the Hon. Member has found is not in Beauchesne. I submit that inasmuch as he apologized and withdrew the word "liar", the Hon. Member should be allowed to continue his speech.

Mr. Fisher: Mr. Speaker, on the same point of order, this has been called a long, complicated and confusing Bill. Just about everything possible has happened to it since the ideas were originally introduced in November of 1981. Perhaps it would be only appropriate if we end up our debate on third reading by having this kind of confrontation involving a Member and a Minister, neither of whom really has anything directly at stake in this Bill.

The Acting Speaker (Mr. Blaker): If I may sum up, the Hon. Member for Moose Jaw (Mr. Neil) raised the issue as to whether or not the word "hypocrite" or "hypocritical" is to be found in the authorities. I think that in the actual words that he used, he indicated that the word is not found in Beauchesne. That is not correct; the word is to be found in discussions in Beauchesne as to what is parliamentary or not. I think I understood the Hon. Member for Moose Jaw to make the point that it is not to be found in Beauchesne as a prohibited word. More accurately, it used to be a prohibited word and seems to have shifted toward a situation where it is in some occasions, in any event, not a prohibited word.

It is the responsibility of the Chair—and this Hon. Members will find through any of the texts on the subject—whether the word used or in question is on a forbidden list or not on a forbidden list, to point out that what is essential to a ruling on the question of whether a word must be withdrawn is the context and the mood in which the language is used. That is a responsibility of the Chair. The fact that the word was used immediately contiguous to the accusation of lying is what has

brought me to the conclusion that the Hon. Member should be reminded that, despite his evident concern for the subject matter that he has been talking about, nonetheless debate is thought to be not improved by making use of words of that order.

I have gone on at some length hoping that perhaps the Hon. Member will change his mind and, as a courtesy to the rest of the House, withdraw the word "hypocrite" and I would invite him to do so. If he does not, then the procedure apparently is to name him. As I said, I do not find that a very pleasant situation. I had hoped that the Hon. Member, partly on behalf of the House and partly in courtesy to the Chair, would not bring me to that situation.

Mr. Greenaway: Mr. Speaker, I really respect what you are saying, but I have literally hundreds of people in my riding who are being kicked off their farms. If I thought I could get Hon. Members on the other side to pay some attention to me, I would go along with this. But I have written to the Minister of Agriculture about this problem and have received two or three lines back; but nothing has happened. He is supposed to be the Minister of Agriculture. He is supposed to be behind the agricultural industry of this country, and a lot of these people are producers. The Act is screwed up, there is no doubt about it. It is not only happening in my riding but it is happening right across the country. As I said in my speech, 125,000 farmers are working off their farms to try to make supplementary income to pay these high costs that they are incurring, and now we are hitting them with back taxes.

Mr. Cullen: Mr. Speaker, on a point of order, I understand that you have made a decision and asked the Hon. Member to withdraw. The only thing to be decided is either he withdraws or he does not. He is not entitled to make a speech.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): In the time before I came to the Chair, I have seen in several instances the practice of Mr. Speaker Jerome wherein he gave the Hon. Member in question every opportunity to consider his remarks. I have been doing that, and if I thought that a further appeal to the Hon. Member would work, I would do that again.

It is appropriate, I think, at this point to ask the Hon. Member if he would rise and withdraw the word "hypocrite", failing which I will take the necessary procedures.

Mr. Greenaway, I have to name you for disregarding the authority of the Chair. Under Standing Order 30, I will now ask you to withdraw from the House.

And Mr. Greenaway having withdrawn:

The Acting Speaker (Mr. Blaker): I see the Minister is on his feet. I would like to contain these matters. I cannot, and obviously will not, disregard the Minister or any other person who may wish to put a motion, but as far as the Chair is concerned I would think the issue has now been resolved. If there is a feeling that matters should proceed further, that is in the hands of the House.

Mr. Deans: Mr. Speaker, on a point of order, I as one Member would be delighted if that was the end of it. However, I am not at all sure now what has happened. The Member has left. Is he free to return at ten minutes to one? Is he free to return at two? I want to know exactly what has happened here.

I listened most carefully to what went on preceding his deciding to leave the House, but I must confess, Mr. Speaker, that his decision to leave the House was not his to make. The only decision open to the Member, and I am not happy to say it, was either to withdraw or not to withdraw the words that were considered by the Chair to be unparliamentary; beyond that there is no other decision to be made. I suggest that the action that has been taken, humane though it may have appeared to be, was quite inappropriate.

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Mr. Speaker, seconded by Mr. Cosgrove, I move:

That the Hon. Member for Cariboo-Chilcotin (Mr. Greenaway) be suspended from the service of the House for the remainder of today's sitting.

The Acting Speaker (Mr. Blaker): The motion is in order. It is not debatable. I would ask the House if there is agreement to the motion put forward by the Minister? All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Blaker): Those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the yeas have it.

And more than five Members having risen:

The Acting Speaker (Mr. Blaker): In that case, call in the members.

The House divided on the motion (Mr. Ouellet), which was agreed to on the following division:

(*Division No. 312*)

YEAS

Messrs.

Appolloni (Mrs.)
Axworthy
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bossy
Breau
Burghardt
Caccia
Campbell (Miss) (South West Nova)
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Cousineau
Cullen
Cyr
Daudlin
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dupont
Duquet
Erola (Mrs.)
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)

Income Tax

Messrs.

Gourde (Lévis)
Gray
Harquail
Henderson
Hervieux-Payette (Mrs.)
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Lachance
Lajoie
Lalonde
Landers
Lang
Lapierre
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacGuigan
MacLaren
MacLellan
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Regan
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Roy
Savard
Schroder
Smith
Tessier
Tousignant
Trudeau
Veillette
Watson
Weatherhead
Whelan—106.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Carney (Miss)
Clarke (Vancouver Quadra)
Cooper
Cossitt (Mrs.)
Crouse
Dantzer
Darling
Deans
Ellis
Epp
Fennell
Fretz
Friesen
Fulton
Gass
Gilchrist
Gurbin
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Heap
Hovdebo
Huntington
Jarvis
Jewett (Miss)
Kempling
Kilgour
King
Korchinski
Kristiansen
Lambert
Lewis
Lewycky
MacDonald (Miss) (Kingston and the Islands)
MacDougall
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McKenzie
McKnight
McLean
Mitges
Munro (Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Oberle
Ogle
Orlikow
Parker
Patterson
Roche
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Stevens
Thacker
Vankoughnet
Wise
Young—73.

Madam Speaker: I declare the motion carried. Accordingly I would ask the Hon. Member for Cariboo-Chilcotin (Mr. Greenaway) to withdraw from the House.

And Mr. Greenaway having withdrawn:

[*Translation*]

Mr. Prud'homme: Madam Speaker, I think it is only fair to point out that when four Members, two on the Opposition side and two on the Government side, hurried back to vote as they were supposed to, they were prevented from doing so because they arrived just as the vote was being held. However, I would like to have our presence recorded. These Members are: the Hon. Member for Oxford (Mr. Halliday), the Hon. Member for Durham-Northumberland (Mr. Lawrence), the Hon. Member for Saint-Denis (Mr. Prud'homme) and the Hon. Member for Beauharnois-Salaberry (Mr. Laniel).

Madam Speaker: Order! Names of Members present have been recorded and I do not think it is necessary to raise the matter again.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

EMPLOYMENT

JOB OPPORTUNITIES BANK—INSCRIPTION OF CHIEF OF PARTY

Mr. Henri Tousignant (Témiscamingue): Madam Speaker, we are all aware of the high rate of unemployment in Canada. Perhaps that is why there are so many candidates for the leadership of the Progressive Conservative Party. Maybe we should ask the Minister of Employment and Immigration (Mr. Axworthy) to have this new position of Leader of the Opposition and Leader of the Progressive Conservative Party included in the Canada Employment Commission's job bank, so that more people could apply for the job—

Madam Speaker: Order, order!

[*English*]

I cannot hear what the Hon. Member is saying.

[*Translation*]

The Hon. Member for Témiscamingue has the floor.

Mr. Tousignant: Madam Speaker, this is very important. This new job should be posted with the job bank so that more Canadians could apply for the leadership of the Progressive Conservative Party. At the same time, however, some indication should be given that it is a high risk job with a high rejection rate, and that at some time in the future, applicants will have to express their views on certain questions. Running for the leadership is all very well, but they are going to be asked what their position is on missile testing, the Crow Rate, Petro-Canada, and so forth. So in that case, Madam Speaker—

Madam Speaker: Order. The Hon. Member's time has expired.

* * *

[*English*]

NATIONAL REVENUE

AUDIT OF BRITISH COLUMBIA FARMERS' INCOME

Hon. Ron Huntington (Capilano): Madam Speaker, in the interior of British Columbia Revenue Canada is currently

auditing hundreds of farmers and ranchers to determine if they should be assessed back taxes. Central to the determination of whether or not back taxes are owing is the Section 31 classification of an agricultural operation as, first, full-time farming, second, part-time farming or, third, hobby farming.

Because of the current recession, many full-time farmers have been forced to seek employment off the farm in order to meet high costs. In some cases, income off the farm has far exceeded on-farm income, as prices for livestock, especially cattle, have been depressed. Revenue Canada auditors are presently reclassifying these operations as part-time, thereby limiting the losses a farmer can deduct to $5,000 a year. They are also moving farmers who were in the second class into the hobby farm class where no losses are deductible. In many cases, four years' back taxes are being assessed.

This situation is clearly inequitable. The farmer or rancher who has tried to adjust to the recession by establishing an alternate source of income in an attempt to remain solvent, is suddenly hit with taxes he can ill-afford. Many will be forced to sell out to pay this unexpected tax levy. The federal Government is unfairly profiting from the devastation wrought upon those in the agricultural sector by the recession.

Information provided by those who have already been audited indicates that Revenue Canada has no clear guidelines by which the three classes of farmers can clearly be delineated.

Madam Speaker: Order, please.

* * *

[*Translation*]

YOUTH

REQUEST THAT SUBSIDIES FOR KATIMAVIK PROGRAM BE INCREASED IN NEXT BUDGET

Mr. André Maltais (Manicouagan): Madam Speaker, yesterday, several Hon. Members had the opportunity of meeting the young people who were taking part in the Katimavik program, I believe that we should ensure that when the next budget is brought down, substantial amounts are added to the funding for the Katimavik program which has done so much for young people and which deserves the unqualified support of the House of Commons. I would appreciate the Minister of Finance (Mr. Lalonde) considering this possibility. In addition, during International Youth Year in 1985, it would perhaps be a good idea to have public hearings where young people would appear before the House of Commons to air their views. What youth is should be defined by young people for young people. I think it would be very interesting if here in the House, we could take a close look at their aspirations, because as was said earlier by the Hon. Member for Témiscamingue (Mr. Tousignant), we must consider what we are going to do about job creation, especially since within the Progressive Conservative Party, there are already several people looking for a job.

S.O. 21

[*English*]

THE LATE LEONARD NICHOLSON

TRIBUTE TO FORMER RCMP COMMISSIONER

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, Canada lost an outstanding citizen on Tuesday, when Leonard Nicholson, Commissioner of the RCMP between 1951 and 1959, died in hospital in Ottawa.

• (1410)

Canada can be grateful and proud to have had such a man in such a position of influence at such a critical time, in the aftermath of Gouzenko. New Brunswickers can be proud of a native son who played such a prominent role in this country, not only in the maintenance of law and order in this country but quite as importantly in respect for the law—

Madam Speaker: Order, please. I have to remind the Hon. Member that statements at this time are not to be used for this kind of tribute to a person, no matter how worthy that person may be. If the Hon. Member does not have a statement on an issue which he feels is important, I am afraid I will have to declare him out of order.

Mr. Munro (Esquimalt-Saanich): I do think it is important to pay tribute to a man who has been Commissioner—

Madam Speaker: I am sorry. There are provisions whereby, in other places and other circumstances, this can be done. I sympathize with the Hon. Member, but I cannot allow it at this time.

* * *

CUSTOMS AND EXCISE

SUGGESTED INCREASE IN PERSONAL EXEMPTION FOR RETURNING CITIZENS

Mr. Bill Yurko (Edmonton East): Madam Speaker, on June 30, 1981, I moved a motion in this House. I want to repeat it because of correspondence that I have received lately.

In view of the fact that Canadians travelling abroad on returning home after prolonged vacations are permitted $150 worth of duty-free purchases per person if a person has been out of the country for seven days, and in view of the fact that this amount has been badly eroded by inflation over the last decade and barely covers vacation expenses in most cases, I had moved, seconded by the Hon. Member for Erie (Mr. Fretz), that the Government give serious consideration to increasing the duty-free purchasing abroad to $250 per person if a person has been away for seven days or longer.

Since most Canadian foreign travel is to our neighbour, the United States of America, and since Canada has a very favourable balance of accounts with the United States, I ask that the Government give this matter serious consideration and bring forth such an adjustment in the next federal budget.

Such reasonable considerations will serve to reduce the increasing tensions arising between our two nations.

* * *

HUMAN RIGHTS

EL SALVADOR—A VOICE FOR THE VOICELESS

Mr. Bob Ogle (Saskatoon East): Madam Speaker, on March 24, today, I would like to pay tribute to Archbishop Oscar Romero who died three years ago, a victim of an assassination.

Some Hon. Members: Oh, oh!

Mr. Ogle: I will speak to the question of justice that he died for. Archbishop Oscar Romero stood for the poor, the poor who have been calling out—

Madam Speaker: Order. Unless the Hon. Member discusses an issue, I cannot allow him to continue. He must discuss an issue in these statements before the House.

Mr. Ogle: I speak simply to the question of justice. In El Salvador, most of the people are poor. Most of the people do not have a voice. Once in a while in the history of mankind a person comes along whose voice begins to speak for the voiceless. Today I would like to join my voice with those who have gone before us speaking for those who do not have the power to speak for themselves.

Powerful nations, powerful Governments, and powerful armies sometimes come to a country and say they are speaking for the people. This is false. In tribute in this last minute, I would simply like to say that the person we are remembering today, said moments before he died—

Madam Speaker: Order.

ORAL QUESTION PERIOD

[*English*]

AGRICULTURE

POTATO EXPORTS—INVESTIGATION BY UNITED STATES COMMERCE DEPARTMENT

Mr. Mel Gass (Malpeque): Madam Speaker, my question is directed to the Minister of Agriculture. According to a decision made by the U.S. Trade Commission on March 22, allegations made by the State of Maine Potato Council that Canadian potatoes are being sold on U.S. markets at prices lower than in Canada, thereby damaging the potato industry in Maine, are to be further investigated by the U.S. Department of Commerce. American potato growers have asked that penalizing duties be imposed against potato imports from Prince Edward Island and New Brunswick. Is the Minister aware of this situation, and what does he plan to do to protect potato growers in P.E.I. and New Brunswick from this type of harassment and uncertainty?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am sure the Hon. Member knows the procedure that is followed in the United States of America. They followed that procedure by a split vote in their commission that investigated the charges that their producers made. They decided to go ahead with the inquiry. The study and inquiry will take place. If I understand correctly, it has to be completed by August 1. We have received representations from the potato producers through their official organ, the Canadian Horticultural Council. They have asked us to assist with regard to fees for solicitors, et cetera, which are estimated to cost $100,000. We are very much concerned about it. We feel it is a form of harassment and that is the procedure they will follow. I understand that hearings will be held in Charlottetown, Fredericton, and probably one other location during the coming weeks and months.

REQUEST THAT MINISTER TAKE IMMEDIATE ACTION

Mr. Mel Gass (Malpeque): Madam Speaker, the estimated value of the potato industry to P.E.I. and New Brunswick is $32 million. It is critical to the economy of both those Provinces. The farmers of P.E.I. and New Brunswick can get little assurance and relaxation from what the Minister has just said. I again ask the Minister what immediate steps he plans to take to create some certainty in the potato industry in P.E.I. and New Brunswick.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member knows that meetings have been held in New Brunswick, Prince Edward Island and the other eastern potato-producing provinces, Ontario and Quebec. Other meetings will take place next week. They have been talking about forming a better marketing system for potatoes for the past several years. They put forward seven papers on what kind of plan they want for marketing. If they had that plan at this time, they would not have to worry very much about what the United States or anybody else is doing.

IMPORTATION OF UNITED STATES POTATOES

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, I do not believe that the establishment of the organization proposed by the Minister will in fact change the world market price of potatoes, which he is suggesting it will do. Inasmuch as the basis of the decision is the fact that the State of Maine has stated that we have damaged their potato industry, can the Minister now tell this House what parts of the Canadian potato industry are being damaged by imports from the United States? Is he in the mood to take any comparable action against the movement of potatoes northward?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member is talking about the potato indus-

try in British Columbia which is being affected in a very harsh economic fashion by cheap imports from the United States. British Columbia producers have lowered their price twice. Potato shippers in the United States have met that competition. We feel they are now dumping potatoes in Canada, and we have already started an investigation.

AMOUNT OF CROSS-BORDER TRADE IN POTATOES

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, I would like to ask the Minister what action he thinks should be taken with regard to potatoes which are coming into Canada, not only in British Columbia, but which will be and perhaps are now coming from all parts of the United States, as they come season by season to supply the Canadian potato market until such time as the Windsor area begins to produce potatoes in Canada.

The market movement of potatoes into Canada in the last ten years has shown that, pound for pound, we have imported more than we have exported. What case is the Minister prepared to present to show that this is in fact a seasonal exchange of product that they, in dollar terms, and usually in weight terms, have an advantage in their marketing in Canada versus our marketing in the United States? Will that bear no weight in their ultimate decision or in the presentation which the minister will make to the U.S. Government?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, the Hon. Member knows full well what the voice for the potato producers of Canada has said at the annual meeting held recenty in Ottawa. I refer to the Canadian Horticultural Council. Their motion, in very simple terms says "You in the United States produce enough potatoes for yourself, we in Canada produce enough potatoes for ourself; you keep yours, and we will keep ours". That, in very plain terminology, is what it amounts to. That was the voice for the potato producers in Canada. We work very close with them in what they are suggesting.

I met with the western potato producers in Winnipeg. I met a delegation here when they were attending the Canadian Horticultural Council meeting. They are meeting today and tomorrow in the United States with potato producers from the northwestern United States. There will be representatives from all of Canada there to decide how to work out a better trading program among themselves.

● (1420)

POTATO INDUSTRY INQUIRY

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, my supplementary question is directed to the Minister of Agriculture. Since we had committed ourselves some three years ago to an inquiry into the potato industry in Canada, why has that not been done and why is it that our potato industry is now being investigated by Americans south of the border, who seem to want to investigate every aspect of Canadian economic activities these days? Why are we not investigating the Canadian potato industry here in Canada?

Some Hon. Members: Hear, hear!

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am sure the Hon. Member knows that there have been several hearings taking place in Canada about potato marketing. If the Hon. Member is suggesting a Royal Commission—and I heard applause from the other side, yet they always condemn these Royal Commissions—I do not believe a Royal Commission is appropriate, but there have been hearings and decisions have been made. The National Farm Products Marketing Council has held hearings on potato marketing, on how it should be helped. That is why they are recommending the kind of a marketing system which is wanted. It has been endorsed by Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, and, Madam Speaker, is being endorsed by the western Provinces. The western Provinces say they are ready to move faster than the eastern Provinces on this very similar kind of condition.

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NUCLEAR ARMAMENTS

PROPOSED TESTING OF CRUISE MISSILE

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is directed to the Prime Minister. Both he and the Secretary of State for External Affairs stated last week, and earlier this week, that the Cruise testing would be looked at in light of progress made at the Geneva talks, and also that declining to test the Cruise would not be a breach of any of our commitments. He said that the day before yesterday in the House. Last evening, at his dinner for U.S. Vice-President Bush, the Prime Minister not only did not make any connection between testing and progress of the talks at Geneva but, even more seriously, he said that refusing to test would in fact be a breach of some of our commitments. Which of the Prime Minister's statements is the Canadian public to believe?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I repeat that when I said there would be no breach of any commitment, that is the only thing I could say, because there has been no commitment. I believe that has been made clear repeatedly in the House. The Hon. Member says I said last night that there had been a commitment. I should like to know where and how I said that. If she has any text, I would be happy to hear it from her.

CANADIAN COMMITMENT TO NATO

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, the Prime Minister clearly wants to have the public continue in a state of absolute and complete confusion on this subject. He said last night that we would not be in breach of any commitment if we tested the Cruise. What I am asking him is how does that square with him saying that we would be—I am sorry, he said that we would be in breach of our commitment—

Some Hon. Members: Oh, oh!

Miss Jewett: —if we tested the Cruise. How does that square with his earlier remark that we would not be. He is saying one thing one day—and he has me confused and he has everyone in the country confused about this. If the Prime Minister refers to a commitment to Europe, Madam Speaker, if that is the commitment he says we would be breaching if we decline to test the Cruise, will he explain to me why it is possible for Norway not to test or deploy nuclear weapons and still remain a member of the alliance, and for Belgium possibly to refuse to deploy nuclear weapons? Would the Prime Minister explain to me why Canada has no independent initiatives in the alliance?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can assure the Hon. Member that I did not say there was a commitment to Europe to test the Cruise. There was no commitment to the United States and there is none to Europe.

What I said last night it seems to me is reasonably clear, if the hon. lady looks at the transcript. I was saying that there was a two-track decision made by NATO in December, 1979, to which all the members of NATO, including Canada, subscribed. One of those two tracks was an undertaking to deploy in Europe, in certain countries—not necessarily every one of them, Norway or Belgium, but in certain countries—to deploy Euro-missiles. That was a commitment which Canada made with the others.

My argument last night was that those who oppose the Cruise testing in Canada are really asking us to renege on a NATO commitment made by the Europeans to their North American partners. That is the logic I was putting forth last night. It does not mean that there has been an agreement made. I told the House before that we want to make sure that both tracks are being pursued, in other words, that the negotiations with the Soviet Union are being pursued at the same time as we are preparing for the deployment of the Euro-missiles, and that our judgment of how the other track was proceeding would influence us in deciding whether we would go with the Cruise or not. Indeed, that other track is what we discussed very extensively with Vice-President Bush yesterday.

Miss Jewett: Madam Speaker, the Prime Minister has said we are doing this because Europe has asked us to do so. That is a direct quote from last night. Now he is saying that Europe has nothing to do with it, it is not their request. Indeed, it is a request from the United States for the air launch Cruise missile testing, from the B-52 bombers. That that is what the request is all about. I wish he would make that clear.

UNITED STATES POSITION

Miss Pauline Jewett (New Westminster-Coquitlam): My final supplementary relates to the speech of President Reagan last night. Following on all the discussions about arms reductions with Vice-President Bush yesterday, we hear President Reagan announce what can only be described as a frightening escalation of the nuclear arms race, an escalation which could well violate the rather fragile arms agreements we already have. I would like to ask the Prime Minister, particularly in light of the fact that the U.S. Congress has reduced the President's defence request from a 10 per cent increase to a 4 per cent increase, is there any inclination on his part, and the part of the Government, to stop doing exactly what President Reagan wants, and to take its lead from the U.S. Congress instead, or is the Canadian Government more susceptible to pressure from the White House than is the U.S. Congress itself?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, until now I respected the hon. lady's concern about this matter. I wonder if I will continue maintaining that respect after her interpretation of my speech last night. She misquoted and misstated what I had said in the first part of her question just now, and then she seems to have omitted completely anything else I might have said in that speech where I urged the Americans very strongly to try to return to a more flexible attitude in seeking progress in the INF talks.

I urged them to try to recoup the spirit which had existed for ten years, between 1962 and 1972 after the Cuban missile crisis, when there had been an immense amount of progress on anti-ballistic missile treaties, on hotline treaties, on non-proliferation treaties, on partial test-ban treaties, and on various confidence building measures. I said that that was a very productive period and we were worried that since, perhaps, ten years there has been nothing positive coming out, and particularly the fact that the United States has not ratified the second SALT II talks. These are things which worry us. Therefore, the whole thrust of my statement last night, it seemed to me, was to urge the United States on in the direction in which I thought the Hon. Member herself was interested. Now she seems to be more interested in trying to misinterpret my speech than in seeking progress in this matter.

Some Hon. Members: Hear, hear!

NATO DECISION IN 1979

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my supplementary question is directed to the Prime Minister. It applies to his previous response where he was discussing the 1979 two-track decision taken at the NATO ministerial meeting. He seemed to imply—and this is what I would like clarification about—that the decision as to whether or not there would be testing of the Cruise guidance missile system in Canada was also taken at that time. I would like him to tell the House that it is his understanding that the decision which was taken in 1979 applied to the arms control talks and to the deployment of the Cruise and Pershing missiles in Europe only, and had nothing to do whatsoever with the testing of any guidance missile system here in Canada.

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): That understanding is correct, Madam Speaker.

PROPOSALS TO AID GENEVA TALKS ON DISARMAMENT

Mr. Douglas Roche (Edmonton South): Madam Speaker, my question is directed to the Prime Minister. On Monday the Secretary of State for External Affairs, commenting on the forthcoming visit of Vice-President Bush, said that the Canadian Government would be putting its views forward on various proposals with respect to the Geneva negotiations.

May I ask the Prime Minister what proposals the Canadian Government advanced with Vice-President Bush yesterday that would make a significant contribution to solving the dilemma of the Geneva negotiations, so that true progress can be made on mutual balanced and verifiable nuclear disarmament in the world?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, essentially the Ministers and I made two proposals. They were both stated publicly in my toast to Vice-President Bush last night. I summed up the second proposal in my answer to the Hon. Member for Vancouver-Kingsway—

Miss Jewett: I have a new riding now.

Mr. Trudeau: Vancouver-New Westminster—

An Hon. Member: That is close.

Mr. Trudeau: Somewhere in British Columbia, Madam Speaker—the other side of the mountains that those people do not climb enough.

Madam Speaker: It is New Westminster-Coquitlam. I have some sympathy with the Right Hon. Prime Minister.

Mr. Beatty: I don't.

Mr. Trudeau: The thrust of the proposals has to do with something I said in the House the day before yesterday in answer to a member of the Opposition, to wit, that we thought the zero-zero option was the ideal option, one which would certainly be better if there were no Euro-missiles at all in Europe, but that we were not certain it was a realizeable goal, and that we were urging the United States to look at compromise or intermediate solutions. That is the essence of the message we gave to Vice-President Bush.

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INDUSTRY

ENTERPRISE DEVELOPMENT PROGRAM—ELIGIBILITY OF SERVICE INDUSTRIES

Hon. Bill Jarvis (Perth): Madam Speaker, may I put a question to the Minister of Industry, Trade and Commerce. He will not be surprised to know that I want to raise with him the issue of the Maislin trucking bailout, a company that has been the beneficiary of $34 million of taxpayers' money that was pledged against its indebtedness.

Last summer the Minister's predecessor, in response to questions from Members of the Opposition and, indeed, from Government backbenchers, said on August 30 that if people came forward with applications and made their case on the merits, they would certainly be considered. Last week, on March 18, the Minister said, as reported at page 23908 of *Hansard*:

> As funds were limited at that time we made the decision not to proceed with service sector applications.

Am I correct in understanding that the only service industry, trucking or otherwise, that will be the beneficiary of government largesse will be Maislin Trucking, under the Enterprise Development Program?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, to my knowledge that is the only company under the ED Program, but there could be some, for example, in the tourist industry under different programs. I will get back to the Hon. Member with a specific response to his question.

MAISLIN COMPANY APPLICATION

Hon. Bill Jarvis (Perth): Madam Speaker, I hope I do not accuse the Minister's predecessor wrongly, but he referred to the merits of the application. As the Minister well knows, dozens of applications have come to his Department from service industries, including the trucking industry and others, under the Enterprise Development Progam. No matter what the legitimate merits of the applications are from these service industries, are we to understand that the only successful applicant over the last year has been Maislin Trucking?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, my predecessor, in an effort to assist a number of companies that came before the Government at the time, made a very sincere effort to look at those applications. Unfortunately, there was also a substantial increase in demand from companies in the manufacturing and processing sectors which the program was originally designed to assist. Because of the fiscal restraint that we were under, plus the increased number of applications subsequent to my predecessor's willingness to consider service sector applications it was decided that it was more appropriate to handle the manufacturing and processing applications first. They obviously had the priority as the program was designed for these sectors.

CRITERIA FOR ELIGIBILITY

Hon. Bill Jarvis (Perth): Madam Speaker, just so that we can be absolutely clear, may I ask the Minister whether the only service industry that would qualify with any optimism, or

that would apply with any optimism for a government handout or a government pledge of $34 million, or even a lesser amount, is a service industry that would fit these qualifications: one so mismanaged that the Government insisted on a new chief executive officer; one in such a precarious financial position that government officials advised against any government involvement; the majority of whose employees are in the United States and are not citizens of Canada; and one that is a friend of the Liberal Party? Is that the bottom line for service industries in this country to apply to the Government for aid?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I get the impression from the questions coming from the Official Opposition in the past two weeks that they are looking forward to having the Maislin Corporation go under. As a fellow Member of Parliament I find that attitude unacceptable, and regret that the concern for the jobs at stake is not taken more seriously by Hon. Members. I expect a little more from them in this regard.

NUMBER OF JOBS PROVIDED BY MAISLIN

Mr. Doug Lewis (Simcoe North): Madam Speaker, I too have a question for the Minister of Industry, Trade and Commerce. We all have trucking companies in our constituencies and they all need help, but only one got help. That is the point.

Earlier this week the Minister advised the House that, like a lot of other trucking companies, Maislin is experiencing financial difficulty. But Maislin was the only trucking company to get assistance, presumably on the basis of the number of jobs that would save. Can the Minister confirm or deny to the House that, of the 2,000 jobs mentioned in his predecessor's press release of July 31, only 800 remain in Canada?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I will check that question and get back to the Hon. Member with the specific number of jobs involved.

FINANCIAL POSITION OF MAISLIN

Mr. Doug Lewis (Simcoe North): Madam Speaker, earlier this week the Leader of the Opposition asked the Minister to inform himself about the financial stability of Maislin, and then inform the House. Media reports indicate that Maislin has been making monthly and quarterly statements to the Minister's Department. Can he tell the House what the financial situation of Maislin is in regard to profits or losses in the last quarter, from October 1 to December 31, 1982, so that the House, and the taxpayers of Canada who have bailed out Maislin, may know what the situation actually is?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the Hon. Member is a chartered accountant, a profession for which I have a great deal of respect. As such, he knows that Maislin must publish an annual statement according to the law of this country. When that statement is issued, everyone in Canada will be able to see the financial figures.

REQUEST THAT MINISTER REPORT ON DISCUSSIONS WITH MAISLIN

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, in an article in today's *Financial Post* a government source is quoted as saying:

> We're talking to the company almost every day and see them about twice a month—

If that is the case, surely the Minister can inform the House whether the company is suffering continued losses. Can he not go that far and inform the House of the health or non-health of the taxpayers' $34 million investment in the company?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as the Leader of the Official Opposition knows, Maislin is a public corporation. Their shares are traded on the stock exchange and as such they will be making their corporate financial statements public, as required by law. With his years of experience, the Hon. Member knows that. I do not think it is either appropriate or responsible for me, as a Minister of the Crown, to make those corporate financial statements public when it is provided under the law, under the Canada Corporations Act, I believe, that the company must do so.

Mr. Nielsen: Madam Speaker, I am not asking the Minister to make financial statements available now. I am following up on the line of questioning of yesterday and today. Surely the Minister has to take a sufficient interest in the taxpayers' $34 million to keep himself informed of the stability of the company? All he is doing by that kind of answer is stonewalling.

INQUIRY RESPECTING LOSSES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the *Financial Post* article goes on to say:

> There is no lack of acknowledgment by government spokesmen that close tabs are being kept on the company—

If that is the case, why will the Minister not inform us of the extent of the losses of this company on a month-by-month basis? I suggest that he knows what those losses are and he is not informing the taxpayers who put up $34 million to bail out the company.

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): As I said to the Hon. Member the other day, Madam Speaker, we treat this case very seriously because of the Government guarantees and also because of the job creation element. I also think my responses should be much more responsible than that, since we have a public corporation whose shares are traded on the stock exchange. It would be irresponsible to

respond specifically to every single question regarding the financial capability of this particular corporation. I do not think that is in the best interests of the future of the company or the stability of the jobs in the Corporation, or the indirect jobs created by the company.

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• (1440)

BANKS AND BANKING

REQUEST FOR REDUCTION OF HIGH MORTGAGE INTEREST RATES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Minister of Finance. He will recall, and I am sure be aware of the fact, that there are still significant numbers of people who took out mortgages during the very high interest rate period and who are locked in for a year, two years or sometimes even longer, with interest rates in excess of 19 per cent. Given that the banks have recently announced that they are making a substantial recovery with regard to their profits, is it not reasonable for the Government to approach them and ask whether they would consider reducing the very high levels of interest rates being charged to those few Canadians who are locked in, in order that they not be put in such a financial bind?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, obviously any borrower can renegotiate with the lender arrangements made under a particular loan agreement. Obviously in these arrangements there are generally penalties to be incurred if the loans are called or reimbursed before the expiry date.

In my discussions with the Canadian Bankers' Association, I have already drawn attention to the fact that it should show a great deal of responsibility in that regard, take into account the particular situation of individuals and try to accommodate individual situations. I would be very happy to pass the further representations of the Hon. Member on to the Canadian Bankers' Association and the banking community generally.

REQUEST THAT GOVERNMENT INTERVENE TO ASSIST HOME OWNERS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my supplementary question is directed to the same Minister. The Minister of Finance indicated that people are able to renegotiate downward the level of interest they pay. He knows full well that the penalties charged, generally speaking, are far beyond the ability of the majority of citizens in terms of capital outlay at the moment.

We still have substantial unemployment and many people with mortgage interest rates they simply cannot afford, well in excess of 19 per cent. Surely it is not too much to ask of the Government, having made representation and having been rebuffed, that it take action to say to the banks, since they have made a substantial recovery during this first quarter and the substantial recovery they have made is clearly one they expect to continue, that they must now deal with people locked in to very high interest rates over which the people themselves have no control, and over which the Government exercised absolutely no control at the time?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have heard the Hon. Member's representations and indeed I will bring them to the attention of Canadian bankers.

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NUCLEAR ARMAMENTS

UNITED STATES PROPOSAL TO DEVELOP OUTER SPACE WEAPONS SYSTEM

Mr. Paul E. McRae (Thunder Bay-Atikokan): Madam Speaker, my question is directed to the Right Hon. Prime Minister. Last night when he was dining with the Vice-President of the United States, the President of the United States made a statement indicating that its Government would proceed toward developing a satellite anti-ballistic missile laser system, much against the outer space treaty which we signed in 1967, and very much opposed to Parliament's Standing Committee on External Affairs and National Defence which unanimously opposes such an idea. Would the Prime Minister review the statement of the President and convey to the United States Government the concern of Parliament about this very dangerously destabilizing proposal?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I must admit that I have not heard or read the statement of the President. I understand the Department of External Affairs is discussing it with the Minister. I expect to enter the discussion at some point. Therefore, I would not want to comment beyond saying that we will study it very seriously.

I get from the question the concern about anti-ballistic missiles. I agree that that was a very important part of SALT I, but my understanding is that this is something for a great distance in the future and will not affect present negotiations for nuclear arms limitation and reduction. That is the aspect of it about which I am satisfied, that it will not affect present negotiations. The Hon. Member raises a real concern. I will undertake to look into it.

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FISHERIES

FISH PLANT QUOTA ALLOCATIONS

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, I wish to direct my question to the Minister of Fisheries and Oceans. Atlantic fish processing companies are now operating on three-month quota allocations that are due to expire at the end of March, which is just about seven days from now. In view of the uncertainty this action is creating among fishermen and the processors who are unable to reopen closed plants,

resulting in continued unemployment, when will the Minister extend the long-term enterprise allocations these companies need to become economically viable?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I would like to say to the Hon. Member that it was at the request of the different Atlantic Ministers of Fisheries that the decision was taken at the end of last year not to renew the enterprise allocations, pending the solving of the restructuring question. For a temporary period of time what has been decided is to prolong for three months, or a little more than that, enterprise allocations, until the new configuration of the industry is decided upon, whereby afterwards we will be able to discuss the enterprise allocations program.

Mr. Crouse: I thank the Hon. Minister for that reply. I hope he will make the next three-month allocation known very shortly.

GOVERNMENT MARKETING POLICIES

Mr. Lloyd R. Crouse (South Shore): Madam Speaker, my supplementary question is directed to the same Minister. The main unresolved question following the tabling of the Kirby report concerns the four recommendations in the marketing section, numbered 34, 35, 36 and 37. Since these recommendations, if implemented, will give massive power and control to the federal Government over the fishing industry, a threat which is causing considerable apprehension throughout the entire industry, when can it expect a final decision from the Minister with regard to the Government's marketing policies?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I say to the Hon. Member that we do not have the same interpretation of the Kirby recommendations on marketing. I would even tell him that we invited the Government of Nova Scotia to give us its official point of view. I also have some ideas that I shared with them. On the question of marketing, not only do we have the structure one can think of, but more fundamentally the question we must ask ourselves is: in view of the increased supply which we will have between now and 1987, how will we together expand the fishing market?

If Canada and the United States would consume one pound more per year per capita, it would amount to over 300 million pounds. We are a way down compared with Europe, on fishing consumption. We must expand the market, otherwise it might be wiser to leave the fish in the water than to depress prices, as we might have downside pressure for the next few years. There are many initiatives upon which the Government will be embarking, as I have announced, after its decision on the Kirby report.

TRANSPORT

URBAN TRANSPORTATION ASSISTANCE PROGRAM—ERNESTOWN TOWNSHIP, ONT. PROJECT

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, my question is for the Minister of Transport. Could the Minister give any indication as to the status of a request for funding assistance under the federal Urban Transportation Assistance Program for the proposed mainline CN rail grade separation in Ernestown Township. It is my understanding that Urban Transportation Assistance Program funds are currently fully committed in Ontario. Considering the extreme importance this arterial road project will have, for local industrial development, has the Minister discussed with his Cabinet colleage, the Minister of Finance, the level of funding in the upcoming budget for UTAP?

• (1450)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it is either one of two things. Either this project has already been approved by the Government of Ontario, my Department and by the CTC and, if that is so, I will check and inform my hon. friend. If it is a new program, then I will have to tell the Hon. Member—and he seems to know—that Ontario has used all its funds in the UTA Program which ends in 1984. With respect to the future, I have a paper before cabinet now, which has not yet been studied, having to do with the creation of what I call the "son of UTAP". The decision as to whether it will be born or not is still to be made.

REQUEST THAT PRIORITY BE ASSIGNED TO PROJECT

Mr. Bill Vankoughnet (Hastings-Frontenac-Lennox and Addington): Madam Speaker, again my question is for the Minister of Transport. It is my understanding that this program has been approved by the Ontario Government and that it is funding from the federal Government that is holding it up. Will the Minister make this a priority in the upcoming budget for the next fiscal year?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, sometimes the Government of Ontario approves a program under UTAP for which there is no money in the bank. That, of course, is not a real approval. But again, I will check on the Hon. Member's case. If it is a matter of there being no funds available, then I am sorry but my hon. friend will have to count on the Government of Ontario to carry the program alone, or he will have to wait to see if we will have the "son of UTAP".

* * *

EMPLOYMENT

STUDENT PROTEST AGAINST CREATION OF MILITARY JOBS

Mr. David Orlikow (Winnipeg North): My question, Madam Speaker, is for the Minister of Employment and

Immigration. Today, students from his own university, the University of Winnipeg, and students from the University of Manitoba, are demonstrating in front of the Canadian Forces Recruiting Base to protest what they consider to be a waste of federal funds for military summer jobs because they feel these jobs are unrelated to their education. They propose that the funds should go into career internship and community development, fields which are related to their own areas of education. Would the Minister give some very serious consideration to the protests from his own university?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, we have spent a good deal of time meeting with students over the past week and, in fact, over the past several months. I have also had a number of conversations with members of our own caucus concerning the various ways in which we can try to assist young people get employment. There is no question this is one of the most serious issues facing the country and that we will try to provide support for them in a way that we can.

We have inaugurated certain pilot projects, as the Hon. Member may know, in those two universities to provide work-study programs which enable the students to attend school and at the same time get job experience. There is no lack of different, useful proposals. The question is what packaging or balancing of options will most effectively help young people during this very difficult recessionary period.

REQUEST THAT STUDENT LOAN PROGRAM BE EXPANDED

Mr. David Orlikow (Winnipeg North): Madam Speaker, the President of the University of Winnipeg Student's Association has predicted that unemployment for university students in Winnipeg, and I am sure the same is true in every other university city and town, will be over 25 per cent this summer. This means, despite everything that has been done by the federal and provincial Governments, that not enough has been done. Will the Minister indicate whether the Government is giving any consideration to more new programs that will cut down that very serious rate of unemployment, because many of those students will not earn the money to go back to school next September? Will he discuss with his colleague, the Secretary of State, the possibility that the student loan program will be expanded so that these students can get some loans this fall in order to go back to school?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Hon. Member should know that just a few weeks back we announced the addition of $50 million for the summer employment program, an increase in funds of some 40 per cent. We hope that will provide some leadership and direction for other provincial Governments and people in the private sector to employ students during this period.

This summer we will also be opening some 400 offices across Canada. They will provide direct placement services for upwards of 200,000 or 300,000 young people during this period. We are trying to make an effort to assist students. But we recognize at the same time that young people in the job market will be going through a particularly strenuous period and, as I have said before, their is a matter of very active discussion and concern among members of our own caucus as to how we can best help students over the next year and a half.

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OFFICIAL LANGUAGES

REQUEST THAT MINISTER BE APPOINTED TO ENFORCE LEGISLATION

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Madam Speaker, I have a question for the Prime Minister. This week the Commissioner of Official Languages tabled his annual report, in which he highlighted continuing violations of the Official Languages Act. He cited several flagrant examples, such as those of Air Canada in Timmins, and Petro-Canada in Quebec. These Crown Corporations are not giving adequate services to the official language minority. Since the problem appears to be with the enforcement of the Act in the various Departments and agencies, will the Prime Minister consider designating a Minister with sufficient power to enforce the legislation in all Departments and agencies in order to avoid a continuation of this type of violation?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will certainly take notice of the question, because we are concerned with the facts as stated by the Commissioner of Official Languages. I will inquire into the best ways of ensuring that all Departments are more zealous in applying the requirements of the Official Languages Act. I have not had time to consider whether I should again consider designating a special Minister, or whether I should use some other mechanism to ensure that, but I will look into the matter very seriously.

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HARBOURS

REPORTED FUNDING FOR QUEBEC MARINAS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, I have a question for the Minister of Fisheries and Oceans, if I may. Last week there was a report in the paper that the Government had put up some $9 million for a chain of marinas along the St. Lawrence from Baie Comeau to Quebec City. Could the Minister confirm that particular report?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, that question should be asked of the Minister of Tourism or the Minister of State for External Relations. It is not an activity of my Department.

Oral Questions

APPLICATION FROM SIDNEY, B.C.

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, since the Department over which the Minister presides has within it a branch of small craft harbours from which funds of this sort normally come, I wonder why the Minister is backing away from it. He should know that for a number of years from Sidney, British Columbia, there has been a request to his Department for much less money than this for a breakwater to provide one marina in Sidney, B.C. Why has the Minister abandoned his responsibility and turned it over to some other authority?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, my hon. friend is confusing two issues. For the regular program of the small craft harbours, cabinet has instructed me to consult with the different participants to get their views on the level of expenditure for that program.

As for the other program, which is not at all related to my Department and which is not costing my Department one cent, it is administered by my colleague, the Minister of Industry, Trade and Commerce and DREE, and relates to the tricentennial anniversary of the discovery of Canada by Jacques Cartier, which is an international event. This is why it is funded by another budget, not from the budget of my Department.

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REGIONAL DEVELOPMENT

FUNDING FOR EASTERN ONTARIO DRAIN PROGRAM

Mrs. Jennifer Cossitt (Leeds-Grenville): Madam Speaker, my question is for the Minister of Industry, Trade and Commerce, if I could get his attention. He is aware of my concern because I have telephoned his office on a number of occasions and I wrote a letter to him last December 23. My concern is with respect to the drain programs under the Eastern Ontario Subsidiary Agreement, an agreement which the Conservative Government introduced in 1979. This was an attempt to bring a resolution to the problem we had with the ARDA Program. Would the Minister give a commitment that the $2 million for the drain program under the Eastern Ontario Subsidiary Agreement will be provided so that these drain projects for the farmers can commence?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as the Member of Parliament who worked for four years almost all by myself in preparing that sub-agreement with the Province of Ontario, I am very familiar with the programs, and I also know of the Hon. Member's interest in this specific aspect of the agreement.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Lumley: Unfortunately, the provincial Minister of Agriculture has written an erroneous letter to all municipalities in eastern Ontario indicating that the federal Government was not forthcoming with their share of the funds for drainage. Once the Minister checked with his officials, he discovered that it was at the Province's request that we held back the funds for all individual drains because of the Province's desire to finance three major drains. I have since received apologies from the Government of Ontario for that letter that was erronerously sent out under the Minister's signature.

● (1500)

I have since decided that we will approve all the individual drains until such time as the funds have been depleted. However, the three major drains that were proposed, and for which the Province originally asked to hold back the funds, will probably not have the cost-sharing because it is expected that all the funds will be needed for the individual farmers' drains in the counties of eastern Ontario under the agreement.

* * *

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the petitions presented by Hon. Members on Wednesday, March 23, 1983 meet the requirements of the Standing Orders as to form.

* * *

POINT OF ORDER

MR. LEWIS—PRIVILEGE OF MR. MACKASEY—OFFENDING MATERIAL NOT TABLED—RULING BY MADAM SPEAKER

Madam Speaker: I would like to rule on the point of order which was raised in the House yesterday by the Hon. Member for Simcoe North (Mr. Lewis) relating to the motion moved by the Hon. Member for Lincoln (Mr. Mackasey) on the question of privilege which was ruled upon and proceeded with by the House.

The Hon. Member for Simcoe North referred to citations from Beauchesne's Fifth Edition and the Nineteenth Edition of Erskine May. He asserted that the Hon. Member for Lincoln, at the time he presented his motion, should have made available to the Table certain newspaper articles which were documents relating to the complaint which led to his raising of the question of privilege.

The citations which the Hon. Member offered to the Chair were very interesting and they did deal with the case before us. However, I would like to point out to the Hon. Member that at Westminster, as here, there is a certain discretion allowed the Chair in these matters. I, too, will quote from Erskine May, which states as follows:

> Where complaint was made of a series of articles in several newspapers, the Speaker said that if he called upon the Clerk to read all the articles, he should be trifling with the House, and that he should therefore take leave to depart from the ordinary course.

That indicates that there is a discretion, and in some cases it is even thought advisable to do away with that practice. It seems to me that the Hon. Member is raising his point of order a bit too late. Perhaps it might have been dealt with differently if it had been raised at the time the motion was put.

Of course, the purpose of having these documents read is to give the Speaker and the House enough information upon which to make a decision. Clearly, I did have enough information. I do not say that it would not have been valuable to have more information, but I did have enough to make that decision and I ruled. The House subsequently gave its decision to send the matter to the Committee.

I wish to refer the Hon. Member to a case in our own House from January 24, 1975, concerning the Hon. Member for Kenora-Rainy River (Mr. Reid) when he raised a similar question of privilege. The Hon. Member did not then quote passages from the newspaper articles in his statement to the House. His motion at page 7937 of *Hansard* of July 23, 1975, only mentions "articles contained in the July 24, July 25 and in subsequent editions of the Montreal *Gazette*".

Furthermore, the Chair must emphasize that it is not the articles mentioned by the Hon. Member for Lincoln that have been sent to the Standing Committee on Privileges and Elections, but the entire matter; that is, the specific question of privilege.

Finally, while the Chair took this point of order very seriously, the Chair would like to point out that the point of order should have been raised before the House pronounced itself. Beauchesne's Fifth Edition, Citation 237, is quite clear on this:

A point of order against procedure must be raised promptly and before the question has passed to a stage at which the objection would be out of place.

However, it is a very good reminder to the House if Members, from time to time, would point this out to the Chair. It also reminds the Chair of how proceedings can be dealt with more completely. I am grateful to the Hon. Member for having raised the matter.

Therefore, I must say that the matter is properly now before the Committee and, of course, ought not to be discussed any further.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, this being Thursday, I would ask the Government House Leader if he could give us the House some idea as to the course of business for the balance of this week and next week.

Mr. Pinard: Madam Speaker, today we will debate a motion very soon and there is an understanding that after the vote is taken on that motion, questions to dispose of third reading of Bill C-139 will be put and we will dispose of third reading this afternoon.

There is also an understanding that tomorrow we will give final approval to all remaining stages of two Bills: first, Bill C-130 dealing with international financial institutions; and second, Bill C-144 with relation to the Small Businesses Loans Act.

[*Translation*]

As far as the business of the House for next week is concerned, Madam Speaker, and assuming that the motion to limit debate on Bill C-143 is adopted, on Monday we shall consider and complete the report stage of Bill C-143, the Borrowing Authority Bill, and Tuesday we shall continue the debate on the same Bill, the third reading stage this time, which we shall be completing at the end of the day, so that we shall have two votes on Bill C-143, one vote at 5.45 p.m. on Monday and another at 5.45 p.m. on Tuesday.

Wednesday is the day designated for Private Members' Business, and as provided under the new Standing Orders, we shall adjourn for Easter at 6 p.m. on Wednesday and return to the House on April 11, 1983.

[*English*]

Mr. Deans: Madam Speaker, I have two matters which I wish to raise with the Government House Leader. The first and easiest matter concerns a question with regard to the Standing Committee on Labour. I have been informed that the Committee has not yet had its organizing meeting. There are matters that I think Members from this corner of the House, at least, would like to see considered by the Committee. Would the Government House Leader perhaps bring the matter to the attention of the appropriate persons and have some action taken in that regard?

The second matter concerns Bill C-141, an Act to amend the Canadian Human Rights Act. I understand that the Minister of Justice has agreed, after prolonged negotiations, to take out of Clause 14, Subclause (2) a clause that many people found offensive. With that in mind, and since it now appears to deal with the dispute that had arisen both in the House of Commons and out, is it possible for the Government House Leader to tell the House when Bill C-141 might be called and disposed of in order that those people most affected by it can have the benefit of the law protecting them?

Mr. Pinard: Madam Speaker, with respect to the Hon. Member's first question, I will inquire about the organization of the Committee on Labour. It is news to me but I will look into the matter.

In relation to the second point raised by the Hon. Member concerning Bill C-141, it is correct that there have been negotiations among the three Parties. There was an amendment moved by the Official Opposition deleting Subclause (2) of Clause 14 of Bill C-141. We are in agreement with that amendment and we are also willing to call that Bill next week, most likely next Tuesday during the lunch hour between one o'clock and two o'clock, as negotiated between the House Leaders and provided that all recorded divisions, if any, are deferred until the end of that day.

As the Hon. Member well knows, this matter has been raised and discussed. It seems that if all Parties can agree to it at the beginning of next week, it will likely be called next Tuesday between one o'clock and two o'clock.

Mr. Lewis: Madam Speaker, I want to thank the Government House Leader for his answer and advise him that we are looking into Bill C-141. The House will know that we put down the amendment that was asked for by the association because of our concern with respect to that amendment. I will be getting back to the Government House Leader with respect to the appropriate day and how we will handle it.

The Government House Leader may have overlooked one thing. Would he give the House some idea whether or not it is the intention of the Government to prorogue immediately after we return? What is the Government's plan of action?

Mr. Pinard: Madam Speaker, I am a bit surprised by the question since my hon. colleague knows the list of Bills that have to be dealt with. I wrote to him in January. The fact that we are disposing of some legislation at this time, in this semester of the year, does not mean that we are satisfied with the progress being made. There are other Bills at report stage concerning which we would like to vote before we consider proroguing. We will hold a meeting next week, after which time I will be in a better position to indicate what the business of the House will be when we come back.

• (1510)

Mr. McRae: Madam Speaker, I would like to ask a question of the Government House Leader. Some time ago there was a discussion in the House concerning a debate on disarmament. There had also been some requests for a debate on affairs in Latin America, particularly in Central America, El Salvador, which I think is very much related. I wonder if there has been any consideration to each of the Parties giving up one of their Opposition days after the recess, and perhaps the Government could do the same, so that we could have a debate on this general area.

Mr. Pinard: Madam Speaker, the Hon. Member speaks in terms of the Government giving one day. I think it is well known, or it should be well known, that after we come back, in between April 11 and June 30 there will be 57 sitting days, out of which we will have to allot 13 days and subtract 12 Wednesdays dealing with Private Members' Business. It is most likely we will have a budget and will have to subtract six additional days for a debate on the budget. Therefore, I think it is very difficult, with only 26 days left for Government business—

Mr. Baker (Nepean-Carleton): He was ready for that one!

Mr. Pinard: —to talk in terms of devoting one day to anything other than business to be dealt with by the Government. My colleague is also speaking of an additional eight days for a Speech from the Throne, if any. That would mean that we would have only 18 days in which to deal with Government business from now until June.

That is the reality. If we want to prove that the experimental parliamentary reform is working, we must demonstrate that this institution is more productive and efficient. I call on the goodwill of my colleagues on both sides—

Mr. Epp: You've got our goodwill.

Mr. Pinard: —to make it very evident that parliamentary reform should stay. Therefore, the message is well given and, I hope, well taken.

However, in so far as debate on the subject raised by the Hon. Member is concerned, certainly with 13 Opposition days the Opposition will have a good opportunity to raise the matter. If it will make it easier, I will consider allotting two days in a row for the Opposition very shortly, when we come back, so that it might consider dealing with this matter very shortly after Easter.

Mr. Lewis: Madam Speaker, I can assure the Government House Leader that the goodwill of the Opposition is always here, but it does not extend to granting one of our Opposition days to an Hon. Member of his Party.

Mr. Deans: It is not a matter of granting anything to the Hon. Member who raised the question. The issue which he raises is important. It is an issue, in fact, which I myself raised with the Government House Leader privately some weeks ago.

Some Hon. Members: Oh, oh!

Mr. Deans: I find it interesting that the Conservatives are not eager to discuss it. However, that is not a problem. If we can accommodate having a reasonable debate on important matters such as this, we will consider it very seriously.

Mr. Anguish: Madam Speaker, I would like to propose somewhat of a compromise to the President of the Prive Council. As he will likely know, because I have communicated with him, my Private Members' Bill is entitled "An Act to declare Canada a nuclear weapons free zone". I would like to ask the Government House Leader whether or not, in view of the fact that next Wednesday is a Private Members' day, if my Private Members' Bill could be moved up into the—

Some Hon. Members: No, no!

Mr. Anguish: —place which is designated for another Member of the NDP, who has agreed to a change so that we may discuss my Private Members' Bill. I think it is of some urgency. In fact, not only does it involve a global emergency, but it is also of concern within this House.

We know that a young person by the name of Karen Harrison has been fasting in the galleries for quite some time. She says that she will not break her fast until there is a commitment for debate on this matter within the House of Commons. Will the Government House Leader give consideration to seeking consent from his Party to debate my Private Members' Bill on Wednesday instead of that of the other NDP Member? This is a very important matter.

Mr. Smith: Madam Speaker, that is a matter relating to the Private Members' hour. The Government does not interfere with the Private Members' hour. What Government Members might do individually is something that we could discuss. In the event that the Hon. Member does know of another Hon. Member who is prepared to yield his position, he would need unanimous consent of the House. Hon. Members of this side may be disposed to agree. I could not speak for the other side. However, I would be prepared to discuss it with him privately.

Mr. Anguish: Madam Speaker, I am seeking unanimous consent so that we may enter into debate on my Private Members' Bill.

Mr. Stevens: No.

Mr. Anguish: I did, in fact, consult with an Hon. Member who is willing to yield so that this Bill may come up on Wednesday—Mark—

Some Hon. Members: Oh, oh!

Mr. Epp: A rose between two thorns.

Mr. Anguish: —and I would like to seek unanimous consent of the House that this Bill be introduced on Wednesday.

Mr. Smith: Madam Speaker, I think it would be appropriate for the Hon. Member to seek that consent on Wednesday. Traditionally, Hon. Members on this side of the House have not objected when one Hon. Member was prepared to yield his spot in Private Members' hour to another Hon. Member. I suspect that that would be the case in so far as this side of the House is concerned, However, the Government does not interfere with Private Members' hour, and that is the sort of motion which would be appropriately made next Wednesday during Private Members' hour.

Mr. Lewis: Madam Speaker, I would like to support the position taken by the Parliamentary Secretary to the President of the Privy Council. We on this side take the same position with respect to Private Members' Business. It is something which is private to the Hon. Member who brings forward a Bill. We feel that the sequence of Bills should be respected. However, I agree that if the Hon. Member wants to make that request next Wednesday, then that is the time to do it. It is the business of Private Members, not of the Government or the Official Opposition.

Mr. Deans: Madam Speaker, I substantially agree with the comments made by the Parliamentary Secretary and by the Government House Leader. However, so that an orderly debate can take place, it seems reasonable to inform Hon. Members of our desire to seek that unanimous consent on Wednesday next—

Mr. Baker (Nepean-Carleton): You've done it.

Mr. Deans: We have not yet done it and we are now doing it. At any rate, it would be our desire to substitute the legislation standing in the name of the Hon. Member for The Battlefords-Meadow Lake for that which stands in the name of the Hon. Member for Mission-Port Moody for debate during Private Members' hour on Wednesday next. I do not want anyone rising next Wednesday and saying: "If only you had given us notice, we might have considered it".

Mr. Stevens: Well, the answer will be no.

Mr. Deans: Oh, the Hon. Member here, "Mouthy," says the answer will be no. That tells us something about the attitude of the Conservatives.

Mr. Baker (Nepean-Carleton): I rise on a point of order. I heard the Government House Leader and the House Leader for the Opposition say that it was no business of the leadership of the Parties, that it was Private Members' Business. I have now heard the House Leader for the New Democratic Party intervene in the debate and make it his business. I suggest that if the Hon. Member for Mission-Port Moody is here, it is his business because it is his Bill. He is not here now. Therefore, we appreciate the notice, but I do not think we could ever say that consent had been given until it had been appropriately requested by the Hon. Member.

* * *

POINT OF ORDER

MR. McCAIN—REPLY OF MR. WHELAN DURING QUESTION PERIOD

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, unfortunately, I am not permitted to debate any answers which Ministers may give to questions, no matter how little they comprehend the problem mentioned in the question. However, I do wish to say that the lack of comprehension of the international potato trade, as it relates to eastern Canada—

Madam Speaker: Order. That is not a point of order, and the Hon. Member is debating.

• (1520)

Mr. McCain: Madam Speaker, if I were permitted to debate I would use perfectly parliamentary language which would make earlier criticisms appear grossly complimentary to the Minister of Agriculture (Mr. Whelan).

Introduction of Bills

ROUTINE PROCEEDINGS

[*English*]

CANADA PENSION PLAN

TABLING OF ADVISORY COMMITTEE REPORT ON DISABILITY BENEFITS

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, under Standing Order 46(2) I am pleased to table in the House, in both official languages, the report of the Canada Pension Plan Advisory Committee on disability benefits.

* * *

[*Translation*]

PETITIONS

MR. LACHANCE—INSTALLATION OF POSTAL BOX AT GABRIELLE SAGARD HOUSE

Mr. Claude-André Lachance (Rosemont): Madam Speaker, I am speaking on behalf of sixty-four residents of the Gabrielle Sagard Home on 3001 Everett Street. These senior citizens respectfully ask the Canada Post Corporation to instal a post box near or in the home, which would be more convenient for them.

[*English*]

MR. ANGUISH—TESTING OF CRUISE MISSILE ON CANADIAN SOIL

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, I have a great deal of pleasure today to present to the House of Commons a petition signed by the residents of Canoe Narrows, Cole Bay and Jans Bay in the Province of Saskatchewan, in the Battlefords-Meadow Lake constituency, opposing and testing or proposed testing of the Cruise missile in Canada. These communities border on the Primrose Lake air weapons range.

The petitioners would like their petition brought to the particular attention of the Prime Minister (Mr. Trudeau), the Minister of National Defence (Mr. Lamontagne) and the Secretary of State for External Affairs (Mr. MacEachen).

* * *

NATIONAL CAPITAL ACT

AMENDMENT TO INCREASE NUMBER OF COMMISSION MEMBERS

Mr. Dave Nickerson (Western Arctic) moved for leave to introduce Bill C-677, an Act to amend the National Capital Act.

He said: Madam Speaker, at present every Province in Canada has a representative on the National Capital Commission, but the Northwest Territories and Yukon are not represented unless a person from one of those two Territories happens to be appointed as a member at large, as was the case, for instance, with the late Paul Kaeser of Fort Smith who served so ably for so many years.

My Bill would right this wrong by increasing the number of Commission members to provide for the mandatory appointment of one member from the Northwest Territories and one member from the Yukon.

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

* * *

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER REPORT AND THIRD READING STAGES OF BILL C-143

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, I move:

That, in relation to Bill C-143, An Act to provide supplementary borrowing authority, one sitting day shall be allotted to the consideration of each of the report stage and the third reading of the Bill; and

That fifteen minutes before the expiry of the time provided for Government business on those days, any proceedings before the House shall be interrupted, if required, for the purpose of this Order and, in turn, every question then necessary in order to dispose of the stage of the Bill then under consideration shall be put forthwith and successively, without further debate or amendment.

He said: Madam Speaker, on March 8 when I addressed second reading of Bill C-143, An Act to provide supplementary borrowing authority, I described the Bill as a measure required by the Government for prudent financial housekeeping. I might add that since debate began on this Bill more than a month ago, we have spent more than 33 hours, involving nine days, to take the matter to this stage. This total includes an aggregate of close to 24 hours of debate in this House, and a further ten hours before the House Standing Committee on Finance.

Again as I pointed out at that time, the interim borrowing authority we are seeking is normally a routine procedure which gives the Government economic leverage in the marketplace. Without this authorization, the borrowing activities of the Government would be constrained in the early months of the new fiscal year, which is traditionally a period in which the Government usually faces heavy cash requirements stemming, for example, from payment of income tax refunds and from other seasonal factors.

What we have attempted to point out during this protracted debate on this matter is that if borrowing powers are limited during this crucial time, the Government would be precluded from the prudent planning of its debt program and would not be able to take advantage of developing market situations. This would be costly not only to the Government, but could impact upon provincial Governments in their borrowing activities and could impact also upon the private sector in the market, and therefore be disruptive in the capital market generally.

I would remind Hon. Members that in the tabling of the Main Estimates more than a month ago, the President of the

Treasury Board (Mr. Gray) did give ample indication of how the money under discussion would be spent. I would remind Hon. Members as well that almost two-thirds of those budgetary estimates are slated for statutory expenditures based on continuing authority given by Acts of the current and previous Parliaments which determine the basis whereby individuals, businesses, provincial and other Governments in Canada become entitled to receive federal funds.

The Main Estimates show in great detail the wide variety of programs being carried on by the Government of Canada in meeting its responsibilities of assisting Canadians in a very difficult time. We know that the signs are that this has been a struggle that seems to be paying off, that there is an improvement in the economy, but it is a struggle against a world-wide and very, very difficult recession.

The Estimates reflect a 21 per cent rise in cash payments under the Established Programs Financing Act whereby the federal Government contributes to such things as financing of hospital insurance, medicare, extended health care and post-secondary education. They indicate a $2.9 billion allocation to Unemployment Insurance, as we anticipate a slow recovery in employment prospects during our gradual recovery from the recession. The Estimates show a further 21 per cent increase in federal contributions under the Canada Assistance Plan. This plan provides, for example, for a 50 per cent payment by the federal Government of eligible costs of provincial and municipal expenditures for assistance payments, welfare services and health programs. In addition, we cover one-half of the cost of child support services such as foster care, daycare and a broad array of other family and social support services used by Canadians on an ongoing basis.

If Members opposite are still wondering how the money will be spent, I would mention that the Main Estimates also spell out a number of new initiatives undertaken by the Government, including this Small Business Investment Grant Program and the New Employment Expansion Development Plan called the NEED Program, which was touched upon by the Minister of Employment and Immigration (Mr. Axworthy) today.

I want to touch upon another criticism that has been raised by Hon. Members in the discussion of this legislation before the House. I am talking about a claim made that the expenditures of the Government, as witnessed by the documents tabled by the President of the Treasury Board, or the funds sought in this legislation, reflect that the Government is not managing or controlling expenditures.

• (1530)

I would remind Hon. Members that the policy and expenditure management system was put in place in 1979 following receipt of the recommendations of the Royal Commission on Financial Management and Accountability, the Lambert Commission. That system is in place and is functioning. It was adopted by the Official Opposition when in Government. As Hon. Members are aware, this is a program where spending is broken into ten expenditure categories, with Cabinet committees taking responsibility for expenditure management within an envelope system.

Each envelope is provided with a separate policy reserve which functions as a bank account in which unallocated funds are kept. Cabinet committees can add to their policy reserves by cancelling or cutting down on existing programs. Ministers have to vie, argue and debate for the prudent expenditure of funds. Priorities must be struck, and for any expenditure from those funds there is a check and balance.

There are other controls as well. All budgetary appropriations of funds must be approved by Parliament, and the Government supplies very detailed information in the form of Estimates. For example, I have been before the Finance Committee to report on and account for the Department of Insurance which falls under my responsibility, as every other Minister does for the expenditures of his Department.

Parliament must authorize all taxation and borrowing activity by the Government. Within the Government, the Treasury Board rigorously examines all requests for spending authority by Government Departments and agencies. It is constantly on the lookout for inefficiency or impropriety and screens the submission it receives very carefully. I do not think I have to remind Hon. Members of the office of Comptroller-General and the role that he plays in the scheme of things in terms of official management of expenditures of Government.

The Auditor General examines the Government's financial statements very carefully and reports to Parliament on his findings. We were saddened this week with the sudden and unexpected demise of Mr. Macdonnell who took such leadership in this area. He performs a watch-dog function which helps provide further assurance that Government will function according to Parliament's dictates and as efficiently as possible.

Finally, the Government announced in 1975 that henceforth it would endeavour to hold the trend growth in its expenditures to no more than the trend growth in the economy. Over the period from 1975 to 1980, the Government was successful in meeting this objective. In 1981 expenditures rose more rapidly, no doubt a reflection of high interest rates and the consequent effects on public debt charges.

In conclusion, I urge Hon. Members to give speedy disposition to Bill C-143 to permit the Government to meet the real needs of Canadians which I have expressed. We hope this will be done in a most expeditious manner reflecting the efficiency which I detailed in my comments.

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, in joining in this debate, I do so with real sorrow. I feel that while the Government has the right to use closure which it is now proposing that the House accept, this is not the time to be using closure on such an important matter as the borrowing requirements of the Government.

I say I rise somewhat in sorrow because, having listened to the Minister of State for Finance (Mr. Cosgrove), it is abundantly clear to me that he, and presumably his Cabinet colleagues, have just lost control of the situation. He attempted

to justify the use of closure today on the basis that it is inevitable spending, that somehow they have done their best. To be specific, he said that we put a spending policy in place in 1979 and he feels that things have not been too bad since that scheme was put in place.

Let us not forget the facts. Since this Government took office in February, 1980, just after the 1979 approach that he referred to, Government spending has increased by 68 per cent compared to an increase in the Consumer Price Index of 37 per cent and nominal Gross National Product growth of only 33 per cent.

There can be absolutely no doubt that the public of Canada want and are entitled to a fair debate concerning the Government's borrowing needs, yet we are being denied that. The Minister of State made the comment that after all, Parliament has had 24 hours to debate this matter. I am not too sure whether his arithmetic is correct, but if we divide 24 into $19 billion, we find that he is talking about $800 million per unit. The inference seems to be that after having talked that length of time, let us get on with it.

The Minister is totally ignoring that while there may have been a debate for several hours or days, and I doubt whether it was that long a debate, the fact is that in committee we were denied answers to question after question concerning why the Government needed not only these new funds, but what it had done with some of the funds it has already borrowed. The whole purpose of this forum, this talking House, if you like, this House of Parliament, is that we can debate and hopefully arrive at some consensus as to where suitable changes can be made.

We felt that if the Government needed the $5 billion it was asking for in the current fiscal year, perhaps it should have that authorization. However, we felt there was no need, without understanding more fully what it was going to use the $14 billion for next year, to give it that authority carte blanche. That is our position. To simply say that we have made our point, that somehow or other we have had enough days of debate and the Government is going to bring in closure to get on with it, takes away from Parliament one of its most sacred rights, control, not only of spending, but of borrowing that the Government proposes to do in the name of the people.

The only thing of real substance to which we are entitled in the House is to control Government spending and borrowing. Day in and day out we do not see true democracy in the sense of representative Government but, rather, an elected dictatorship, a dictatorship that goes to the country when they think they can get re-elected on trumped-up issues, so-called charisma. It is an attempt to hoodwink the Canadian public so that they can get back in control and run the country down further and further.

That is why I hope that for once Members will vote the way their conscience tells them to vote on this issue. I hope they will say on this particular point to the Prime Minister (Mr. Trudeau), the Minister of Finance (Mr. Lalonde) and the Minister of State for Finance that Parliament should be allowed more time, and that, hopefully, some amendments can be agreed to. I say that because it is most dreadful to look at this Government's handling of our economy.

• (1540)

Let me put this on the record: Looking at the public accounts data for the fiscal year ending 1982-83, we find in the November, 1981 budget the budgetary deficit as a percent of the Gross National Product would be minus 2.8 per cent. That is partly what we are talking of today, Mr. Speaker, this borrowing need, the Government's financial requirement for budgetary deficit. They told us at that time it would be minus 2.8 per cent. In the budget of June, 1982, it was up to minus 5.4 per cent of our GNP. In the financial statement of October, 1982, it was at minus 6.7 per cent of our GNP. And in the update of February, 1983, it had arrived at minus 7.8 per cent of our GNP. Yet we are told that, regardless of how it has misled this House and the public with respect to the current fiscal year, the Government would like us to sign a blank cheque for another $14 billion to get it through, we are told, until about the summer. The Government is not sure how far this money will take it into next year, but it would like to have it in hand.

The Minister of State for Finance asks how we dare delay passage of this Bill because it may impede the Government's borrowing, taking it for granted that the Government has some right to go out and borrow, and taking it for granted that there should be no questioning of the expenditures which have led us into the malaise which I partly indicated from reading the Government's own figures. But we are now at the point, Mr. Speaker, where one tax dollar in four is used to pay interest on this Government's debt alone. It is phenomenal. If you would like to look at it another way, we are at the point where for every dollar of revenue which the Government now has, it is spending $1.50. One-third, roughly, of the total expenditures at the federal Government level today is being borrowed to pay for it. That is totally wrong.

I have certainly heard Government Members say, "Well, this is what Keynesianism is all about". They believe that somehow if you are in a wrong economic time or in a slump, you should be willing to go into a comparatively larger deficit in order to bring yourself out. But let us look at the facts, Mr. Speaker. If a bigger deficit was going to help, you would think we would have one of the most booming economies in the world. The fact is that in the November, 1981 forecast, the 1982-83 deficit was said to be $10 billion. In June they said it would be $19 billion. In October they said it would be $23 billion, and then finally it was $27 billion. In short, this Government has allowed, in one fiscal year alone, its spending to go from an estimated $10 billion in the red to $27 billion, and what is now touted possibly a $30 billion shortfall.

I mention these things, Mr. Speaker, because I believe when Hon. Members are asked to muzzle Parliament concerning the Bill which is before us, they really must ask themselves why. Why has the Government led us into such a high deficit position? Certainly, our socialists to the left like to talk about these short-term deficits. They, of course, have been one of the

supporters of these big deficits which we are now living with. But the fact is that if it is looked upon by the Government, or the socialists, as short-term, we must bear in mind that this federal Government has not balanced its books since 1970, and as the projections indicate, they will be adding another $140 billion in deficits over the next five years.

Since the Liberals have been in power since 1970, the deficit is certainly not a short-term problem. To have a deficit which has added to our net debt in this country some $120 billion in 18 years is a disgrace, and it is certainly the best evidence which we could offer to the Canadian public of the total incompetence and mismanagement of this Government.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I found the comments of the Hon. Member for York-Peel (Mr. Stevens) interesting, but passing strange. I found it strange that he should rise and claim that the opportunity for debate was about to be muzzled, when not half an hour ago, when we suggested that on a day next week we would like to have a particular matter debated rather than another, it was he, the Hon. Member for York-Peel, who said, "Absolutely not. You will have no unanimous consent from me to allow that debate to take place". If an Hon. Member had not been thrown out of the House today for saying someone was a hypocrite, there is no telling what words I might have uttered.

In any event, I would like to deal with the problem before us today, that the Government has mismanaged the finances of Canada. The Government has failed to provide the kind of direction in terms of the investment of the finances of Canadians, whether it be finances currently available through taxation and other means, or whether it be finances resulting from borrowing. The Government has failed to establish the proper priorities. Unlike the Hon. Member for York-Peel, who is somewhat myopic about these things and seems to have a serious case of tunnel vision, I do not believe that borrowing in itself is necessarily a bad thing. I am sure that every single Hon. Member of the House of Commons probably has at some time in his life gone to a financial institution and borrowed money. The majority will likely have taken on a mortgage at some point in order to purchase a home, and they have probably been in the process of paying it off over many years. The interesting thing about that is that that kind of borrowing, I would suggest, is appropriate. However, that is not the purpose for which this Government borrows. The Government does not borrow for those kinds of reasons. It has borrowed because its income has fallen off dramatically and, among the many reasons, there is substantial unemployment in the land, which has reduced the tax paid into the coffers of the Government of Canada. Unemployment has reduced the purchasing power of a significantly large number of consumers, and the reduction of that purchasing power has resulted in a decrease in the manufacturing of consumer products in this country. That decrease has resulted in a decrease of the profitability of a large number of small, medium and large companies, and that has resulted again in a reduction in the taxes payable to the Government of Canada. The end result of that has been that while the Government's commitments remain not only substantial but grow daily as a result of the high unemployment in the land, its revenues have dropped off dramatically.

If the Government were to come to us and say, "We have in mind a large number of investments which would be undertaken on behalf of the taxpayers of this country." For example, "We intend to rebuild the port facilities, both inland and on the coast. We intend to take a hand building homes at a price that people can afford. We intend to embark upon a program to ensure that the farming community will replace obsolete farm implements and equipment." If the Government would come forward with programs to join with the automobile industry and the Provinces in order to stimulate the capacity of that industry to meet competition and provide a better standard of vehicle at a competitive price for the Canadian public, and that for this purpose, among others, it was going to have to borrow money; if it said it was going to have a complete East-West pipeline built more rapidly than was anticipated so that we could be absolutely self-sufficient in energy in the not too distant future; if it were to say it was going to embark upon a railway redevelopment program for the movement of freight and passengers and to meet the requirements of the next generation; if it came to this House of Commons and said it needed to borrow against future earnings in order to undertake all these things, I think it would find sympathy and support for its request.

• (1550)

I know that, having studied these matters Mr. Speaker, you would undoubtedly agree that a major housing program would put two or three hundred thousand people, now unemployed, back to work during this calendar year. The cost of such a program would be recovered because of the taxes paid by workers and unemployment insurance not paid. The benefits would flow to the community through additional purchasing. The money invested in those homes would be recoverable through mortgage-term payments and rents.

If you were to look beyond that, as I know you have, Mr. Speaker, you would appreciate that if we were to put money in place to encourage the farming community to replace obsolete and inadequate equipment, not only would we be in a better position in the years ahead to meet our commitment to this country's need for food, but to meet our export commitment as well. In addition, people would be put to work at Massey-Ferguson, International Harvester and all the other plants. They would be taken off the unemployment rolls and put on the taxpayer rolls, and would be made a vibrant part of the community. This would instill confidence in the nation.

If we were to engage in the development of the East-West pipeline we could put hundreds if not thousands of steel workers, who are currently unemployed in Saskatchewan and eastern Canada, back to work.

If we were to look at those kinds of programs, if we had a Bill before us to facilitate the borrowing necessary to undertake them, and if we were to measure those undertakings against what it costs now to keep people unemployed, it would be worth what it would cost to have those projects under way

now so that when the recession ends we could get back to building Canada. If we could see that prospect, then the Government would have no trouble; it would not need to move time allocation. We would agree to pass the legislation because the benefits would be both long and short-term. The reason we are so reluctant to hand over the money that the Government is seeking is that it has not provided the justification that we are asking for. We know that its commitment is of little substance. We know that it does not intend to go ahead with projects that will make Canada a better place in the future and make it easier for people to earn a living here.

This not a blind opposition because Hon. Members opposite happen to form the Government and are a bunch of useless Liberals. The Hon. Member for York-Peel's view is so narrow that he cannot see that in any normal business practice, which he constantly refers to, it is quite common to borrow against future needs.

Last night I noticed an announcement that the Steel Company of Canada is issuing new stock options in order to raise working capital, and that other companies are doing likewise.

Mr. Kempling: Because it lost $97 million.

Mr. Deans: What the Hon. Member for York-Peel is arguing against is normal business practice. What is wrong with what we are being asked to do is that we do not have a clear indication that the money will be used to develop the country and create the infrastructure that is necessary if we are to achieve the greatness that is our destiny.

I suggest to the Government that it should seriously consider a change in attitude toward the House of Commons and the future of the company.

[*Translation*]

Mr. Jean Lapierre (Parliamentary Secretary to Deputy Prime Minister and Secretary of State for External Affairs): Mr. Speaker, I am very pleased to be taking part in today's debate on the Borrowing Authority Bill and I would like to take advantage of this opportunity to address a matter that has my special interest, namely, the situation of young people in Canada. Ever since I became a Member of this House, Mr. Speaker, I have felt that because of my age, I had a duty to tell our elected representatives, to tell all our colleagues in the House what Canada's young people think and what their concerns are, and to try to be a catalyst, as it were, that would have some effect on the decision-making process.

Mr. Speaker, during these few years, I have had an opportunity, within our existing structures, to propose a series of projects that would to some extent meet the needs of Canada's young people, and the first one on my list is of course the creation of a youth bureau. I am a little disappointed, because we have been discussing the matter for months, for several years even, while our colleagues in the National Assembly have already taken action in this respect, perhaps because they had heard about our ideas or perhaps because their system works faster than ours.

Mr. Speaker, I think that as a Government, we shall very soon have to take a comprehensive view of the problems of young people. Band-aid programs are not going to help. How are we going to respond to the expectations of 600,000 young Canadians who will be looking for jobs this year in June, who will lose any illusions they had about society and the opportunities it was expected to offer, who will realize that their guidance counsellors have misled them and that in the final instance, society is telling them: Listen, you don't have any experience, so why not wait for a while. Wait until the labour market can provide alternatives. Wait until the economy gets back on steam. Meanwhile, however, these young men and women are more or less trapped. They are not entitled to unemployment insurance because as students, they cannot earn unemployment insurance stamps, and so the only alternative they have, unless their families can support them, is to go on welfare.

Or become a Member of Parliament, as my friend Mr. Maltais would say. In Quebec today, there are 75,000 young people who have to live on $140 per month. You know, Mr. Speaker, on $140 per month, you would be a lot thinner, and I think all Hon. Members would be hard-pressed to make ends meet.

Mr. Speaker, with a youth bureau, we would be able to develop a youth policy, once and for all. In 1970, the then Secretary of State, Gérard Pelletier, ordered a committee to prepare a study which was called "It's your turn", and that study has been shelved by the Department of the Secretary of State since 1970. Although I hope it will not take until 1985 before we start looking at the problems of young people, I do hope that 1985 will mark the culmination of a series of successful activities. I am counting on the support of my colleagues on this side of the House, youth being a subject that is very rarely discussed in the House, except by the Liberal caucus.

Our colleagues opposite talk about young people only when their Young Progressive Conservative delegates are in the gallery. Our friends opposite are only concerned about youth when they can make electoral gains, because they know it is not their traditional constituency.

Mr. Speaker, I urgently ask the House to reflect on this subject and to take action. In the weeks to come, we shall have the Speech from the Throne. We shall also have, at least I hope so, the budget the Minister of Finance (Mr. Lalonde) has promised us. I am convinced it will be possible to instil some innovative thinking in the Throne Speech, and I know that the Minister of Employment and Immigration (Mr. Axworthy), the Minister of National Defence (Mr. Lamontagne), the Secretary of State (Mr. Joyal) and many others have submitted a series of proposals to the Minister of Finance that are aimed at easing the strain for these young Canadians who have been disappointed by economic realities.

• (1600)

Mr. Speaker, I know this is not a time for extraordinary expenditures, but I am sure that within the Government ... More than a year ago, an inventory was made of Federal youth programs. I am sure very few young Canadians are aware that the Canada Mortgage and Housing Corporation, the Canadian International Development Agency, the Department of Agriculture, and so forth, have programs that are aimed specifically at young people. The intentory lists eighty-seven programs. Just imagine all the funds earmarked for those programs which could easily be redirected to meet the priorities of the Government and young Canadians.

I would not, however, want to make the same mistake as our provincial friends did, which is to impose programs from the top. I believe that before defining new programs, we should benefit from the experience of those people who would be prepared to work with us and advise us, and this would include groups of young people and others with a lively interest in the problems of young people, who could give us their advice. I am convinced that if the Government and all Hon. Members were to designate a committee of the House that would address itself specifically to the problems of young people and invite them to appear before the committee across Canada, we could certainly redistribute funds to a series of programs that would respond to their priorities.

Mr. Speaker, our education system is experiencing very serious problems, because the dreams of tomorrow have become a nightmare and because after 18, 19, 20 or 21 years of formal schooling, people are unable to obtain jobs. Last week, I was told that 67 per cent of the students who passed their bar examinations were unemployed this year.

Mr. Speaker, my colleague from Manicouagan has a great sense of humour. I am told that thousands of university graduates who thought they would be able to repay their loans and bursaries, make a career and perhaps get married and have a normal family life, are unemployed and living in poverty.

Mr. Speaker, there is another set of programs relating to physical fitness and amateur sport, and I had the privilege of serving as Parliamentary Secretary in that field. I finally realized that those programs are only helping the sports elite and that a guy from St-Joachim who wants to learn to play soccer or has a local team cannot apply to the Canadian Government for assistance unless he is outstanding. People talk about the search for excellence, and that bothers me. Today, hundreds of thousands of Canadians need help and they have to get it from their Government, whether it is for recreation, employment or education, and you would think there was no open door policy and no central office for receiving the requests of these young Canadians.

Mr. Speaker, I hope we shall very soon be addressing the youth problem in a comprehensive way and that we will avoid taking hasty measures to resolve temporary problems in band-aid fashion. I am sure that if all the Members of this House used their imagination, we would be able to find solutions without having to ask taxpayers for more money. Many programs are not sufficiently known, and that is unfortunate. There is tremendous potential within the Federal Government itself. I hope that there will be some restructuring so that young Canadians who had confidence in their Government and still do will not be disappointed.

Mr. Speaker, I hope that our young people will be heard as well. If they are not, our programs will smack of authoritarianism. I think we should avoid the paternalistic or "maternalistic" approach that others have taken. From what young people have been saying across the country recently, it is clear they want to be consulted and to be part of the new economic order. I believe this is a challenge that all of us have a duty to meet, and I urgently ask the House to accept some of our suggestions and to address itself to the problems at the top of our priority list.

[*English*]

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I listened with some interest to the Hon. Member for Hamilton Mountain (Mr. Deans) who went on in his usual way and said, "It is all right to borrow; after all, everybody else does". I could not help but think of the man who was falling out of the airplane and said, "It's all right, it is not the fall that hurts, it is the impact with the earth; that is the part that hurts". We are at the moment of impact and we are hurting. We are hurting because of the direction in which this Liberal Government and previous Liberal Governments have taken us.

Also I listened with some interest to the Hon. Member for Shefford (Mr. Lapierre) who said that great things would happen for the young of the country. I too entered the House at what I consider to be a relatively young age; I was in my twenties. I remember fighting the campaign of 1957 and I remember a comment C. D. Howe used. After all, I used it in the 1957 campaign. He said, "What's a million?"

Mr. Cosgrove: He did not.

Mr. Deans: No, he did not.

Mr. Korchinski: It was nothing, it was nothing. But at that time we could not quite comprehend what was a million. It was beyond our power of comprehension because we were dealing, if anything, in terms of thousands of dollars at best. Today we are dealing in terms of billions.

I would like to make a demonstration to the House. I have a few dollar bills in my hand. If I started counting one per second—one, two, three, four, five, six, seven, eight, nine and ten—I would count $60 in one minute, $3,600 in one hour, $86,400 in one day and $31,536,000 in one year. To count $1 billion it would take me 31.7 years. That is all of my adult life, day in and day out, 24 hours a day for 365 days. That is $1 billion. To count $19 billion would require 602 years. That is

even more than Abraham's lifetime. We would have to get some of his "begats" to keep counting.

• (1610)

Mr. Cosgrove: Why don't you ask your teenagers for their computers?

Mr. Korchinski: In order to count to $90 billion, which this Government is going to spend, would require 2,853 years. Methuselah, it was said, lived for 965 years. It would take three of his lifetime to count out the $90 billion which this Government is going to spend this year.

Let us look at it another way. Assuming every one of these pieces of paper was $10 billion—and remember that the Government has committed us to $90 billion in expenditures this year—out of that $90 billion we have to set aside two notes, worth $10 billion each, just to service the debt, which is interest on money borrowed.

We are borrowing the equivalent of $30 billion, so we set aside another three of these pieces of paper, and what do we have left? We have $40 billion. That is all we can afford to spend on ourselves today.

What brought us to this situation? I was interested in the remarks made by the Hon. Member for Shefford. He commented on the youth and how he was concerned about them. Let me tell you about my concerns, and let me tell you about my grandparents. When my grandparents came to this country they did not ask the Government for anything except for a chance to work. They did not ask another taxpayer to help them. They tried to stay off the welfare rolls. They were quite prepared to pay their way.

But what has happened in the intervening years with a Liberal Government in power? No matter what we have heard, the Liberal Government has taken us down the road that has led us to where we are today.

Mr. Lapierre: What about John Diefenbaker?

Mr. Korchinski: I will tell you about John Diefenbaker. I have a few things that I can tell you about John Diefenbaker. In John Diefenbaker's time inflation was under 2 per cent. What do we have now? I can tell you a few more things about John Diefenbaker. I have all the facts here if you give me enough time.

My grandparents came to this country. They were quite prepared to pay their way. But what is happening here today? The Hon. Member says he is concerned about the youth. But who will pay for this borrowing? The youth who are coming onstream are going to be paying. The Hon. Member points to himself. But you are also going to have to point to every young boy or girl in diapers today. They are the ones who are going to have to pay for this. It was all right for any grandparents to pay their way. It is all right for any grandchildren to pay their way, but heaven forbid that the present generation should pay its way.

What is wrong with this society? I have watched what has happened. The last year we had a surplus was in 1969-1970. What happened after that? We have been in a steady decline with deficit after deficit after deficit. From 1958 to 1964 inflation was below 2 per cent. What happened in the 1970s? Hon. Members will remember that Mr. Turner was the Minister of Finance in 1972. Do you remember what happened, Mr. Speaker? He got into an argument with the Prime Minister (Mr. Trudeau) because the country was going downhill. Perhaps Mr. Turner knew about it, but he did not stay to fight. He took off into the wild yonder. He left the country to the mercy of the Prime Minister whose only objective was to get elected and throw money at the people telling them that deficits are no problem.

Are deficits no problem? I have already told Hon. Members that in 1969-1970 we had a surplus of $493 million. But in 1970 to 1971 there was a deficit of $372 million. But 1972 the deficit had risen to $702 million. By 1975 John Turner realized the deficit would reach $1.7 billion and he said, "This is enough. I am getting out. I cannot take the responsibility."

Then along came Macdonald, and he said "I will fix it. I will take over." He was given a lot of credit for a lot of intelligence. And so now he has been appointed to solve all our problems. Mr. Macdonald took over as minister of Finance in 1975 and left office in 1977. In two years the deficit jumped from $1.7 billion to $6.2 billion. Now he is going to take three years to tell us what is wrong. I can tell you in two minutes what is wrong. All you have to do is to look at where we are going and where we have been. The only thing the Government has said all along is, "We have to get elected." In 1972 the Liberals ran around the country and said the Conservatives did not have anybody to lead the country. They said to compare Minister for Minister, the Liberals ridiculed the Conservatives. Yes, they ridiculed us.

An Hon. Member: No.

Mr. Korchinski: I have fought every campaign since 1957 and I know the stories and how we were ridiculed.

The Acting Speaker (Mr. Harquail): Order, please. I regret to interrupt the Hon. Member for Mackenzie (Mr. Korchinski) but his time has expired.

An Hon. Member: Let him carry on.

The Acting Speaker (Mr. Harquail): First, I would like to deal with the matter as to whether or not there is unanimous consent in order to allow the Hon. Member to continue. Is there unanimous consent?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Harquail): The Hon. Member for Mackenzie has the agreement of the House to continue for a brief period.

Mr. Korchinski: Unfortunately brief, Mr. Speaker, because I have so many notes here I could go on for an hour pointing out inadequacies.

Mr. Malone: Carry on. It's a good speech.

Mr. Deans: Hear, hear!

Mr. Korchinski: What this country needs is someone with a business-like approach for once. When the Conservatives were in office they projected and indicated that the deficit in 1979-1980 had dropped from $12 billion to $11 billion.

An Hon. Member: Really?

Mr. Korchinski: Yes. We had just a few months. But our projections were that the deficit would go down.

If you look at the graph you will see that as the projections for the deficit go up, so do interest rates. Compare the deficit of $700 million in Mr. Turner's day, which kept on rising, and the interest rates that went all the way up to 21 per cent. When Mr. Turner was here the deficit was $700 million and the interest rate was 6 per cent.

Now let us look at bankruptcies. We have seen 30,000 bankruptcies listed. That situation corresponds and relates to the amount of money the Government spends. Let me remind Hon. Members that the Auditor General told us the Government had lost control of spending.

The cause of the problems that we have today is not the fault of just one Minister; it is the Liberal attitude over the years that has brought this country to its knees. Canada is listed as twenty-fourth of the 24 industrialized countries. How can the Government tell us today that the depression we are in is the fault of the rest of the world? We have heard that statement day in and day out from the Liberals. Successive Liberal Governments, no matter which one is thrown out of office, will continue in the same way. We need a change of Government, a change in attitude, and to make a new start for the sake not only of young Canadians but of all Canadians.

• (1620)

The Acting Speaker (Mr. Blaker): I think the Hon. Member may be rising in relation to the ten-minute question and answer period which applies in some instances but does not apply now. However, if the Hon. Member is rising on a point of order to request consent of the House for a brief and single exchange, that would be in the hands of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

[*Translation*]

Mr. Maltais: Mr. Speaker, I listened very carefully to the point just raised by the Hon. Member. He said that the Liberal Party is responsible for all our deficits, but I should like to point out to him that the Iron Ore Company at Schefferville, in my own riding, was headed by a Conservative who had to close down the whole town, but I do not think the president of the company was at fault if the town closed down, it was because of the economic situation. I would be very grateful if the Hon. Member would suggest a solution which would make it possible to reopen the iron mines in Northern Quebec and recall all the workers who were laid off because the town of Schefferville was forced to close down.

[*English*]

Mr. Korchinski: Mr. Speaker, I have already indicated that it is the fault of the Liberal Government and not the management of the Iron Ore Company or the management of other companies. People in this country have operated businesses for many years, and it is not through lack of experience that bankruptcies are occurring. The Hon. Member cited one example. I have cited 30,000 bankruptcies. Surely 30,000 company managers cannot all be at fault when there were only several thousand bankruptcies a few years ago. The Hon. Member cannot isolate one case.

I am suggesting that the attitude in this country must be changed because it was the Prime Minister who travelled throughout the country to tell young people that they did not have to work. He said, "You can sit there and gaze at the stars or enjoy the flowers." It was the Hon. Member for Lincoln (Mr. Mackasey) who, in 1972, advocated higher unemployment insurance saying, "You do not have to work." He is still being penalized for that by sitting on the side benches. He knew how to quell the imminent revolt since the people were restless, as they should have been. Instead of providing jobs and developing beneficial policies, the Government emerged with a handout. As a result of those handouts, employers today are being asked to pay some $12 per week, and employees are being asked to pay some $8 per week. That is because the Government is $3 billion in the hole. In other words, the Government could not afford it. Whom is it trying to fool? It cannot fool these people because they will have to pay for it.

[*Translation*]

Mr. Maltais: Mr. Speaker, I wish the Hon. Member would explain why the Progressive Conservative Party last winter was against awarding the New York contract to Bombardier, and was first to denounce the agreement signed by the Minister of Industry, Trade and Commerce (Mr. Lumley) which created jobs for young people in Quebec in the field of new technology. The Progressive Conservative Party does not agree, but we on this side of the House have made concerted efforts to create jobs, and yet the Opposition Party objected to the kind of financing required to create jobs. I would like to know what Members opposite would do to create jobs, because we on this side used our imagination and managed to land a major contract with the private sector.

[*English*]

Mr. Korchinski: Mr. Speaker, surely the Hon. Member must realize that pouring money into a firm in New York will affect the employment in New York and not in Canada. I do not mind spending money in Canada, but when we were enjoying prosperous years, the Government was pouring out

the money. Now that it might be the time to spend money, the Government has already spent it during the period when there was prosperity and there was no need for it other than the fact that the Prime Minister was preoccupied with the Constitution and unconcerned about the economy. He decided to pour the money out to these people as long as the Liberals would get elected. That was their main objective.

What sort of jobs were created by PetroCan, for example? Not one extra job was created as a result of the money that is being fleeced from the people who use gasoline in Canada. What was the advantage of that action?

Was the Government in a hurry to listen to the NDP? The NDP is wondering why they are so far down in the Gallup Polls. The reason is that the Liberals were taking their policies to heart and implementing them.

The people are not stupid. They know why they do not have jobs. For instance, one of our Members was evicted today because he rose to protest the fact that Revenue Canada is rearranging the furniture and setting up an entirely new set of rules and breaking the backs of those people who toil on the land, in order to generate some revenue for the stupidities and mistakes made by the Liberals.

The Acting Speaker (Mr. Blaker): The House will recognize that other Hon. Members are seeking the floor. The decision is normally made by unanimous consent. If there is unanimous consent and Hon. Members want to continue, I will recognize the Parliamentary Secretary again. Is there unanimous consent?

Some Hon. Members: No.

* * *

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Blaker): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following Bills: Bill C-145, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1983; and Bill C-146, an Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending March 31, 1984.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Carleton-Charlotte (Mr. McCain)—summer work program; the Hon. Member for Edmonton South (Mr. Roche)—Nuclear Armaments—Canadian position on Geneva arms control talks.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

ALLOCATION OF TIME TO CONSIDER REPORT AND THIRD READING STAGES OF BILL C-143

The House resumed consideration of the motion of Mr. Cosgrove:

That, in relation to Bill C-143, an Act to provide supplementary borrowing authority, one sitting day shall be allotted to the consideration of each of the report stage and the third reading of the Bill; and

That 15 minutes before the expiry of the time provided for Government business on those days, any proceedings before the House shall be interrupted, if required, for the purpose of this Order and, in turn, every question then necessary in order to dispose of the stage of the Bill then under consideration shall be put forthwith and successively, without further debate or amendment.

Mr. Gilbert Parent (Welland): Mr. Speaker, I believe that my remarks in this debate will be of a more positive nature. Of course I respect the right of the Hon. Member who just spoke to dissent in any way he wishes. I believe, however, that in times of difficulty we must not turn our backs on those who are in need. If I understand the Hon. Member's suggestion to be that we should not have that amount of money invested in Unemployment Insurance, I must disagree. If he is suggesting that we should not be using medicare to take care of the people in Canada who are ill, then I must disagree. If we are not going to live up to our commitments to see that our elderly in Canada are taken care of during hard times, then I cannot agree with the Hon. Member's views as he stated them.

This afternoon I would like to address myself, in the short time that I have, to some of the more positive steps that are being taken with the money that the Government is borrowing. I refer generally to the NEED Program and more specifically, to my riding of Welland which is in the Niagara Peninsula.

My riding is basically made up of heavy industry where there is the steel industry and a great number of people who work in the automobile industry. As a result of the decrease in the purchase of cars, the steel industry, automobile industry and other suppliers in the area have slowed down. For that reason there was very high unemployment in the Niagara Peninsula, the St. Catharines region and specifically my Welland riding.

The Government has addressed itself to this problem in two ways. The first way is through the NEED Program. I would point out to Hon. Members that since the NEED Program went into effect, and indeed since December 21, 1983, we in Welland have been the fortunate recipients of moneys to put

our people who are exhaustees—those who have run out of Unemployment Insurance benefits—back to work so that they and their families could live normal lives.

Let me refer to the time between December 21 and March 4 when there were 1,785 work weeks created for the people in my riding. In real dollars, this amounted to some $754 thousand without which many families would have gone on welfare. Without this assistance, the savings of many would have been eaten up before they even went on to welfare. These are proud people. If what is being suggested is that the people of Canada do not want to work, then I surely disagree. I do not accept that as a premise. I do not agree that the Government is totally at fault. It goes without saying that we must accept our responsibilities. However, I believe that other segments of our society must also accept their responsibilities.

• (1630)

Rather than shouting at one another back and forth across the floor, there should surely be some constructive proposals. I compliment the Hon. Member for Hamilton Mountain (Mr. Deans) who suggested that we do need moneys to stimulate the economy moderately. I do not think that the Government has all the solutions and I do not think that unions are all to blame, nor are businessmen. I think that if we put our heads together, we should be able to come up with some solutions.

In the NEED Program, of the $754,000, some $278,000 was for municipal works. Since March 4, another $226,000 has been allocated for municipal works and the non-profit sector, which was at $393,000 on March 4, has also been increased.

I would like to direct the attention of the House to a very exciting project which has been going on in the Welland riding for a year and a half. I hope that some of the moneys being borrowed will be used to further this particular project. I refer, of course, to the Welland Canal Parkway, which is a development project for the city. About a year and a half ago, the Welland Canal Advisory Group was formed to advise City Council and the federal Government, after having held extensive public hearings to determine exactly how these Canal lands should be developed. The Canal was rerouted some 20 years ago, I believe. One part which we now call the old Welland Canal, is approximately eight and a half miles long.

Mr. Malone: What does that have to do with borrowing $19 billion?

Mr. Parent: This is ideal for tourism. The Hon. Member asks, "What does this have to do with the borrowing authority?"

Mr. Malone: Nineteen billion dollars!

Mr. Parent: I am specifically referring to some of the moneys which are to be borrowed and which I hope will be invested in this particular area.

Mr. Malone: I hope not one penny goes there.

Mr. Parent: The Hon. Member said he hopes that no moneys will be going into my area. I guess I would prefer, of course, to have another area where the unemployment was not quite as high. I would gladly trade his unemployment for mine over here.

Mr. Andre: It's tough to find those kinds in Canada.

Mr. Parent: Hon. Members opposite go on shouting at us, not permitting us to say what we have to say here, saying that only they have the right solution. I would like to hear some of their solutions, besides simply bad-mouthing the Government.

Mr. Mitges: You are the Government. You are supposed to have all the solutions.

Mr. Parent: We are the Government and we do take responsibility. May I direct my comments to the Welland Canal project in the hopes that the Government will consider, in its borrowings, allocating some of the money to the project to help create jobs. After extensive deliberations, a group headed by Mr. Willard Wright, in conjunction with Mayor Stranges and the City Council, decided that this is where we should make some investments of the talents of our people. To this end, we believe that it not only beautifies the city of Welland—

Mr. Malone: So what?

Mr. Parent: —but it will also be a tourist attraction which, in itself, will—

Mr. Munro (Esquimalt-Saanich): It's irrelevant.

Mr. Parent: —create jobs. We are some 15 miles from Niagara Falls. We believe that if people who do come into the area will only stay a little longer and come down into the Welland Canal Parkway, this will help to create jobs.

Last year we had a water skiing school. The development has brought in a great number of tourists as well as people interested in sports.

Mr. Malone: So what?

Mr. Parent: What does this mean to our people, restaurateurs, people with small shops and small businessmen? It means that they are able to continue operating under adverse conditions. It means that they still have a chance to do as well as people in other parts of the country.

[*Translation*]

Admittedly, Mr. Speaker, the unemployment rate in our region would very likely be a lot higher than it is now had we not received assistance from the Federal Government in those cases. In my opinion, all Hon. Members ought to know that we share that responsibility, it is not ours alone on this side, and we urge our colleagues opposite to make constructive suggestions so that we might do even more for all Canadians throughout the country. I sincerely ask them to give some

thought to those who do not have as many opportunities as they have and to see to it that we too remain in good economic health in order to help the people in our riding and our region.

[*English*]

I think that these moneys that are to be borrowed will be beneficial to the people of Canada. I accept the responsibility of being in the Government and having taken part in the decisions which were made over the years.

The Hon. Member who spoke previously said that we were so preoccupied with the Constitution that we never had time for anything else. I respectfully suggest to Your Honour and to all Hon. Members that, notwithstanding the great seriousness of the economic position in which we find ourselves—indeed, in which the whole world finds itself—there is one bright light which has shone in the time we have spent here in the last three years. I, for one, consider the process involving the writing and the passage of the Constitution to be one of the more important processes in which I have taken part as a Member of Parliament.

I would hope that the present Government would indeed go ahead with its borrowing and help those people in Canada who are in need of its help at this time.

Mr. Arnold Malone (Crowfoot): Mr. Speaker, I rise today because we have before us a closure motion involving the borrowing of $19 billion. The Government is now borrowing money by closure and spending money by closure. The Hon. Member for Welland (Mr. Parent), who spoke just before me, referred to the beautification of cities. He spoke about parkways becoming pretty and about jobs associated with programs such as the summer work program. We must bear in mind that fact that $19 billion, the sum which is being requested in this borrowing authority Bill, is as much as the total budget for the country when the Prime Minister (Mr. Trudeau) first became Prime Minister. That debt, in one lump sum of borrowing, is an inexcusable expense, not just to us but also to tomorrow's children. Our future, our tomorrow, has become indebted. Children yet unborn will incur a debt of such magnitude that they will hardly be able to escape. They will bear an extraordinary burden.

In effect, the Canada summer works program is one which all Members of Parliament should stand to oppose, irrespective of the good work it may do in their community, such as the moving of grass, the pruning of trees, the fixing of golf courses, the painting of graveyards, the fixing up of the halls. That is an absolute waste of money. This country needs an engine, and the Government has killed the main engine of this country's economy. It has killed the oil industry.

The Government, with its former Minister of Energy, Mines and Resources and his new National Energy Program, drove rig after rig out of Alberta and Saskatchewan. I believe that many persons did not even know what we were talking about when we spoke of moving an oil rig out. They thought that maybe a truck left with a derrick on it. Consider some 16 to 20 big, long liner trucks, with compressors, costing $500,000 a move to go from Alberta into the United States. We lost half of our drilling capacity within just a short period after that program was announced. Government killed the engine of society.

It has been said, "Well, that is Alberta. Who cares? What does it matter if Alberta is killed?" I bring to Your Honour's attention the fact that one tar sands plant, in 25 years of production, promotes $108 billion in direct spending in the Province of Ontario. It does that in steel; it does that in transportation equipment; it does that in its spin-off of manufacturing. And the Government killed the engine. What is the Government's response? How do we justify borrowing $19 billion?

• (1640)

The Hon. Member for Welland stands up and says the Welland Canal Parkway might get some more money out of this borrowing. He is hoping that if we borrow more money his community of Welland will look prettier. Who cares if it looks prettier? What this country needs is to get the engine of this country working so that the people in every community will have the capacity to make their communities look prettier and to do that out of their own initiative, not out of borrowed money. We are in the position today in which every time we pay a tax dollar, 25 cents goes to pay the interest on our foreign debt. Out of every four dollars, we have to pay a dollar for nothing, for nothing except to pay for interest, and that, Sir, is not worth making communities pretty. We have to have more capacity than that to develop our country.

We are in a situation today in which the only reason we are surviving is because we are an educated nation that is resource rich. Our per capita debt is seven times greater than that of Latin America. If you look at Mexico, Brazil, Venezuela—any one of those 22 nations in the southern hemisphere or the Latin American block, including Brazil, a Portuguese-speaking country—you will find Sir, that we no longer may use loosely the expression that we are a "banana republic". Our debt is sevent times greater per capita than that of Latin America and, countries such as Mexico, with a population many times larger than that of Canada, which have an accumulated debt of only $80 billion. Here we are with a debt of $140 billion to divide among 24 million people.

We should be ashamed. Debt upon debt upon debt, borrowing upon borrowing; virtually every few months this Government is back asking to borrow more money. Now they are borrowing more money, and $14 billion of the $19 billion that they are borrowing are to be spent at some future time, in a new fiscal year, for which there is not a budget. What is a budget? A budget is a plan for how you are going to spend your money. They are asking us, under the threat of closure, to authorize $14 billion, and they have not even outlined to the people of Canada why they need it or how they are going to spend it. Then they became hostile and upset and they burn with indignation and say that we are holding up the House of Commons.

Mr. Speaker, why was this House of Commons started in the first place? It started because at the time of the Magna Carta, more than 700 years ago, the subjects of the time, when

the king was all-powerful, did not like the fact that he wanted to build a new castle and tax the already over-burdened subjects one more time. They rebelled against him. They gave him a choice, and the choice was that he was to be stripped of power and power was to come to the common people, and if it did not, he would lose his head. Being a wise king, he chose the former. We had common people with power, and that is why we are a House of Commons, because we are a place of common people. This is no longer a House of Commons and it is no longer a Parliament of power because the power is not among its individual Members who represent their constituencies; it is among those 30-some people who sit in the Cabinet. By closure they borrow, and by closure they spend. They do it by closure. They strip from the people of Canada their base of power, and now they want some $19 billion without a budget, without a plan, without a reason or a rationale. They are simply saying to us that they want some more money because the Cabinet believes that they have a way for spending more money. That, Mr. Speaker, takes us from the role of citizen to the role of subject. It is not now what the Parliament and its representatives believe is right, it is what that Cabinet thinks is right; it is the king again. It is back to King Charles I—whatever he wants. This Cabinet believes that they have this almighty power to dream whatever they want to, whether it is fixing up the pretty flowers in Welland or any other community, just to borrow more money, the justification for $19 billion. What a terrible excuse the Hon. Member for Welland has put before us today for the borrowing of some $19 billion!

The Auditor General, just a few years ago, was telling us that this Government had lost control of the public purse and, more recently, the Auditory General is telling us that not only do we need to be concerned about the waste and the over-expenditure of Government, but that there is a whole sub-Government starting, and a sub-Government that is not accountable, he said as he pointed his finger at Crown corporations. There are some 480 Crown corporations wholly or partially owned by the federal Government. There are 274 Crown corporations wholly owned by the federal Government. With a record like that, obviously, with those Crown corporations not accountable to our Public Accounts, not coming before Committee and not standing the test or the scrutiny, naturally this Parliament remember that the reason it was formed was for the control of the purse—has lost that power, and that fact is stripping power from the citizens of this country. That is where power should be, in the House of Commons, for common people. Instead, what we have is a Cabinet that borrows under closure and spends under closure, assuming unto itself all rights and all privileges.

Mr. Speaker, that defies our history; it defies our rationale; it defies the purpose of this place and it defies, most of all, the individual Canadians from coast to coast and their Gob-given right to presume that in democracies they are powerful. In fact what has happened is that that group of some 30 persons on the other side has now made it so that our debt is seven times larger than the per capita debt of Latin America. We are strong today for only one reason and that is that we have resources of which any nation in the world would be jealous.

And so, Mr. Speaker, they sell out tomorrow; they mortgage children yet unborn; they put a debt on them for the purpose of existing to make Welland pretty today.

If we started to build the engines of this economy—

The Acting Speaker (Mr. Corbin): Order, order. I regret to interrupt the Hon. Member, but his time has expired.

Mr. Jack Masters (Thunder Bay-Nipigon): Mr. Speaker, I might well start with the beautification of Welland, why we would be concerned with the beautification of Welland, and why this Government should be concerned with summer employment plans that will have young people out cutting grass, painting and fixing things up.

I think that the previous speaker, while he spoke about a Canada from coast to coast, seemed to concentrate on one area of the land, without thinking in the broad perspective of what Canada is all about.

First of all, it is a young country, still growing, and, as a growing country, it has required a lot of extraordinary investments. More important, I believe that we need the money that we are asking for today and we have to put some time allocation on the debate because it is necessary to have that money flowing, for very good reasons, as soon as possible.

I think Canada is what it is today because we have learned, in our peculiarly Canadian way, that somehow we can find ways for each region of the country to help out other regions, recognizing that it is the totality of the land, working together, and the interaction that has come out of necessity between Governments and the private sector, that have brought us to the stage at which we are today. When I look around, I do not think that we have done all that badly by any standard.

To go back to the employment program, which I am anxious to see re-started in northwestern Ontario this summer and in all parts of the land, the previous speaker spoke about the engine that fueled the economy and said that we have killed it. What really fuels a country is people. The Hon. Member made reference to how well educated we are. I cannot find fault with a plan that creates an opportunity to beautify the land, something which has an aesthetic value, a morale-building quality, and a pragmatic value. This is particularly so as one of our prime industries is tourism. In order to have a tourist industry, you must have an attractive package for the tourist to view.

• (1650)

I cannot see anything wrong with a program of giving some kind of assistance to young people who will be returning to their studies in the fall. They will be those well-educated people of whom the Hon. Member spoke. They will in fact give even greater impetus to the future of our country because they are better educated.

I hope that their education will include learning about the area in which they live, whether it be Alberta or southwestern

Ontario. The charge is sometimes made that that education is lacking in this country. I regret to say it is sometimes lacking in this House. I repeat, education must include a recognition of the regions of this country.

Much has been made about the National Energy Program. It has been said that it caused the death of that very important industry and, to quote the previous speaker, the country does not give a damn. We must remember that the oil industry grew up in this country because the people of Canada supported and promoted it. People seem to quickly forget the large tax advantages given to that industry. I do not regret that because this did help to build the industry. We sometimes neglect to see that most of what is going on in that industry, which is depressed world-wide, which includes our friends to the South who are having immense difficulties, is the result of the National Energy Program, because Petro-Canada is taking a lead role in this area.

We are in the position of having to ask to borrow a great deal more money. Along with every other Member in this House, I regret the necessity of a deficit, of not having enough money in the bank to do all the work at this time. I believe that, by and large, the money spent by the Government over the last few years has been done in a reasonable and equitable fashion across this land in order to accomplish a number of things. It has helped those Members of our society who are neglected to enjoy a fair and reasonable share of the wealth of this land. We have tried to help our senior citizens who did not have the opportunity to build a pension plan or the wherewithal to take them through their twilight years. We tried to use some of the resources to help people with medicare and other programs of that nature. It is expensive. Had we not taken those actions, the hardships in this land would be far more severe than they now are. I refer to the Unemployment Insurance plan. The Government and the people of Canada are in the difficult position of having declining revenues at a time when we need to carry on this very necessary service. This necessary growing deficit position has been created for a brief period of time.

I believe that some of the programs for which this money will be used will hasten our extraction from our present difficult position. That money will flow into such programs as the NEED Program which assits those whose benefits have run out, the summer employment program, and other programs of that nature. In addition, it is tremendously important because it will help provide the infractructure to enable us to continue to grow more quickly in the future. The dollars that we provide through such programs as the NEED Program, meagre as they may seem at times, create a spin-off. If a dozen people are employed on a project in downtown Nipigon make purchases to complete their work, it will create a spin-off effect for that business community. The number of dollars may seem small because so often we deal in such large sums of money. However, to a small community, these supposedly small sounding amounts are big dollars. They make the difference between success and failure.

I would love it if we were in a position of not having to borrow more money. However, I support the idea of having these funds on hand to meet current obligations so that we can continue carrying out programs that assist the economy. As the economy grows, we can then concentrate on reducing the deficit.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, the Minister responsible for this Bill referred to the great number of Members of Parliament who had spoken on the Bill. I had the privilege of speaking before. I now want to say a few words on closure or time allocation, the more gentlemanly term which means the same thing.

Those of us in Opposition are well aware that this is a bad Bill. If some of those on the other side would think on a purely non-partisan basis, they would raise their eyebrows about a Bill which demands of this House $19 billion. We have demonstrated that a borrowing Bill of this size and nature is clearly unprecedented, either in Canada or elsewhere in the parliamentary world. We have shown time after time that it is a bad Bill, one that promises to mortgage the future of Canadians to a greater extent than either we, or indeed most certainly they, are aware.

The list goes on. These are all bad things. We all realize that, and once again that must include Members of the back benches across the aside. After all, they should think seriously about the matter and consider it objectively.

Being a bad Bill does not make it an anomaly among Bills put forward by this Government. Anything but! Certainly it being a bad Bill is not enough to get me on my feet so often. There is more. This Bill goes right to the heart of what we Members of Parliament are here for. It strikes right at the roots of the parliamentary system and the principles upon which it is based.

My colleague, the Hon. Member for Crowfoot (Mr. Malone) mentioned earlier that in 1649 a king was executed. It was the only time in my memory that such a thing has been done by due process of law in the history of our monarchy. Why was this terrible thing done? It was because the King, Charles I, had been the loser in a struggle over who was to control access to the public purse. It took a civil war to establish that henceforth in the parliamentary system, Parliament, and Parliament alone, would have the authority to allot moneys which came from the pockets, the livelihood, the sweat of the body and the fruit of the brains of the taxpaying public. What is more, this was not to be a token control, to be voted at the whim of the executive, be that executive of Royal or of Cabinet form. Parliaments everywhere, until the introduction of this Bill, have jealously guarded the right to examine the purposes toward which it is being asked to vote public money.

• (1700)

Bear in mind, Mr. Speaker, that I am not claiming this authority for the Official Opposition, nor for the Opposition as a whole. This is the authority, this is the right, this is the sovereign right of Parliament. And that places a very heavy

onus upon us all, but perhaps especially upon those Members of the Government who are not bound by the bonds of a Cabinet oath. I sympathize with those Hon. Members. I sympathize with them very much, because, having sat in this place with them for as long as I have, I know what a strain they must be under, as they ponder the relative weights of their twin responsibilities; to their Party and its long tradition of valuing the exercise of power above all else, and to the parliamentary and democratic system and what their support of this Bill will do to it.

Above all else, Mr. Speaker, we are establishing a parliamentary precedent with this Bill. If we pass it, we are saying that 300 years of parliamentary history—over 100 of them spent right here between these four walls—are for naught! We are saying that no longer does Parliament rule supreme, nor do the people, whose only legitimate representative we collectively are. We are saying that Charles I rides again in the persons of the Liberal Cabinet of the Member for Mount Royal, the Right Hon. Prime Minister (Mr. Trudeau). More specifically, we are saying that we shall have to codify exactly the behaviour which we expect from our Governments in the future, because any Government that follows the precedents established by this one, will refuse to be controlled by any traditions, precedents or codes of behaviour which are not written down, preferably on stone. We are gathered here to authorize, or more accurately to rubberstamp, the purloining of more money from the public pocket than was paid for the entire operation of the federal Government, its activities, its programs, all that it did, a scant dozen years ago.

This is in the form, not of a budget but of the authority to borrow on the public markets, with no further questions asked, $19 billion, which will have to be repaid with high interest out of the public pocket, and most critically for the future of the system of Government we profess to espouse, with no indication whatsoever as to what purposes the funds are to be put. Mr. Speaker, I am not a dogmatist, nor am I dyed-in-the-wool reactionary who will fight against change purely for the purpose of maintaining the status quo of the good old days. That type of thinking surely has no place in these times of such fast-paced changes. But the record of this Government, this Cabinet, in matters of constitutional self-discipline is not encouraging.

This is the Government of a Prime Minister who, when asked how far he would go in suppressing human rights in response to a kidnapping in Quebec, replied, "Just watch me". This is the successor Government to one which, having been defeated in the House, decided it was all a joke and rewrote the "gentlemen's agreement" upon which such things had been based until that time. This is the Government for whom, more than any other, time allocation and closure have become a way of life. Seventeen times so far have they been applied during this session alone, and more to come. This is the Government whose Leader described Members of Parliament as "just nobodies when they are 50 yards away from Parliament Hill". Be that as it may, "nobodies" or not, we are the men and women who are charged by our electors with the protection of their purse. No one else has that authority. No one else has that responsibility. Regardless of our Party affiliations, if we support this Bill and allow it to pass, we are spitting in the eyes of those who sent us to this place.

Some of you, more particularly those who are trying desperately to ignore the constitutional implications of the Bill, will be trying to pretend that I am making a mountain out of a molehill. You will be trying to tell yourselves that all of this constitutional nonsense is just that, nonsense. Yet, no longer than a few hours ago, the division bells rang loud and long, calling us to vote on the heinous matter of a Member having used "unparliamentary language". That is a parliamentary no-no. Yet we all now what he meant, and his alteration of the words he used to say it really could not have mattered less. But we went through the song and dance of a vote. Is it not of much greater importance to protect the right of the taxpaying public and let them know why their money is being taken from them before the deed is done? I ask you, Parliamentarians on all sides of the House not to let this Bill pass.

There was a very sad announcement in this House that a former Auditor General, J. J. Macdonell, had passed away suddenly. He had been a great servant of the House. I believe it was mentioned earlier this afternoon, that he had pointed out forcefully that Parliament had lost control of the public purse. Whether this can be blamed on Cabinet or whether it can be blamed on the bureaucrats who are the ones bringing forth this legislation, we are still faced with being asked for a blank cheque for $19 billion, and we should say an emphatic no to this.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, I would like to take part in this debate on the closure motion with respect to the borrowing authority of $19 billion which the Government has put before us to be approved. The Government is asking for this borrowing authority so that it can borrow money and possibly put us further into debt than we already are. The accumulated national debt by the end of this year will be somewhere in the area of $160 billion. I believe that is a sad state of affairs, and I can honestly say that I do not know that it is a political problem, to a large extent. I believe that could happen today under almost any Government in Canada, as sad as that may be.

It was mentioned in the debate a little earlier, Mr. Speaker, that the people of the country are really the most valuable resource of the country, and I agree with that. The people are the most valuable resource that we have, but it seems to me that they have less and less input into what is happening within this country through their representatives in Parliament. I do not put any blame on the Liberals or the Conservatives, necessarily, but I believe that we are rapidly coming to a point when many Canadians are losing faith in the institution of Parliament, and in having their vote really count for something when they send a Member of Parliament to represent them in the federal House of Commons, to speak on their behalf and to have a hand in dealing with the affairs of the country.

There seems to be a real lack of democracy within this institution when we have a majority Government elected, as we

do now, because a majority Government in Canada can do anything it wants. It can change Saturday to Sunday, if it so wishes. It could call a dollar a metric tool. Anything can happen here because there is no check and balance beyond this House, as there should be, and that would be the upper House or the Senate of Canada. The reason that the Senate is not a check and balance to this Government is that by far the greatest number of Members in the Senate are appointed because of their partisan contributions to a political movement within this country. That is a sad state of affairs, Mr. Speaker. We should have an elected Senate. Perhaps that would ensure more democracy under a majority Government. I will have more to say about an elected Senate later.

• (1710)

First of all, I should like to point out that in this Chamber, Members of Parliament have little, if any, influence. Of course, we work on behalf of our constituents and assist them with pension or immigration problems and all the concerns that they have when dealing with the Government. People often approach their elected representatives for help with those problems and in many cases we are successful in helping them. But we have very little influence in this House, Mr. Speaker. In reality, we can do nothing this afternoon to stop this closure motion from passing, even if that were the will of most Members of Parliament.

The changes that have taken place over the years have a great deal to do with the media, I believe, and with the transportation system that we have built up in the country. For example, I would be surprised if there were more than two or three Members of Parliament in the House at the moment, listening to what I am saying.

Mr. Cosgrove: That is not right.

Some Hon. Members: Oh, oh!

Mr. Anguish: In the early days, things were much different. From the time of Confederation until World War II there was not a great media coverage of the country, nor was there rapid transportation such that Members could travel from the Atlantic to the Pacific in one day. Until World War II, if a Member of Parliament made a speech in this House, the other Members took a great deal of interest in it. In that way a Parliamentarian was able to deliver a message to Members from other parts of the country. They listened because they were concerned about the country. Now, with rapid communication and rapid transportation, Members do not have to really listen to each other. They can pick up the morning paper and read the report of a journalist from some other part of the country, or they can hop on an airplane and travel to any part of the country to witness an event at first hand.

That is a sad situation, Mr. Speaker, and it points out that in a way this institution has become archaic and that some of the systems with which we operate should be changed. I do not think it is just a matter of changing Governments—that one Government would be more efficient or administer the country better than another; it is a matter of changing the systems under which we work.

One thing that would improve our systems and enhance democracy in this country would be an elected Senate. In the House of Commons we have representation through population, and that is fair. But in a country as large as this, it seems to me that there should be some regional representation as well so that areas with the majority of population cannot impose something on outlying parts of the country without some check and balance being in place. One way to achieve that would be to have an elected Senate with equal numbers of Senators from each Province and the Territories elected to serve in the Upper House. When legislation passes this House, particularly when there is a majority Government which may not have listened to opposing views, the Senate could examine it from a regional perspective and make any changes that might be necessary. If that were the case I do not think that today we would be arguing about whether the Government should be able to borrow money when it does not have a plan or does not tell us the plan or because, some would say, it is incompetent—I think if all that were set aside we could get on with running the country in a more democratic way.

Democracy seems to prevail only at election time. Between elections there is very little democracy in the country. That is a sad state of affairs for this institution and for the country. Democracy is a basic right. People must have some say in the systems that run the country, even in cases where they disagree.

Members of the New Democratic Party—and I was one of them—opposed the testing of the Cruise missile. When we spoke about that this afternoon in the House some Hon. Members said that they did not want to debate it in the House. I think that is wrong, Mr. Speaker. In a democracy we listen to everyone. People must have a forum in which to express their concern. As we have seen in other countries, when this is denied them, revolutionary forces spring up. I hope we never see that in Canada.

The ancient philosopher, Voltaire, said something to the effect that, "I may disagree profoundly with what you have to say but I will defend to the death your right to say it." We should keep that in mind, Mr. Speaker, and not criticize each other's motives in this House. We should listen to each other and try to make the country a better place to live and prosper. No country in the world has the potential of Canada. As a Member of Parliament, I would not want to be part of anything that would destroy that future for my children or their children.

We should get on with doing the job and look for new systems under which we can operate more effectively rather then apportioning blame. That is not actually the problem.

Mr. Maurice Harquail (Restigouche): Mr. Speaker, I think the Hon. Member for The Battlefords-Meadow Lake (Mr. Anguish) was probably practising a speech that he might have wanted to present in a mock parliament. He brought in the question of the Cruise and everything else except Bill C-143

which we are discussing this afternoon. I do not know where the Hon. Member gets his information. It seems to me that there is no higher court in which to exercise democracy than the House of Commons. He missed an excellent opportunity to do that during debate this afternoon.

The Hon. Member for Crowfoot (Mr. Malone) also missed an opportunity to make some points and explain his position. He took ten minutes to speak of some beautification project. I do not know how that relates to what the Government is trying to do. Surely he could have taken a couple of minutes before coming into the Chamber to decide what he wanted to say about the Bill and the importance of borrowing these moneys at this time. Instead, he elected to spend the total time attacking the Hon. Member for Welland (Mr. Parent).

Had the Hon. Member for The Battlefords-Meadow Lake been in the House when his Acting House Leader spoke, he would have heard him support the Government's request for borrowing. He took exception to the narrow view presented by the Hon. Member for York-Peel (Mr. Stevens). As usual, the Acting House Leader for the NDP made an eloquent presentation. He certainly was that when he involved himself with what the Hon. Member for York-Peel had to say. In the course of his presentation he went on to say that there was a need for these funds. I support that view. I want to pick up on what the Hon. Member for Hamilton Mountain (Mr. Deans) said when he, so effectively, established his position this afternoon. Right-thinking and positive-thinking Members mentioned the needs and what we will do with these funds. I see the Hon. Member from Carleton—

• (1720)

Mr. Baker (Nepean-Carleton): Nepean-Carleton.

Mr. Harquail: I am sorry. I see the Hon. Member for Nepean-Carleton (Mr. Baker), who is usually in his place, so attentively nodding in agreement with what I have to say this afternoon. It encourages me to go on and to talk about housing, the increase in housing construction which is creating jobs that we all said were needed in this country. Also we want to encourage and find dollars to support job-creation programs. We know that with the employment situation as it is in Canada we must carry on with the CDP, Community Development Projects, and with the NEED Program, particularly for the youth, the young people in the labour market today who are having difficulty finding job opportunities.

Also I support the Hon. Member for Shefford (Mr. Lapierre). This afternoon he took the opportunity to make a contribution in the House dealing directly and specifically with the need for job opportunities and job creation for the youth of the country. I applaud his contribution and support him in everything he had to say. This is the type of concern that we on this side of the House share. It is why we support this measure at this time.

Turning to development, some mention was made of regions. We have regional concerns. We have the Minister of State for Economic Development (Mr. Johnston), and we have the Minister of Industry, Trade and Commerce (Mr. Lumley) who also has responsibility for the Department of Regional Economic Expansion. I place a great deal of importance on the programs which these Departments will administer.

I would like to name some of the projects we want to see completed and hopefully addressed out of these borrowings or funds. There are such items as the completion of the section of highway between Moncton and Campbellton in my own Province of New Brunswick. I would not want to miss the opportunity to stress that important project because of its significance to our region and its fundamental link to economic development. It is fundamental to us that our seaway ports, airports, pulp mills, infrastruture and various plants have the necessary transportation links to the communities.

Mr. Baker (Nepean-Carleton): Hear, hear!

Mr. Harquail: I appreciate that support from the Hon. Member for Nepean-Carleton. Recently, in the Standing Committee on Transport I talked with the Minister of Transport (Mr. Pepin). I asked him, as I did also the Premier of New Brunswick and the Minister responsible for transportation and highways in New Brunswick, to keep the promise they made 12 years ago and get on with the project.

Mr. Baker (Nepean-Carleton): Send him a copy of your speech.

Mr. Harquail: I hope that will be done in due course. He sat with us in a public meeting with engineers, elected MLAs and all the other representatives. We all agreed. The Premier said that it was a provincial responsibility and that they would complete the highway between Moncton and Campbellton. I am sad to relate this afternoon that there are portions yet to be completed. I refer particularly to the portion between the airport at Charlo and the mining area at Belledune.

We are asked what is left to be done and why we need these moneys.

Mr. Young: To finish your road.

Mr. Harquail: Yes, but let me refer to a topic which is of interest to everyone, the Canadian Broadcasting Corporation. Everyone has individual views about the Corporation, about its policies, about its budget allocation and the way it spends money. Would all Hon. Members not agree that in 1983 at least the Corporation should tackle the problem of the installation of adequate, modern television production facilities in the Province of new Brunswick? The Premier himself has appeared at least four or five times before the CRTC. Everyone has supported this case. We have all made presentations to the Minister of Communications (Mr. Fox), to the CRTC, and we are still awaiting that allocation by the President of the CBC. Those are some of the items I wanted to put before the House this afternoon.

Mr. Deans: Mr. Speaker, I rise on a point of order. I just want to correct the Hon. Member. He said that I supported the legislative proposals before the House. I did not.

The Acting Speaker (Mr. Corbin): The point is well taken.

Mr. Harquail: Mr. Speaker, on the same point of order—

The Acting Speaker (Mr. Corbin): I am afraid we are engaging in debate at this time.

Mr. Harquail: Mr. Speaker, when you said that the point was well taken, I take it that I might respond to that.

The Acting Speaker (Mr. Corbin): Order, please.

Mr. Harquail: On that point of order, Mr. Speaker—

Mr. Anguish: Sit down.

Mr. Harquail: Behave yourself.

The Acting Speaker (Mr. Corbin): Order, please. I should remind Hon. Members that it is a Member's right and privilege under the Standing Orders to rise and have the record corrected if, as the case may be, he was misquoted or the facts were not as he laid them before the House. That is quite in order.

It being 5.25 o'clock p.m., the two hours provided for the consideration of the motion now before the House under the provisions of Standing Order 82 have expired. Accordingly, under the terms of the Standing Order, it is my duty to interrupt the proceedings and put every question necessary to dispose of the motion.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Corbin): All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Corbin): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion the yeas have it.

And more than five Members having risen:

The Acting Speaker (Mr. Corbin): Call in the Members.

The House divided on the motion (Mr. Cosgrove) which was agreed to on the following division:

(*Division No. 313*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bossy
Breau
Bujold
Caccia
Campbell (Miss) (South West Nova)
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Dupont
Dupras
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Veillette
Watson
Weatherhead
Whelan—121.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Blaikie
Blenkarn
Bradley
Broadbent
Carney (Miss)
Clarke (Vancouver Quadra)
Cooper
Cossitt (Mrs.)
Crouse
Darling
Deans
Ellis
Epp
Fennell
Fulton
Gass
Gilchrist
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Heap
Hovdebo
Jarvis
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
Lawrence
Lewis
Lewycky
MacDougall
Malone
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McKenzie
McKnight
McLean
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Neil
Nickerson
Nielsen
Nystrom
Oberle
Orlikow
Parker
Patterson
Roche
Scott (Victoria-Haliburton)
Stevens
Thacker
Vankoughnet
Wise
Young
Yurko—69.

● (1750)

Madam Speaker: The motion is carried.

Motion (Mr. Cosgrove) agreed to.

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX

AMENDMENTS TO STATUTE LAW

The House resumed consideration of the motion of Mr. Lalonde: That Bill C-139, to amend the statute law relating to income tax (No. 2) be read the third time and do pass.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Madam Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Madam Speaker: In my opinion, the yeas have it.

And more than five Members having risen:

Madam Speaker: Call in the Members. Can we dispense with the bells?

Some Hon. Members: Agreed.

The House divided on the motion (Mr. Lalonde) which was agreed to on the following division:

(Division No. 314)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Bloomfield
Bossy
Breau
Bujold
Caccia
Campbell (Miss) (South West Nova)
Chrétien
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Dupont
Dupras
Ethier
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Irwin
Isabelle
Johnston
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe (Beauce)
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro (Hamilton East)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Prud'homme
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Trudeau
Veillette
Watson
Weatherhead
Whelan—122.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Blaikie
Blenkarn
Bradley
Broadbent
Carney (Miss)
Clarke (Vancouver Quadra)
Cooper
Cossitt (Mrs.)
Crouse
Darling
Deans
Ellis
Epp
Fennell
Fulton
Gass
Gilchrist
Gurbin
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Heap
Hovdebo
Jarvis
Jewett (Miss)
Kempling
Kilgour
King
Knowles
Korchinski
Kristiansen
Lambert
Lawrence
Lewis
Lewycky
MacDougall
Malone
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McKenzie
McKnight
McLean
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Neil
Nickerson
Nielsen
Nystrom
Oberle
Orlikow
Parker
Patterson
Roche
Scott (Victoria-Haliburton)
Stevens
Thacker
Vankoughnet
Wise
Young
Yurko—70.

● (1800)

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

ROUTINE PROCEEDINGS

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,934, 3,935, 3,937, 3,938, 3,940 and 4,656.

Order Paper Questions

[*Text*]

OSBORNE CENTRE, WINNIPEG

Question No. 3,934—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Osborne Centre, Winnipeg and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Osborne Centre but there is a Superintendent, whose name is Jeff Christian. (a) Date of appointment to present position: March 10, 1980. *(b) Position held prior to present appointment: Area Manager, Yellowknife Parole Office, Yellowknife, N.W.T. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Osborne Centre but one of the two Case Management Officers, Russell Muth, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to both Case Management Officers.

(a) Date of appointment as Case Management Officer: May 15, 1981. *(b) Position held prior to present appointment: Counsellor at Osborne Centre, (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

ROCKWOOD INSTITUTION, STONY MOUNTAIN

Question No. 3,935—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Rockwood Institution Farm, Stony Mountain and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Rockwood Institution but there is a Superintendent, whose name is John Keane. (a) Date of appointment to present position: May 21, 1974. *(b) Position held prior to present appointment: Living Unit, Development Officer at Rockwood Institution. (c) Salary range: $30,567 to $34,090. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Rockwood Institution but the Co-ordinator, Inmate Programs, Douglas Spiers, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other officers.

(a) Date of appointment as Co-ordinator, Inmate Programs: April 6, 1981. *(b) Position held prior to present appointment: Area Manager, Thompson Parole Office, Thompson, Manitoba. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

OSKANA CENTRE, REGINA

Question No. 3,937—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Oskana Centre, Regina and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Oskana Centre but there is a Superintendent whose name is John Friel. (a) Date of appointment to present position: July 1, 1980. *(b) Position held prior to present appointment: Section Supervisor, National Parole Service, Prince Albert Parole Office, Prince Albert, Saskatchewan. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Oskana Centre but the Case Management Officer, Brian Meier, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other Case Management Officers.

(a) Date of appointment as Case Management Officer: December 3, 1979. *(b) Position held prior to present appointment: Counsellor at Oskana Centre. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regard-

ing previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

SASKATCHEWAN FARM INSTITUTION, PRINCE ALBERT

Question No. 3,938—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Saskatchewan Farm Institution, Prince Albert and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Saskatchewan Farm Institution but there is a Superintendent, whose name is Knutt Hemsted. (a) Date of appointment to present position: July 24, 1980. *(b) Position held prior to present appointment: Farm Manager at Saskatchewan Farm Institution. (c) Salary range: $32,112 to $36,212. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Saskatchewan Farm Institution but the Co-ordinator, Inmate Programs, Clifford Moore is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other officers.

(a) Date of appointment as Co-ordinator, Inmate Programs: February 15, 1978. *(b) Position held prior to present appointment: Classification Officer at Saskatchewan Penitentiary, Prince Albert, Saskatchewan. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

REGIONAL PSYCHIATRIC CENTRE, SASKATOON

Question No. 3,940—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Regional Psychiatric Centre, Saskatoon and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Acting Medical Director at the Regional Psychiatric Centre, Saskatoon is Dr. William Davis. (a) Date of appointment to present position: July 11, 1980. *(b) Position held prior to present appointment: Regional Manager, Medical and Health Care Services, Correctional Service Canada, Regional Headquarters, Saskatoon, Saskatchewan. (c) Salary range: $50,688 to $57,404. *(d) This position requires eligibility for license to practice medicine in a Province or Territory in Canada.

B. There is no Deputy Director at the Regional Psychiatric Centre, Saskatoon but the Assistant Director, Security, Robert Allaby, is presently designated by the Acting Medical Director to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other officers.

(a) Date of appointment as Assistant Director, Security: April 28, 1980. *(b) Position held prior to present appointment: Regional Co-ordinator, Security Survey and Evaluation, Correctional Service of Canada, Regional Headquarters, Moncton, New Brunswick. (c) Salary range: $30,567 to $34,090. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

POSITIONS IN DEPARTMENT OF SOLICITOR GENERAL FILLED BY ORDER IN COUNCIL

Question No. 4,656—**Mr. Friesen:**

1. Which positions in the Department of the Solicitor General are filled through Order in Council?

2. In 1982, by region, what were the names of the persons who held each of these positions?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council):

1. and 2.

Position	Name	Region
Deputy Solicitor General	F. Gibson	Ottawa
Commissioner of Corrections in the Canadian Penitentiary Service	D. Yeomans	Ottawa
Correctional Investigator in the Office of the Correctional Investigator	R. Stewart	Ottawa
Head of the Security and Intelligence Agency	T. D. Finn	Ottawa
Commissioner of the Royal Canadian Mounted Police	R. Simmonds	Ottawa
National Parole Board		
Chairman	W. Outerbridge	Headquarters
Vice-Chairman	R. Labelle	Headquarters

Members:	Miss M. Casey	Atlantic Region
	R. Evans	Headquarters
	J. Gilbert	Quebec Region
	Miss K. Louis	Pacific Region
	Col. A. Beaupré	Ontario Region
	R. Beaupré	Quebec Region
	Miss M. Benson	Ontario Region
	Mrs. D. Betz	Prairie Region
	P. Boulanger	Quebec Region
	D. Chisholm	Prairie Region
	G. Clermont	Headquarters
	M. Gallant	Atlantic Region
	R. R. Gillies	Prairie Region
	Mrs. N. Harrison	Pacific Region
	Mrs. E. Hobbs	Headquarters
	J. Hollies	Headquarters
	Mrs. S. Holt	Pacific Region
	K. Howland	Prairie Region
	R. Hutson	Headquarters
	T. Lamothe	Headquarters
	M. Lecorre	Quebec Region
	M. Steinburg	Ontario Region
	R. Richards	Atlantic Region
	L. F. Taylor	Ontario Region
	P. Young	Headquarters
Temporary Members:	L. Audet	Ontario Region
	G. Bertrand	Quebec Region
	R. Boucher	Pacific Region
	Ms. A. Cools	Ontario Region
	B. Hayden	Prairie Region
	D. Hurley	Atlantic Region
	J. Leblanc	Atlantic Region
	M. Maccagno	Prairie Region
	Mrs. S. Maheu	Quebec Region
	Mrs. S. McAlpine	Pacific Region
	F. McQuaid	Atlantic Region
	J. Ready	Atlantic Region
	M. Roussel	Quebec Region
	L. St-Cyr	Ontario Region
	M. Tracz	Prairie Region

[*English*]

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

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

Some Hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

SUMMER WORK PROGRAM

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, on March 15 I addressed a question to the Minister of Employment and Immigration (Mr. Axworthy) in respect to the make work programs which are in place for the various constituencies of Canada. I asked that question in this House because I had received a letter on February 25 from the Minister advising me that the last date that applications for any of the Summer Works programs should be in was March 4. March 25 happened to be a Friday and the letter arrived in my office after I had left. I therefore did not learn of the closing date until the following Monday.

Mr. Speaker, in a constituency such as yours and mine, a great deal of the information is circulated via the weekly paper. There was no way at the time of that late announcement that I could advise the people of Carleton-Charlotte that the closing date for the summer works type of program would be March 4. I therefore asked the Minister, inasmuch as it was impossible for the constituents of Carleton-Charlotte to know of the closing date in time to get applications in, would he extend that date by two weeks.

I then went to the trouble of asking of the weeklies and of organizations if they had had any notice of any kind as to when the closing date was for applications for this program. The answer was no, they had had no notification. I then called the officials of the Department, for my constituency, and was advised that there would be no extension after that date of March 4. This meant that many organizations had no way of knowing that the closing date was in fact March 4.

• (1805)

I repeated my question later in the House and again asked for an explanation. I was again advised that I should be the individual to advise the constituents of Carleton-Charlotte and all its organizations that the closing date was to be March 4. That was impossible. This has rendered a hardship to the constituents who might have applied, as well as to the various organizations that might have applied.

I think Hon. Members know that the various organizations promoting the interests of our native people have pretty good communication with the various Ministers, first through the Minister of Indian Affairs and Northern Development (Mr. Munro), and then through their own information centres, as to when they can apply for the benefits of programs.

Last week an Indian Chief from New Brunswick was in my office. He stated that he had not been notified of the closing date, that he had not made an application and that he was advised by the officials of the Department of Employment and Immigration that there was no way that an application from his Band could be accepted for projects for summer work. In addition to that, and this is a side issue, he was advised that his budget was being sharply reduced by the Department of Indian Affairs. He stated that a combination of the two situations wreaked very serious hardship upon him, his Band and his officials.

I was not the only one who did not know. I took the opportunity on the first Tuesday in March to ask other Members if they knew of the closing date for applications for the summer employment programs. The answer was no in every instance.

I mentioned in my question, and I repeat it again, this Government has budgets known to be in the vicinity of $300

million for advertising. The cost of advertising through the various little pamphlets that come out far exceeds that item. I submit it is incumbent upon the Minister of Employment and Immigration in the future to properly advertise any program and the closing date for applications, giving not less than three weeks public notice of that closing date. This is in the best interest of the people we are trying to serve, particularly the student population of Canada which does not have a hope of getting in those applications to get the work they so badly need.

When this program was originally initiated, it allowed a Member of this House to appoint a ministerial advertising board—the name changed later—which gave geographic representation within a large constituency. It made it possible for the citizens, mayors, councillors, teachers, lawyers and other professional people in the constituency to give advice as to—

Mr. Lapierre: No problem.

Mr. McCain: Yes, there is. I could not do that. They advised how the moneys would be allocated. I was advised the Minister did not want that.

Something else that gives me difficulty is the geographic distribution of the money. First, I do not have advance copies of the applications. Consequently I get the notice on the day or maybe the day before I am to meet with the officials. Don't shake your head and don't criticize my truthfulness in this House. If you do, you criticize the truthfulness of my staff, and I will rise to their defence.

The Acting Speaker (Mr. Corbin): Order.

Mr. McCain: Can I have another minute in view of the interruptions?

The Acting Speaker (Mr. Corbin): There were no interruptions. I simply ask the Hon. Member to address his remarks to the Chair. I hope the record will not indicate that the Speaker was shaking his head; that is the way it sounded to me.

Mr. McCain: No, Mr. Speaker, I referred to the gentleman opposite.

• (1810)

Mr. Lapierre: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Corbin): I am sorry, the Chair cannot entertain points of order during these proceedings.

Mr. McCain: Mr. Speaker, there is no way that I can properly represent my constituency without advance notice, so that my constituency can make proper representation to the staff of the Department, without the ministerial advisory board. Exactly the same situation exists in other large constituencies in Canada. I appeal to the Minister to advertise in weekly papers in rural Canada the beginning and closing dates of programs, giving at least three weeks' notice. Without ministerial advisory boards in the large constituencies, and without proper notice, all organizations in rural constituencies suffer from this lack of information.

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, in the few minutes at my disposal, I shall try, to the best of my ability, to give some explanations to the Hon. Member in connection with his complaints about the advertising of the Summer Canada program. First of all, perhaps I may say that I too represent a rural constituency, and that the problems encountered by the Hon. Member in his own constituency are perhaps even greater in my own, considering its boundaries which include the Magdalen Islands, where communications are certainly a problem.

Mr. Speaker, the Minister announced the Summer Canada program in December. He made it clear that the program was available to students across Canada, that application forms would be available in all Canada Employment Centres and that starting in the middle of January, all Canada Employment Centres and their officers would be asked to promote the program in their respective areas.

The advertising campaign in our dailies and weeklies throughout the land started on February 14, and I think it was clearly indicated that the closing date for applications would be March 4. Following this advertising campaign, our officials visited most ridings to promote this program and show the students how to submit applications. It is true that the Hon. Member asked the Minister in the House for an extension of the application period, which was granted. The Minister later announced that applications would be accepted until March 14 from coast to coast. Moreover, all our officials and Canada Manpower Centers were advised that the closing date had been postponed and that they should make sure that all interested parties were made aware of that extension.

This question was asked in the House, Mr. Speaker, and was answered by the Minister, Mr. Speaker, precisely to make sure that Hon. Members would refer to *Hansard* and would read the announcement made by the Minister, so that in turn they could advise all those concerned. It was very difficult, in that ten day period, to return to the newspapers, especially the weeklies, and ask them to carry this announcement. That is why the Minister chose the House, a public forum, to inform Canadians that the closing date for submitting application had been postponed.

[*English*]

NUCLEAR ARMAMENTS—CANADIAN POSITION ON GENEVA ARMS CONTROL TALKS

Mr. Douglas Roche (Edmonton South): Mr. Speaker, on Monday last I asked the Secretary of State for External Affairs (Mr. MacEachen) what proposals Canada would be putting forward when Vice-President Bush came to Ottawa,

which he did yesterday, in connection with the Geneva negotiations on intermediate nuclear missiles. The Minister said that Canada would be putting forward some proposals. He was not specific.

• (1815)

When I asked the Prime Minister (Mr. Trudeau) today what those principles were he referred me to the speech he gave last night in which there was a suggestion that Canada would support something less than the famous zero option previously proposed by President Reagan. It seems clear that the zero option is not going to be accepted and that something new will come along. What is the change, Mr. Speaker? What would Canada propose to solve the terrible difficulty of avoiding the nuclear precipice that the arms race has hurtled us toward?

In his speech last night the Prime Minister further confused the issue by talking about the Cruise missile, this time suggesting the Government had an obligation to NATO. This is a change from the previous presentation of the issue in which it was presented in bilateral terms as a request from the United States. At one stage we heard that a request was made and, indeed, the former Secretary of State for External Affairs said a commitment had been made in principle. That was later denied by the Prime Minister and the present Secretary of State for External Affairs.

We do not know whether the Canadian Government has given serious consideration to testing the Cruise missile vehicle delivery system because, by the words of the three Ministers I have named, the Government has deliberately obfuscated the issue so that now the Canadian people have no clear idea of where we stand on the nuclear arms question.

There is a tremendous surge of public opinion in the country, of which, undoubtedly, the Government is aware. However, I think the Government is remiss in its duty to give leadership to the Canadian people on this extremely important question. It is also negligent in not taking an initiative as one of a group of nations forming part of NATO that wants to put pressure on the two super powers having 95 per cent of all nuclear technology and armaments between them. The rest of the world is being held hostage today to the never-ending arms race.

Last night the President of the United States gave a new version of Star Wars—that so far has been fiction—but now in the closing years of this century, we are going to be hurled into a form of outer space use of laser beams in a defensive capacity. That would only lead to an increase in armaments, when the central point of all of this is the negotiations now going on in Geneva, and what is being done to put pressure on both parties on behalf of humanity. That is the question I put to the Secretary of State for External Affairs and to the Prime Minister. But we do not get any answers.

There is total confusion on the issue of the Cruise. On the essential issue, I believe Canada should put forward initiatives that would be realistic, given the over-all premise that existing nuclear capabilities in the world are sufficient to ensure the credibility of nuclear deterrents, and that nuclear modernization, beyond where we are now, could lead us to a new round in the strategic and nuclear arms race. In other words, if we are going to support a strategy of suffocation, then I believe we must be true to that.

If Canada wants to put forward some proposals, we should propose that the United States and the Soviet Union jointly announce a bilateral moratorium on the flight testing of all nuclear weapons' systems. Such a moratorium would remain in effect during the Geneva negotiations on nuclear arms reductions between the United States and the Soviet Union. That is an essential policy that would drive straight to the heart of the matter and stop all this fooling around about whether to test Cruise missiles and what our obligations are.

Our obligations are clear, Mr. Speaker. We have an obligation to participate in NATO but we also have an obligation to mankind and to the human condition. Today, as an important leading nation in the world we must make realistic proposals. I believe that at the United Nations Canada should support the proposals that have already been made.

• (1820)

The first proposal is an immediate halt by all nations to the testing, deployment and production of all nuclear weapons and delivery systems, pending major reductions in nuclear arsenals. The second is that there be negotiations aimed at achieving a world treaty for simultaneous, balanced, verifiable and enforceable arms reductions, eventually to the minimum level of police forces required for internal security. That was at the heart of the document produced by the First Special Session on Disarmament of the United Nations in 1978. That document contains a comprehensive program for disarmament in the world. Sadly, it has not been implemented because of a continued escalation of the arms race, rather than the nations of the world, Canada chief among them, banding together to force progress in negotiations in Geneva and, indeed, in all five sets of these ongoing complicated negotiations.

In his first report, the Secretary General of the United Nations, Mr. Perez de Cuellar, said, "We are perilously near to a new international anarchy". I believe the Canadian Government ought to be listening to that man and acting accordingly.

[*Translation*]

Mr. Jean Lapierre (Parliamentary Secretary to Deputy Prime Minister and Secretary of State for External Affairs): Mr. Speaker, I am always very interested in the comments of the Hon. Member for Edmonton South, but I would like to put this discussion in the proper context.

In 1977, the Soviet Union deployed its first intermediate-range nuclear missiles, the SS-20s, which were equipped with three nuclear warheads and had a range of 5,000 kilometers, and by so doing threatened all Western European cities. At the request of the European Allies and my Hon. colleague mentioned earlier that this was a bilateral agreement but it was certainly at the request of our Western European Allies,

NATO decided in 1979, under the Government of my Hon. colleague, who is now trying to take the side of virtue and motherhood, to deploy new intermediate-range missiles to replace shorter-range missiles because of the threat posed by the SS-20s. At the same time, NATO suggested to the Soviet Union that mutual restrictions be negotiated on these missiles.

There is therefore nothing new about the theories of my hon. colleague. The visit of Vice-President Bush gave us an opportunity to discuss the progress which was accomplished in the negotiations now under way in Geneva. In 1979, the members of NATO had suggested the zero-zero option, which would consist in eliminating completely the entire class of intermediate-range missiles, both on the side of the Soviet Union and the United States. We are still convinced that this would be ideal since this type of missile would be completely eliminated. NATO never considered this solution impossible or inflexible. In consultation with the other members of NATO, we are now examining the feasibility of proposing a new approach to bring about a compromise agreement which would not be all virtue and motherhood, but which would at least allow the negotiations to proceed so that balance in this type of arms can be achieved at the lowest possible level. If NATO decides to take this new approach, we plan to keep in mind the ultimate objective of wiping out these missiles completely. We hope that there will eventually be a second agreement to this end. At the meeting between Mr. Bush and the Right Hon. Prime Minister (Mr. Trudeau), we expressed the concerns of this Government and the people of Canada and the wish that the negotiations will now proceed more quickly. As this might involve greater flexibility, we are now consulting our allies in this regard and we hope that such flexibility can lead to profitable negotiations and the maintenance of world peace if possible so that we may never face a nuclear war.

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

At 6.25 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, March 25, 1983

The House met at 11 a.m.

• (1105)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

NATIONAL RESEARCH COUNCIL

STATEMENT ON MORALITY

Mr. Albert Cooper (Peace River): Madam Speaker, in the March 18, 1983, Ottawa *Citizen* the head of the National Research Council of Canada was reported as saying, "Man is a moral creature and what he does is necessarily moral." He then went on to say that moral concerns should not restrict scientists in their research.

Society must play a part in the moral concerns of scientific research, and we as legislators must play our part. But, Madam Speaker, our scientists must not abandon the moral implications of their research. To do so would be tantamount to accepting the gruesome, despicable experiments that have taken place throughout history.

We must all take responsibility for our work, whether we are scientists, legislators, or society in general.

* * *

NATIONAL ENERGY BOARD

ARCTIC PILOT PROJECT HEARINGS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, some months ago the National Energy Board suspended its hearings into the Arctic Pilot Project on the grounds that the proponents did not have a confirmed market for their gas. Might I now add my urging to that of the Minister of Energy, Mines and Resources (Mr. Chrétien) that the hearings be reconvened.

If successfully brought to fruition, the Arctic Pilot Project would create many much-needed jobs in Canada, as well as contribute sizeably to the nation's export earnings. The potentiality of prolonged delay must be jeopardizing sales negotiations with offshore customers.

There are many facets of the project which ought to be addressed by the National Energy Board and which, in reality, are largely independent of the final customer. For example, the determination of whether Arctic gas is surplus to Canadian requirements, safe production and transportation methods, northern shipping routes, environmental concerns, and the maximization of Canadian and particularly northern benefits, do not rely on who the customer is to be.

When the national priority is the restoration of the Canadian economy—

Madam Speaker: Order, please.

* * *

EXTERNAL AFFAIRS

GRENADA—THREAT TO SOVEREIGNTY

Mr. Dan Heap (Spadina): Madam Speaker, on Wednesday night President Reagan accused Grenada of being one of three Caribbean countries that is installing Soviet weapons and installations. To support his accusation against Grenada he showed an aerial picture of the partly built new Grenada international airport, claiming that it was taken by a United States spy plane.

As is well known, Grenada is building an international airport to support one of its major industries, tourism. Plessey Airports of Great Britain is participating in the construction with a $6.5 million contract, and France, Finland, and Venezuela have pledged assistance. The runway length, which President Reagan attacked as being too great for legitimate Grenadian use, is less than the length of the runways in the Bahamas, Curacao, Dominica Republic, Guateloupe, Martinique, Puerto Rico, Trinidad, and Barbados.

In light of the many U.S. backed invasions of Caribbean countries, such as Guatemala, Dominican Republic, Cuba, and Nicaragua, and U.S. naval manoeuvres in the Caribbean, Grenada is justifiably alarmed at the President's sabre rattling.

I, therefore, call upon the Government of Canada to state publicly that Canada will oppose any move by the United States to interfere with the sovereignty of Grenada and to assure Grenada of our support in the event of any attempt to invade that country.

* * *

[*Translation*]

GOVERNMENT AID

QUEBEC'S REFUSAL TO PARTICIPATE IN NEED PROGRAM

Mr. Jean Lapierre (Shefford): Madam Speaker, I am taking advantage of the provisions of Standing Order 21 in

order to express to the House and to the Canadian people my feelings of dismay at the refusal of the Quebec Government to take part in the NEED program. Everyone knows that in all Quebec constituencies, there are hundreds, and in some cases even thousands, of unemployed workers who have exhausted their unemployment insurance benefits and are now struggling to make ends meet on welfare. For young people, that means $147 per month. The Provincial Government's constitutional nitpicking is certainly not going to help these people, who were probably hoping that the municipal authorities in their areas would at least be able to create jobs for carrying out community projects as needed. Consequently, Madam Speaker, I do hope, and I want to assure these people, that other bodies will be able to submit projects under the NEED program and that the Federal Government's $170 million will be available immediately. Yesterday, the Minister of Employment and Immigration (Mr. Axworthy) announced between 300 and 400 projects. I hope that municipalities that have already submitted projects will be able to switch sponsors quickly and get organized to create jobs in their communities. These jobs are urgently needed by many people, and especially those most sharply affected by the recession.

* * *

[*English*]

SMALL BUSINESS

NEWSPAPER EDITORIAL ON GOVERNMENT POLICY

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, I have been on my feet several times so far this month alone, and in most of those interventions I have been expressing my concerns about the Government's indifference to the plights and problems of small business. An editorial in today's *The Globe and Mail* underlines my concerns.

Close to half of Canada's unemployed, the editorial states, are the former employees of small and medium business. It goes on to say that "Canadians have been told of the big layoffs by big business. They have personally observed and felt the lay-offs in small and medium-sized business."

While the Government was trumpeting its leadership in economic restraint, but in fact awarding 40 per cent of its public servants raises of 10 per cent and 9 per cent, the small-business sector had imposed upon itself restraints that, in more than 30 per cent of cases, had owners taking less out of their businesses by way of personal income than they had the year before, and in another 30.6 per cent of cases taking out the same amount as they had previously. The Government's self laudatory propaganda has thus been exposed for what it is.

• (1110)

The depressing spectacle of Bill C-139 has, for better or for worse, passed beyond us here. It is now time for the Government to act, and act firmly, to restore confidence and credibility in the marketplace.

I urge the Minister and the Cabinet, if they wish to create recovery with the stamina it will need to sustain itself—

Madam Speaker: Order.

* * *

THE PRIME MINISTER

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I wish to raise a matter that has concerned me over the last 24 hours. I read with interest and heard of the altercation that occurred yesterday outside the Chamber between those who guard the Prime Minister (Mr. Trudeau) and the media.

Without passing judgment on the altercation itself, since I did not see it, I would suggest that the public has the right to know what their leaders think, and what their leaders' views are on matters of public interest. There are very few ways in which this can be achieved. One method of gaining that knowledge is through the media.

It is generally acknowledged that the Prime Minister has not been dealing with the media of late and has not been making himself available for discussion or questions about matters of public interest. In my opinion, that can only lead to further altercations of the type that was reported to have occurred yesterday. I think the Prime Minister has every reason to set down some limits as to accessibility, but he must be accessible. It is an obligation of leadership that one must be accessible.

Madam Speaker: Order.

* * *

[*Translation*]

ENERGY

REQUEST FOR TAX REVIEW—INJUSTICE AGAINST QUEBEC

Mr. André Maltais (Manicouagan): Madam Speaker, I should like to draw the attention of the House to the unfair situation of Quebecers with respect to the price of gas. I should like to ask the Minister of Energy, Mines and Resources of Canada (Mr. Chrétien) to get in touch with his Quebec counterpart with a view to looking into the possibility of reviewing the matter of the progressive tax—the Parizeau-Lévesque tax. Only in Quebec are motorists paying on average 59 cents for a litre of gas, as compared with 33 cents in Calgary. Quebec now levies a 16-cent tax on each litre of gasoline.

In my opinion, Madam Speaker, the Minister of Energy, Mines and Resources of Canada ought to make sure that Quebec does protect the interests of Quebecers because, the way it works out now, a Quebecer shells out $10 in direct taxes to the Province of Quebec each time he fills up his gas tank. That is definitely unwonted. Our energy policy is based on the

fact that all Canadians ought to be paying the same price. Keeping in mind the fact that Calgarians buy a litre of gasoline for roughly 33 cents whereas Quebecers fork out about 59 cents, we are forced to conclude that the energy policy is very good, except in Quebec where the present Government again makes all Quebecers pay for its inept administration.

* * *

[*English*]

CANADA POST CORPORATION

ATTEMPT TO ENSURE SERVICE MONOPOLY

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, all Canadians want a sound and efficient postal system. Canada Post seemed to have this as its objective. However, reality shows that its real goal is to assure for itself exclusive rights over the mail.

Canada Post's definition of a letter, with all its absurd implications, is but an attempt to solidify its absolute postal monopoly. Business and financial communities at large, including the insurance industry, with their time sensitive and urgent internal communications, will be hit the hardest in terms of reduced efficiency, added cost, and lessening of security.

Canada Post should be reminded that, despite socialistic oriented policies of the Liberal Government, we still continue to live in a free enterprise country where competition is essential to our economic growth and social well being.

It is imperative that Canada Post meets its competitors head-on instead of seeking monopolistic advantage by Government regulation. The public interest requires that Canada Post had better concentrate on improving the quality of its services and abandon policies jeopardizing our business communities already struggling to survive under the chaos introduced by the Government.

Let us hope that Cabinet will apply common sense when it considers the revised definition of a letter.

• (1115)

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

NUMBER OF YOUNG PEOPLE EMIGRATING

Mr. Albert Cooper (Peace River): Madam Speaker, my question was to be directed to the Prime Minister but, in his absence, I will direct it to the Minister responsible for employment.

According to the latest available figures on Canadians leaving Canada, some 40,000 young people between the ages of 25 and 35 moved out of this country in the two years from 1979 to 1981.

Mr. Lalonde: The Conservative regime threw them out.

Mr. Cooper: I think it is safe to assume that a great many of those young people left the country in order to find work. Can the Minister tell us what is being done to remove this destructive drain of young Canadian manpower and Canadian brainpower?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think we should first analyze the basic proposition put forward by the Hon. Member to determine whether people leaving the country are necessarily young people looking for work. In fact we have, on average, and have always had, about 70,000 emigrating from Canada to other places for all kinds of reasons, some for work, some to go south for retirement, and others simply to move to other locations. I would point out to the Hon. Member that, at the same time, double that number has been coming into Canada, many of them also young people coming into this country to find work and to settle here. Therefore, I really cannot answer his question when the premise is all wrong.

Mr. Cooper: Madam Speaker, the Minister mentioned that 70,000 Canadians left. In fact 40,000 of those were young people between the ages of 25 and 35. If we consider the next figures, I think we will know why.

YOUTH EMPLOYMENT PROGRAMS

Mr. Albert Cooper (Peace River): Madam Speaker, my supplementary question is directed to the same Minister and relates to the fact that this spring over 500,000 students will be looking for their first full-time jobs. They will be competing with the 1.5 million Canadians already looking for work, and that may explain why 40,000 left. What will the Government do about it?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think that is a much more serious question, and I appreciate the Hon. Member bringing it forward, because there is no doubt but that the issue involving how we can help young people, those graduating from schools, to find their first jobs, is really a major national priority. I do not follow the concern raised by the Hon. Member at all. The question is: what is the best way of doing it?

We have taken a number of steps to try to provide new openings and opportunities for young people in the job market. As the Hon. Member knows, we have substantially increased training programs. We increased budgets for this fiscal year by about 20 per cent. We have substantially added to the training in the high technology and high trades areas, where there are still many job opportunities. Second, with the provincial Governments we are considering ways in which we can combine our efforts to deal with unemployment.

Last January I met with provincial Ministers and put forward a policy paper for discussion. We have now held meetings with senior officials following those discussions, to find ways in which we can link up with provincial Governments in a combined effort. As I pointed out in the House yesterday and at times before, members of this caucus have been working very actively to consider a variety of ways by which we might provide incentives to the private sector, ways in which we can use federal Departments and agencies to provide first-time job opportunities.

Mr. Nielsen: They're so great.

Mr. Axworthy: Therefore, I would say that we are not immune to the issue. It is a serious issue. However, the fact is that we should recognize that the Government cannot solve the problem all by itself. It will also require major involvement by the private sector and by provincial Governments.

Mr. Nielsen: Sit down.

Mr. Axworthy: We hope that we can bring about that co-operation.

If the Leader of the Opposition is not interested in youth unemployment, then he has no business being in his seat.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Sit down!

NUMBER OF JOBS CREATED

Mr. Albert Cooper (Peace River): Madam Speaker, the fact is that many of the programs which the Government has brought forward are no more than paper programs. Sixty thousand jobs were promised through the NEED Program, but to date it has created less than 15,000 jobs. Time is running out and unemployment is rising. When will the Government get after the problem and do something serious about it?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would again like to take the opportunity to correct the Hon. Member. The NEED Program is designed to provide jobs on an ongoing basis over an 18-month period.

Mr. Hnatyshyn: For exhaustees.

Mr. Axworthy: We have been providing jobs at a level of 2,000 authorizations per week to ensure that we can provide work opportunities for those who have exhausted their unemployment insurance benefits. At the same time, through the Community Development Projects, of which the Hon. Member's own riding is a major beneficiary, we have also provided over 50,000 jobs during that period of time, so that we can provide an underlying floor foundation of direct employment opportunity.

• (1120)

Under the PED Program we provide incentives to the private sector to provide for wage subsidies to hire people, and another 20,000 people are employed in those programs. Now, I do not know about the Hon. Member, Madam Speaker, but for the over 150,000 people for whom we are providing employment through direct federal forms of assistance, they are very thankful that we are providing work, rather than simply the rhetoric that they receive from the Official Opposition.

RATE OF YOUTH UNEMPLOYMENT

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, my question as well is directed to the Minister of Employment and Immigration, and is very basic.

If the Minister is so confident that his new and innovative programs are so effective, why is it that youth unemployment is rising disproportionately to the general unemployment rate? In 1979 the youth unemployment rate was 10 per cent; now it is 19.3 per cent. Of the 328,000 jobs that the Minister hopes to create this year, we already know that 20 to 25 per cent of those are five-day and two-week and three-week jobs. There are really no new ideas.

What is the Government doing to rearrange its priorities to make it possible for our young people to regain confidence in the future of the Country, and to find an employment opportunity to restore the hope and the confidence that they have a right to expect to have in this country?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Hon. Member says there are no new ideas and no new programs. I would like to point out that in the past year we introduced a work-sharing program whereby we have signed 12,000 agreements with private firms and groups of employers right across Canada that now cover close to a quarter of a million Canadian workers. We have been able to avoid over 102,000 lay-offs, and the evaluations that we have just completed indicate that that program has been supported by over 80 or 90 per cent of its users.

When the Hon. Member says that nothing new or helpful has been put in place, I would point out to him that the work-sharing program, a unique program introduced by this Government, has provided major support in guaranteeing job security.

At the same time, I do not quarrel with the concern that Members of this House have expressed about young people coming into the job market. It is unquestionably one of the most serious issues we face, and the reason is because we are still in the midst of a recession, a world-wide recession, where companies, rather than hiring a first-time worker, will be hiring people that they had laid off. Those people will be given the first opportunities, and therefore the companies will not be giving the first-time workers a chance to get on the job.

We must find ways of dealing with the problem; there is no question about that. But I will argue and quarrel with the Hon.

Member's statement that nothing has been done. We have been sitting down with provincial Governments and with private business to find how we can recruit and enlist their co-operation. We would do the same with Members opposite, as we would like to be able to get ideas from them. Rather than their being simply critical, if they have good ideas we are prepared to listen to them, because we have a number of ideas coming from our own caucus.

Some Hon. Members: Hear, hear!

Mr. Oberle: Madam Speaker, our frustration stems precisely from the fact that the Government has refused to accept any new and innovative ideas from us, and examples from other countries.

Some Hon. Members: Hear, hear!

GOVERNMENT POSITION

Mr. F. Oberle (Prince George-Peace River): Madam Speaker, of all the countries with which we compare our statistics—

An Hon. Member: Name one.

Mr. Oberle: —our record is definitely the worst in terms of youth unemployment. There will be 600,000 young people flooding out of the gates of our schools and universities during the next few weeks. Very few of them will find a meaningful first work experience.

Why is the Government so stubborn? Why has it not accepted some of the innovative suggestions that we have made to it to stimulate and entice the small business sector to make work for young people and, in so doing, find a means to survive the economic holocaust that the Government has created?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, one of the reasons is because we find the suggestions coming from the Hon. Members opposite to be so confusing. One day they say that the Government's deficit is too high, that it is spending too much money, that it should slash its programs and cut its expenditures. The next day the Hon. Member is saying that we should bring in new programs and make more expenditures.

As soon as the Official Opposition is able to decide what it wants to do, then we would be more prepared to listen. But as long as its members are speaking with 12, 13 or 14 voices, we cannot figure out what they mean.

• (1125)

At the same time I would point out to them that, in terms of working with the private sector, the NEED Program has received applications, and something like 20 or 30 per cent of the work programs are now working with private sector firms. I could give one example. The Hon. Member for St. John's East is not here, but we just signed an agreement with a company in his constituency. They are putting up $4 million and we are putting up half a million dollars. We are putting 120 people back to work, working with the private sector. That is the kind of leadership we are giving, not simply the noise from the left-hand corner of the Chamber over there.

* * *

FINANCE

INQUIRY RESPECTING DATE OF BUDGET PRESENTATION

Hon. Edward Broadbent (Oshawa): Madam Speaker, I will not ask the Minister to repeat his answer.

Mr. Nielsen: He will anyway.

Mr. Broadbent: I have a question for the Minister of Finance. There are two bits of alarming news in the press today. First, the chief economist of the Conference Board indicated that real unemployment is about 18 to 20 per cent, which means that there are approximately 700,000 more Canadians unemployed than the Government figures indicate. The other information comes from Statistics Canada. More particularly, an official speaking on that data said that the so-called recovery that is to come in 1983 will be the lowest since World War II. Both of these mean that unemployment in 1983, unless the Government does something quickly to stimulate the economy, will be as bad as it has been for the past year.

Will the Minister tell us the date of the budget, and will he promise that there will be major measures in his budget to stimulate the production of jobs?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, as far as the date of the budget is concerned, I certainly hope to be able to inform the House before we adjourn for Easter of the date for the budget speech. As far as the Hon. Member's second question is concerned, I am working on a budget that I hope will stimulate the economy, help with the creation of jobs in this country, and speed up the recovery. With regard to the premise of the Hon. Member's question, I remind him that there are many economists with many views.

Mr. Broadbent: There are many economists with many views, and almost without exception all the reports that come from private sector sources, as well as Government information for the past two weeks, say one thing, and one thing only, that more than two million Canadians will remain without a job in 1983 unless the Government starts to act. That is what they agree on.

* * *

ENERGY

REQUEST THAT GOVERNMENT REDUCE OIL PRICES

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a supplementary question for the Minister in terms of action the Government could take now to stimulate the economy. It

concerns energy pricing. The Minister's colleague, the Minister of Energy, Mines and Ressources, has indicated we may have to wait until July to see enforcement of the oil-pricing agreement, which means that prices for the Canadian consumer which should now be about ten cents a gallon lower, will not be brought down until then at the earliest. If we enforce that agreement now, ten cents a gallon could translate into about 33,000 additional jobs for Canadians. Will the Minister tell us why he is waiting until July? Why is the Government postponing this action? Why does it not take steps to bring down those prices now?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, first, the desire for action is indeed very widespread. As the Hon. Member knows, the problem, whether it is between economists, business people or forecasters, is that there is a very large amount of disagreement as to what steps should be taken. Some say enlarge the deficit, some say don't. Some say have more Government spending, some say no, let the economy—

Mr. Baker (Nepean-Carleton): What do you say?

Mr. Lalonde: The Hon. Member will have to wait for my budget to find out what I have to say.

I do not think it is fair for the Hon. Member to assume that the points of view expressed are as uniform as he attempts to indicate. As far as the agreement with Alberta is concerned, surely the Hon. Member knows that the agreement specifically provides that there is an adjustment of prices every six months, whether the prices come down or go up. When prices were going up, Alberta was asked, and agreed, to wait six months. Twice a year there were adjustments in the price of oil. That still applies, whether the prices go up or come down. Surely the Hon. Member is not advocating that we should unilaterally break an agreement, not respect our word and commitment in that regard, and not abide by the agreement. We intend to abide by the agreement. My hon. friend will have to wait until July for the particular decisions to be taken.

• (1130)

Mr. Broadbent: Madam Speaker, first of all, as to the agreement, the Minister, as I have understood him, is incorrect. The agreement does provide procedures which would enable the Government to move upward in terms of prices, if the world price changed in an upward direction, every six months. It also permits action to be taken during that six-month period if Governments want to act. The Minister knows that there would be no violation of the agreement at all if the two Governments involved took action now to bring down those prices to what Canadian consumers ought to be experiencing at this point.

EMPLOYMENT

REQUEST FOR NEW JOB CREATION MEASURES

Hon. Edward Broadbent (Oshawa): Madam Speaker, I would like now to come to my last question. Each week there are approximately 20,000 men and women coming off unemployment insurance. Many of these thousands of people are being driven to welfare. Quite independently of those who are being forced to go on welfare, there are thousands of other Canadians who, for different reasons, are going on the welfare rolls. Does the Minister and the Government not recognize some urgency to take action in terms of job creation? Can he not announce some additional specific measure before the Easter break, instead of us having to wait for the budget, in order to get some more jobs in our economy?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am glad that the Hon. Member admits we should not take unilateral action with regard to the agreement. He says that the Governments are obviously free to agree to make a change to the agreement—

Mr. Broadbent: Not a change to the agreement.

Mr. Lalonde: —or to agree to proceed with price changes under the agreement. But it requires the agreement of both Governments. I can tell the Hon. Member that the Government of Alberta and the other producing Provinces have not agreed to such changes at the present time. My colleague, the Minister of Energy, Mines and Resources, met with his colleague, the Minister from Alberta, last week. Further discussions are taking place. If and when any decisions are arrived at, I am sure the Minister of Energy will be very happy to communicate them to the House.

As far as the announcement of additional programs, or additional expenditures, is concerned, I remind my hon. friend that we have already some $2 billion worth of direct job creation programs in one form or another, or training programs, in operation at the present time. There are funds which have been approved and the processing is taking place of the various applications, as the Minister of Employment and Immigration has announced. We are trying to speed up that process as much as we can in order to accommodate the largest possible number of unemployed. We are quite conscious and quite concerned about the situation raised by my hon. friend. We are trying to cope with it as fast as we can. If there are other measures to be announced, however, they will be part of the budget.

* * *

TRANSPORT

RAILWAY STATION AT MINAKI, ONT.—POSSIBLE TRANSFER OF OWNERSHIP

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, my question is directed to the Minister of Transport. For about the last six to eight months there have been negotiations

going on between the Minaki Corporation, CN, Via Rail, and the Department of Transport over the transfer of a former railway building at Minaki to the Minaki Corporation. I am sure the Minister will agree that eight months is a long time for Crown corporations to get their act together. With the opening of Minaki Lodge taking place within the next month, could the Minister say whether he will intervene to make sure that this charade is ended?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, Via has been preparing a program for the restoration of stations for a number of months, if not years. It is a rather expensive proposition. This program has not been approved by the Treasury Board yet, but realizing the urgency of the matter put forward by my hon. friend, and realizing that the Government of Ontario has restored the Minaki Lodge and would like to have control of the station, I have made a very dramatic decision, a strong decision.

Some Hon. Members: Hear, hear!

Mr. Pepin: As usual. Discussions are going on now between CN and Via Rail for the transfer of the station. In the coming weeks, then, there will be an agreement, I dare say, between Via and the Government of Ontario in order to accommodate the desire of the government of Ontario to lease the station.

* * *

FINANCE

ISSUANCE OF TAX REFUNDS—GOVERNMENT RESOURCES

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is directed to the Minister of Finance. The Minister has stated that the Government owes 11 million Canadians about $6.5 billion in tax refunds, and now that the Income Tax Act has passed the House the tax refunds will go out next month. Does the Minister have the cash on hand to pay the tax refunds which he owes Canadians, or does he have to borrow it?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the borrowing authority Bill which is before the House has a good chance of being passed by the end of this particular part of the Session, that is, before Easter. Thanks to the generosity of Parliament, I am sure there will be plenty of money. As to whether that money comes from money borrowed or from money coming in from tax receipts, we do not stamp dollars saying that it is a borrowed dollar, or that it is a tax dollar. The money will come out of the Consolidated Revenue Fund. My hon. friend need not worry; she will get her tax refund if she has applied for it. I will not be able to tell her, however, if it is coming from borrowings or from actual cash reserves of the Government.

Mr. Nielsen: What reserves?

AMOUNT OF GOVERNMENT BORROWING

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is also directed to the Minister of Finance. Canadians can count on the fact that one dollar out of every three dollars the Government spends is a borrowed dollar. The Government is so broke that it is borrowing money under emergency powers which, as far as we can determine, have never been used before. By next Thursday the Government will have borrowed, through the back door, about $2.3 billion without the authority of Parliament. What steps is the Government taking, aside from seeking to borrow another $19 billion, to get itself out of this emergency situation?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the hon. lady is creating a phony emergency. The money which has been borrowed has been borrowed under the authority of Parliament. It has been borrowed under the Borrowing Authority Act, Section 39. It has been passed by this Parliament. The action which has been taken has been taken completely under the authority provided by this Parliament.

I am also pleased to inform the Hon. Member that the Receiver General has advised me that he currently has $5 billion in cash to pay a good part of those refunds, so I do not believe she has to worry. We will not go bankrupt over the weekend. We will still be here next Monday. And we will have plenty of time to pass the borrowing authority legislation. The Hon. Member need not fear. I wish her a very good weekend.

* * *

CANADIAN NATIONAL RAILWAYS

REPORTED PURCHASE OF CAST CORPORATION

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, my question is directed to the Minister of Transport. The Minister will know that the CTC scheduled hearings to inquire into the benefit of, or the detriment of the participation of CNR and Cast as fellow businessmen. In the last six months CNR obtained two delays of those hearings to determine whether or not this was in fact a good thing for Canada. Will the Minister confirm that, while these delays were taking place, the CNR has in fact purchased Cast, and this has been announced by Lloyds Registry of Shipping in London, England?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, my hon. friend, and others, always speak as if the CTC has never looked at the Cast acquisition, or the CN participation in Cast. The CTC has done that twice, and has agreed with it, generally speaking—at least once, I must correct myself. On the subject of the discussions between CN and Cast and Sofati, at this time I am not in a position to answer. I do not think there has been any conclusive decision yet. I would like to repeat, though, very emphatically, that whatever decision is arrived at is subject to the approval of Cabinet and is subject to the approval of the CTC.

QUERY RESPECTING ROLE OF PRIVATE ENTERPRISE

Mr. Fred McCain (Carleton-Charlotte): Madam Speaker, the trend and policy of the Government have been to encourage socialist participation in the transportation industry. I would now like to direct another question to the Minister of Transport.

When is the Minister going to establish a climate in which private enterprise might participate in the deep-sea shipping interests of Canada, and when is he going to investigate the viability which has already been proven, but should be announced, of the Ports of Saint John and Halifax for 12 months of the year as open Ports, windows to the international world of trade for Canada on a very viable basis, and recognize as well the socialist tendencies of the CNR and their interests?

• (1140)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there is not much that has to do with philosophy here. The two reasons why CN is interested in being in Cast or in an organization of that type are simply because of the importance of multi-modalism in transportation today. Everyone will tell you that it is very important for a carrier to be associated with others, or to own others in other modes of transportation, if you want to have the door-to-door service for which Cast was known. That is one point, and I repeat, it does not have anything to do with theology or philosophy. It is reality.

The second reason is that in the Port of Montreal today CP has acquired a very strong position, both on rail and on water. So if my hon. friend does not want CN to be left behind, CN has to compete, and it has to compete with CP on similar terms, hence the interest of CN in staying in Cast or in acquiring other facilities.

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LABOUR CONDITIONS

BRITISH COLUMBIA GOVERNMENT'S ADVERTISING CAMPAIGN

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my question is for the Minister of Employment. Unemployment in British Columbia has reached 196,000, and communities like Kamloops should be declared national disaster areas for purposes of emergency job creation. The Minister is aware that the B.C. Government is exploiting this human tragedy with misleading, exaggerated, and inaccurate public advertising, claiming the credit for thousands of jobs which do not exist, and also for federal programs for which it has not had the responsibility.

In view of this Socred misrepresentation of federal programs, has the Minister written to the Premier of British Columbia demanding withdrawal of this dishonest political advertising for which B.C. taxpayers are being forced to pay?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think someone once said that imitation is the highest form of compliment that can be paid. The fact that the B.C. Government is using federal programs to extol the ability of government to create jobs demonstrates the fact that we must be doing something right, contrary to what we heard just a few minutes ago.

It has been drawn to my attention that the B.C. Government has taken out a number of ads talking about how work sharing has saved thousands of jobs in the Province. It has also saved thousands of jobs in other parts of Canada. We have been in contract with the B.C. Minister of Labour to point out that, if he is going to be so kind as to draw the public's attention to the virtues of that program, he may also draw attention to the fact that it is the federal Government which provides it.

Mrs. Mitchell: The Minister is almost as misleading as the Socred Government. He should be telling people that job-sharing does not create new jobs. In fact, it does not really maintain existing jobs full time.

* * *

INDUSTRY

NORTH-EAST BRITISH COLUMBIA COAL PROJECT—PROVINCE'S ADVERTISEMENTS

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my supplementary is directed to the Minister of Industry, Trade and Commerce. The B.C. Socred Government has been forced to withdraw its dishonest claims about thousands of day-care centres it has claimed to have created, but it is still claiming the creation of 10,000 to 16,000 jobs in B.C.'s north-east coal project. In view of the negative predictions about future markets for north-east B.C. coal and the layoffs which he knows are now occurring in the mining of south-east B.C. coal, does the Minister agree that few, if any, additional jobs are being created in B.C. coal production at this time, and does he not also agree that these ads are grossly dishonest and should be prohibited?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I have not seen those ads as yet, so I do not want to make any comment. All the federal Government did was to assist the Province of British Columbia, at the Province's request as well as that of the coal industry, to aid in the development of the infrastructure to ensure economic development in that part of the Province of British Columbia.

* * *

INCOME TAX

DELAY IN ISSUANCE OF 1981 REFUNDS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, I have a short supplementary to my colleague's question on income tax refunds. Can the Minister of Finance assure us that, not only will the 1982 tax refunds go out, but

the 1981 tax refunds still owing to a number of my constituents will go out as well, with top priority?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I think that where the Hon. Member is referring to Canadians who have not yet received their tax refunds for 1981, these are a limited number of very specific cases where there was some problem with the tax return or changes had to be made. The vast majority of income tax returns for that year have been processed, with very few exceptions.

* * *

[*English*]

AIRPORTS

WINNIPEG AIR TRAFFIC CONTROL CENTRE

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is for the Minister of Transport. Transport management in the Winnipeg region and Ottawa headquarters have prepared and support a detailed proposal to build a new Winnipeg area air traffic control centre. Can the Minister tell me when construction will start on this new centre?

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am afraid I will not be able to do so this morning, but I will make enquiries and give the Hon. Member a reply before three o'clock, either by telephone or directly.

[*English*]

Mr. McKenzie: Madam Speaker, I appreciate the haste with which the Minister is going to give me the answer, because we want to keep those 250 controllers and their families there.

SITE AND PLANS

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, I ask the Minister of Transport if he has a proposed building site on Crown land, and immediate access to detailed building plans from Edmonton, Montreal or Moncton? Would he tell me if the funds are available, and what is the earliest possible date for construction to start?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I would really have appreciated notice of these questions. Simply put, there are in Canada about 100 airports for which I have some responsibility. There are also 350 ports. I cannot memorize the program for each one of them, so I would appreciate it if the Member would give me notice before asking me what is the state of a project at a particular airport. So again I say, this time in Latin, *bis*, to the previous question, and I will answer this afternoon.

GRAIN

UNITED STATES PRICE CUTTING POLICIES

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of Transport who, I am sure is aware of the serious difficulties Canadian grain producers are facing as a result of low world prices and the price cutting policies of the United States and the European Economic Community. This has led to the threat of a massive reduction in the initial price of grain paid to prairie producers. Is the Minister's Government actively considering taking any action in this particular area and, if so, what action is being contemplated?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I see three parts to the answer. The first one is that, indeed, we take exception to some of the marketing tactics that the Americans have used, particularly in Iraq, for example, which is a cash market, and where they have made sales recently using blended credit. We do not think that is cricket, so we have made a protest on that subject.

The second point is that, contrary to the impression given by my hon. friend, recently there has been in the grain markets of the world a certain strengthening of Canadian Red Spring No. 1, for example, which sold at $204 a ton about ten days ago, is selling at $217 today, and at $222 the day before. So there has been an interesting upward trend. I do not want to make too much of it. On the surface one of the reasons is the limitation of cultivated acreage in the United States. Another reason has been the apparent relatively poor crop in the Soviet Union. *"Le malheur des uns fait le bonheur des autres"*.

Thirdly, on the subject of initial prices, indeed we studied the subject yesterday in committee of Cabinet, so it is on its way to Cabinet now and an announcement should be made in the coming days.

LEVEL OF INITIAL GRAIN PRICES

Hon. Don Mazankowski (Vegreville): Madam Speaker, in light of this so-called strengthening in the market can we expect that the initial price will remain at the level of the 1982-1983 initial price, or higher? Secondly, what action, in addition to a mere protest, is the Government taking to encourage co-operation among the major exporting nations of the world so that there can be some stability in the pricing arrangements for the grain industry as a whole?

• (1150)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, on the second question, I have nothing much to add to what the Hon. Member knows. Canada constantly makes an effort to bring producer and consumer countries together internationally, but without great success in recent years. One has to add the years when my hon. friend was Minister of Transport in terms of the lack of success in recent times.

On the subject of the level of initial payments, my hon. friend is very learned in these matters. I am aware of that, and

compliment him occasionally. He knows that initial payments must express the right balance between too high and too low. The Government cannot risk too much, and it is always good for farmers to have a bit of a surprise on the positive side, as occurred this year, when they realized that the final payment would be $500 million more than they had received in the initial payment. My colleague, the Minister responsible for the Canadian Wheat Board, has balanced all these factors, now, and the results will be known in a few days.

* * *

NATIONAL REVENUE

CHARITABLE ORGANIZATION STATUS—REQUEST FOR REVIEW

Mr. Jim Fulton (Skeena): Madam Speaker, my question is directed to the Minister of National Revenue. Would he advise the House of what steps he is taking to see that the present abuse of charitable tax status by some of the 58,000 designated organizations is brought under control? There is an abundance of examples where groups, particularly supporting aims of the Liberal Party, are registered, and those that do not are refused registration. For example, the Fraser Institute was agreed to by the Minister, but the Centre for Policy Alternatives was turned down. In Quebec, such groups as Young Canadians for a Christian Civilization was registered, and its sole purpose seems to be to attack the Government of France. There are others, such as the Canadian Unity Council and the Confessional School movement, which are simply political fronts for the Liberal Party.

Some Hon. Members: Oh, oh!

Mr. Fulton: Would the Minister refer this matter, at the very least, to a House committee for investigation, or does he intend to allow this kind of activity to continue?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, to hear the laughing and joking going on on all sides of the House, I think Hon. Members have already passed jugment on the reasoning behind the Hon. Member's question. Perhaps he should have stopped to realize that more than 50,000 groups are licensed to issue receipts on behalf of the Department of National Revenue, and that by using two or three of these groups to make a snap judgment on their affiliation, he is basing his judgment on a very small number of people. Department officials who are responsible for administering this provision of the Act do so on the basis of documentation they are given by the groups in question, and they exercise the greatest possible objectivity in this respect.

[*English*]

Mr. Fulton: The Minister seems to find a great deal of humour in it. The fact of the matter is that some of these groups are flagrantly violating the law.

REQUEST FOR REFERRAL TO COMMITTEE

Mr. Jim Fulton (Skeena): Madam Speaker, if the Minister does not believe that, will he refer the law and the documents relating to those 58,000 groups to a House committee? If he is not prepared to do that, will he get his colleague, the Solicitor General, to have the commercial crime squad of the RCMP go over and do a random sampling, and advise the House or the Minister responsible just how many of those groups are flagrantly violating the law?

Some Hon. Members: Name them.

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I would urge the Hon. Member to follow current events more closely. He would see that from some of the groups that are turned down every year, we receive a great many representations telling the Department of National Revenue that it is far too severe in its enforcement of the legislation, and that is because we insist that the criteria for interpreting the law are to be strictly applied. The Hon. Member seems to be saying that we are too lenient in our interpretation, but representations I have been receiving from Members on both sides of the House seem to indicate that most Members and the public in general think that our approach is too strict.

* * *

[*English*]

FINANCE

EXERCISE OF GOVERNMENT BORROWING AUTHORITY

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question is for the Minister of Finance. A few moments ago when he was responding to questions by the finance critic for the Opposition, he informed us that present Government borrowings made under its emergency powers were being made under Section 39 of the Borrowing Authority Act. I take it that he meant Section 39 of the Financial Administration Act. Will the Minister inform us whether the powers contained in Section 39 of the Financial Administration Act have ever been exercised in the past by any Government?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member is quite right. I was going to rise on a point of order at twelve o'clock to correct the reference to the Financial Administration Act rather than the Borrowing Authority Act.

As for the previous use of the power, I cannot recollect an instance, although in a parliamentary committee I was informed by a Member of the Conservative Party that it was used around 1962. I have not verified this matter. I do not know whether or not it was used at that time, but it was volunteered by someone on the Conservative side that it had been used.

The point is rather irrelevant. Parliament has provided that specific power under Section 39 of the Financial Administration Act. Surely, if Parliament put it there, it was because it expected that the Government would use it when needed some day. This is what has taken place. It has been very helpful and very well received by the financial community as a responsible act, while the Opposition was filibustering the introduction of that other particular piece of legislation.

Mr. Nielsen: I am glad the Minister made reference to 1962 because I was here during that time, and he was not. I can tell him that indeed in 1962 the borrowing authority was exercised—he referred to filibustering—by virtue of the fact that the Liberal Opposition of the day held up Supply for 49 days while they filibustered the Government of the day.

Some Hon. Members: Shame!

Mr. Nielsen: I think that filibuster record has never been exceeded since that date.

REQUEST THAT ORDERS IN COUNCIL BE TABLED

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, Section 39 sets forth that the Minister may borrow for a period not exceeding six months. It requires an amount to be stipulated, and terms, and interest rates. What authority does the Minister have from the Governor in Council with respect to the period of the borrowing, with respect to the maximum amount of the borrowing, and with respect to the interest rates authorized by that Order in Council? Will he undertake next Monday to table the Order in Council which provided the Minister with that authority to borrow under Section 39?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I can inform the Leader of the Opposition that all borrowing carried out through the issuing of Treasury bills was done pursuant to an Order in Council passed specifically for this purpose by Cabinet. I should be happy to look up the Orders in Council, if they have not already been published in the Canada Gazette, but in any case, I should be happy to give the Hon. Member the information as soon as possible.

* * *

[*English*]

TRANSPORT

NEW BRUNSWICK HIGHWAY PROJECT

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is directed to the Minister of Transport. It concerns the strengthening of highway linkages in New Brunswick, which touches upon the economy of New Brunswick and the Atlantic Provinces. We have been awaiting that for some period of time for a section of main Highway 11 in northern New Brunswick. With the budget discussions and the warmer summer weather coming for construction, I wonder whether the Minister of Transport could give some indication of discussing with Premier Hatfield and the Minister of Transportation of New Brunswick the implementation of their plans to finish the construction of the section between Belledune and Charlo on Route 11, in that Province?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I would appreciate notice of these pointed questions, however important they are. We negotiated an agreement with the Maritime Provinces a year ago. We negotiated with the Government of New Brunswick for selection of different routes, and emphasis was given to Route 11 as a preoccupation of Members of Parliament on this side. The Government of New Brunswick was quite accommodating, and I expect that to continue. On the specific point, I will have to telephone my hon. friend this afternoon.

* * *

• (1200)

CUSTOMS AND EXCISE

SERVICE AT MANITOBA OVERLAND PORTS

Hon. Jake Epp (Provencher): Madam Speaker, I have a question for the Minister of National Revenue. He will be aware that there is some concern in a number of overland ports, especially in Manitoba, that the United States Government is considering reducing the number of hours at their overland ports which, of course, would affect ours.

Could the Minister give an indication of what steps the Government is taking in order to provide, not only the service, but also the commercial activity that is obviously enhanced with the longer hours at those ports?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, we have been advised that the American Government has been making a number of proposals to shorten the time during which certain ports of entry between the United States and Manitoba are open, and we have reacted to these proposals. At the present time, there are two controversial points, one concerning opening time in the morning, and the second the fact that time two ports of entry would be closed by the Americans in the morning between 7.00 and 9.00 a.m. Our position is that if the Americans are unable to provide regular service on the border, they should at least keep the barrier open so that northbound traffic can proceed and we can continue to operate the ports of entry.

Point of Order—Mr. Baker (Nepean-Carleton)

PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the petitions presented by Hon. Members on Thursday, March 24, 1983, meet the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*Translation*]

JUSTICE AND LEGAL AFFAIRS

PRESENTATION OF SEVENTH REPORT OF STANDING COMMITTEE

Mr. Claude-André Lachance (Rosemont): Madam Speaker, I have the honour of tabling the Seventh Report of the Standing Committee on Justice and Legal Affairs.

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HOUSE OF COMMONS

TABLING OF EXTRACT OF MINUTES OF MEETING OF COMMISSIONERS OF INTERNAL ECONOMY RESPECTING SALARY REVISIONS

Madam Speaker: I have the honour to lay upon the Table of the House an extract from the minutes of a meeting of the Commissioners of Internal Economy, held on Monday, February 28, 1983, respecting salary revisions of employees of the House of Commons effective April 1, 1983.

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[*English*]

POINT OF ORDER

MR. BAKER (NEPEAN-CARLETON)—REQUEST FOR TABLING OF INFORMATION TECHNOLOGY REPORT

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, first of all I want to thank the Minister of Communications (Mr. Fox) for remaining in the House. As he knows, a report was released yesterday which had been funded by the Department of Communications to look into the impact of information technology on Canadian society. It speaks of fundamental changes and a number of other things that it is important for the House to consider, such as employment, technological change, science and technology, research and development, and so on. They will affect every part of the lives of Canadians over the next 20 or 30 years.

Is it the intention of the Minister to table that document in the House, and perhaps refer it to the appropriate committee in the event that the committee may wish to look into the matter?

Hon. Francis Fox (Minister of Communications): Madam Speaker, the report that was made public yesterday is a report of a sub-committee of the Canadian Videotex Consultative Committee, which is a consultative committee to my Department. I would be pleased to table the report in the House, but I would point out that that does not automatically refer it to a committee of the House under the new Standing Orders since it would not be tabled pursuant to a legal obligation to do so. However, I will be pleased to table it and to discuss the matter with my House Leader.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,941, 3,942, 3,943, 3,948, 3,950, 3,951 and 3,952.

[*Text*]

ALTADORE CENTRE, CALGARY

Question No. 3,941—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Altadore Centre, Calgary and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Altadore Centre but there is a Superintendent, whose name is Henry Parker. (a) Date of appointment to present position: May 18, 1981. *(b) Position held prior to present appointment: Parole Officer, National Parole Service, Calgary District Office, Calgary, Alberta. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Altadore Centre but the Senior Counsellor, Wayne Reddon, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to the Case Management Officer.

(a) Date of appointment as Senior Counsellor: January 19, 1981. *(b) Position held prior to present appointment: Living Unit Officer at Altadore Centre. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals

regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

PORTAL HOUSE, CALGARY

Question No. 3,942—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Portal House, Calgary and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Portal House but there is a Superintendent, whose name is Larry Simonson. (a) Date of appointment to present position: May 18, 1981. *(b) Position held prior to present appointment: Parole Officer, National Parole Service, Calgary District Office, Calgary, Alberta. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Portal House but one of the two Case Management Officers, Anthony Bouchard, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to the other Case Management Officer.

(a) Date of appointment as Case Management Officer: December 18, 1978. *(b) Position held prior to present appointment: Counsellor at Portal House. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

GRIERSON CENTRE, EDMONTON

Question No. 3,943—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Grierson Centre, Edmonton and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Grierson Centre but there is a Superintendent, whose name is Douglas Alexander Clark. (a) Date of appointment to present position: April 1, 1978. *(b) Position held prior to present appointment: Superintendent, Osborne Centre, Winnipeg, Manitoba. (c) Salary range: $33,689 to $37,913. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Grierson Centre but the Case Management Officer, George Buys, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to three other Case Management Officers.

(a) Date of appointment as Case Management Officer: March 1, 1974. *(b) Position held prior to present appointment: Keeper at Drumheller Institution, Drumheller, Alberta. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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ROBSON CENTRE, VANCOUVER

Question No. 3,948—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Robson Centre, Vancouver and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at the Robson Centre but there is a Superintendent, whose name is Réginald Clarkson. (a) Date of appointment to present position: February 8, 1982. *(b) Position held prior to present appointment: Co-ordinator, Employees' Health Care Services, Correctional Service Canada, Regional Headquarters, Abbotsford, British Columbia. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at the Robson Centre but the Case Management Officer, Graydon McMurdo, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to one other Case Management Officer.

(a) Date of appointment as Case Management Officer: July 20, 1980. *(b) Position held prior to present appointment:

Parole Officer, Vancouver Parole District Office, Vancouver, British Columbia. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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ELBOW LAKE INSTITUTION

Question No. 3,950—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Elbow Lake Forestry Camp, Harrison Mills and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Elbow Lake Institution but there is a Superintendent, whose name is Sepp Tschierschwitz. (a) Date of appointment to present position: July 1, 1975. *(b) Position held prior to present appointment: Head, Living Unit, Ferndale Institution, Mission, British Columbia. (c) Salary range: $32,112 to $36,212. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Elbow Lake Institution but the Assistant Superintendent, Offender Programs, Tom Crozier is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act.

(a) Date of appointment as Assistant Superintendent, Offender Programs: November 5, 1976. *(b) Position held prior to present appointment: Classification Officer at the former Agassiz Correctional Camp, Agassiz, British Columbia. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

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SUMAS CENTRE

Question No. 3,951—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Matsqui Trailer Unit and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned: Matsqui Trailer Unit has been converted into a Community Correctional Centre and has been renamed Sumas Centre.

A. There is no Director at the Sumas Centre, but there is a Superintendent whose name is Jim White. (a) Date of appointment to present position: April 1, 1979. *(b) Position held prior to present appointment: Section Supervisor, Abbotsford District Parole Office, Abbotsford, British Columbia. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Sumas Centre, but the Case Management Officer, Dalia Meredith, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act.

(a) Date of appointment as Case Management Officer: September 15, 1980. *(b) Position held prior to present appointment: Parole Officer, Abbotsford District Parole Office, Abbotsford, British Columbia. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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FERNDALE INSTITUTION, MISSION

Question No. 3,952—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Ferndale Institution, Mission and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Ferndale Institution but there is a Superintendent, whose name is Maurits Vanderveen. (a) Date of appointment to present position: April 1, 1980. *(b) Position held prior to present appointment: Acting Assistant Superintendent, Offender Programs, Ferndale Institution. (c) Salary range: $32,112 to $36,212. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Ferndale Institution but the Assistant Superintendent, Offender Programs, Michael Treloar, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act.

(a) Date of appointment as Case Management Officer: October 1, 1981. *(b) Position held prior to present appointment: Chief, Quality Control and Procedure Review, Correctional Service Canada, Regional Headquarters, Abbotsford, British Columbia. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

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[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INTERNATIONAL DEVELOPMENT (FINANCIAL INSTITUTIONS) CONTINUING ASSISTANCE ACT

AUTHORIZATION OF CONTINUING FINANCIAL ASSISTANCE

The House proceeded to the consideration of Bill C-130, to authorize continuing financial assistance to be provided to certain international financial institutions, as reported (without amendment) from the Standing Committee on External Affairs and National Defence.

Mr. Douglas Roche (Edmonton South) moved:

That Bill C-130, An Act to authorize continuing financial assistance to be provided to certain international financial institutions, be amended by adding immediately after line 13 at page 2 the following:

"5. (1) An order of the Governor in Council under section 4 shall be laid before Parliament not later than the fifteenth sitting day of Parliament after it is made.

(2) An order referred to in subsection (1) shall come into force on the twentieth sitting day of Parliament after it has been laid before Parliament pursuant to that subsection unless, before that time,

(*a*) a motion for the consideration of the House of Commons to the effect that the order be confirmed, signed by a Minister of the Crown, is filed with the Speaker of the House of Commons; or

(*b*) if no motion has been filed under paragraph (*a*), a motion for the consideration of the House of Commons to the effect that the order be revoked signed by not less than thirty members of the House of Commons is filed with the Speaker of the House of Commons.

(3) Where a motion for the consideration of the House of Commons is filed as provided in subsection (2), the House of Commons shall, not later than the sixth sitting day of Parliament following the filing of the motion, take up and consider the motion.

(4) A motion taken up and considered in accordance with subsection (3) shall be debated without interruption for not more than three hours and, on the conclusion of such debate or at the expiration of the third such hour, the Speaker of the House of Commons shall forthwith, without further debate or amendment, put every question necessary for the disposition of the motion.

6. If a motion described in paragraph 5(2)(*a*) is taken up and considered by the House of Commons in accordance with subsection 5(3) but is not adopted by that House, the particular order to which the motion relates shall stand revoked.

7. If a motion described in paragraph 5(2)(*b*) is adopted by the House of Commons, the particular order to which the motion relates shall stand revoked.

8. (1) If a motion described in paragraph 5(2)(*a*) is taken up and considered by the House of Commons in accordance with subsection 5(3), and is adopted by that House, a message shall be sent from the House of Commons informing the Senate that the motion has been so adopted and requesting that the motion be concurred in by the Senate.

(2) Where a request for concurrence in a motion is made to the Senate pursuant to subsection (1), the Senate shall, not later than the fifth sitting day of Parliament following the receipt by the Senate of the request, take up and consider the motion.

(3) A motion taken up and considered in accordance with subsection (2) shall be debated without interruption for not more than three hours and, on the conclusion of such debate or at the expiration of the third such hour, the Speaker of the Senate shall forthwith, without further debate or amendment, put every question necessary to determine whether or not the motion in question is concurred in.

(4) If a motion taken up and considered in accordance with subsection (2) is concurred in by the Senate, the particular order to which the motion relates comes into force immediately on the concurrence therein.

(5) If a motion taken up and considered in accordance with subsection (2) is not concurred in by the Senate, the particular order to which the motion relates shall stand revoked.

9. (1) If a motion described in paragraph 5(2)(*b*) is taken up and considered by the House of Commons in accordance with subsection 5(3) but is not adopted by that House, the particular order to which the motion relates shall come into force on the fifth sitting day of Parliament after the failure of the House of Commons to adopt the motion unless before that day a motion to the effect that the order be revoked, signed by not less than fifteen members of the Senate, if filed with the Speaker of the Senate.

(2) Where a motion for the consideration of the Senate is filed as provided in subsection (1), the Senate shall, not later than the sixth sitting day of Parliament following the filing of the motion, take up and consider the motion.

(3) A motion taken up and considered in accordance with subsection (2) shall be debated without interruption for not more than three hours and, on the conclusion of such debate or at the expiration of the third such hour, the Speaker of the Senate shall forthwith, without further debate or amendment, put every question necessary for the disposition of the motion.

(4) If a motion taken up and considered in accordance with subsection (2) is adopted by the Senate, the particular order to which the motion relates shall stand revoked.

(5) If a motion taken up and considered in accordance with subsection (2) is not adopted by the Senate, the particular order to which the motion relates comes into force immediately on the failure of the Senate to adopt the motion.

10. An order of the Governor in Council under section 4 that has been laid before Parliament but has not come into force shall stand revoked on the dissolution or prorogation of Parliament.

11. For the purposes of this Act, "sitting day of Parliament" means a day on which either House of Parliament sits."

and by renumbering the subsequent Clauses accordingly.

He said: Madam Speaker, we are taking up the report stage of Bill C-130 and discussing the amendment which stands in my name on the Order Paper and presented on behalf of this Party. At the outset, may I say that the wording of the amendment was arrived at following discussions. I believe it is the intention of the Government to accept my amendment. In a few moments we will hear from the spokesperson for the New Democratic Party, and I have some reasons to believe that that Party also finds the amendment acceptable. In this case, I believe it would be in the interests of speedy passage of the legislation if my intervention were brief.

Bill C-130 was debated on second reading in November and extensive discussions were held in committee in December. We are now going to discuss the amendment and what it seeks to do to the Bill.

Let me remind the House that the principle of the Bill is to provide for transitional payments of some $442,000 to be paid out of the Consolidated Revenue fund, and $117,040,000 to be issued in the form of non-interest bearing, non-negotiable demand notes to the eight regional lending institutions listed in the Schedule of the Act.

One of the reasons for the importance of debating this legislation is the fact that it is a very rare occasion when the House is seized of any sort of debate on these matters, let alone dealing with legislation having to do with Canada's role in international development. As we know, CIDA has been operating through the years without an Act of Parliament. The only time we deal in any substantial way with CIDA does as the main proponent of Canada's role in international development, is at the time of the Estimates. I am afraid that all Members of the House are too well aware of the inadequacy of the rules concerning the examination of Estimates that preclude the full treatment that important spending programs require.

Spokesmen for this Party have previously expressed the basic support that we bring to the Bill. We believe that the sums mentioned in the Bill, and indeed the Bill's thrust, are in harmony with Canada's role in international development. It reflects the concerns of many Canadians that Canada play a proper role in international development, both bilaterally and multilaterally, not to mention the role of supporting non-governmental organizations that, in my view, perform perhaps the most valuable work toward human development programs in the world on a dollar for dollar basis.

• (1210)

Nevertheless, this Bill deals with part of Canada's commitment to multilateral agencies and specifically to international financial institutions. Since we have made commitments to those institutions, there is no doubt that the correct procedure to follow would be to pass this Bill after recognizing the work we have done in the House today and the consideration we have given to its principles and limitations during the second reading and committee stages.

We are now seeing an important qualification. The Bill as presented to us would have allowed the Government to change the names of financial institutions by Order in Council, particularly the eight that are named in the Bill. For the purpose of the record, I should briefly refer to those institutions. They are: the African Development Fund, the African Development Bank, the Asian Development Fund, The Asian Development Bank, the Inter-American Development Bank, the Fund for Special Operations of the Inter-American Development Bank, the Caribbean Development Bank and Special Development Fund, the International Fund for Agricultural Development, and now the new Common Fund for Commodities that has evolved from the discussions of UNCTAD over the past few years.

The amendment before us addresses itself precisely to the problem of how the names of those institutions would be changed. As I have said, whereas the present Bill would allow the Government to do this by Order in Council without its being subject to the scrutiny of Parliament, the amendment would provide that if the Government decided to alter that list, to add or substract, but particularly to add, it would bring such an order before Parliament and put it in the form of a motion to which Members of Parliament could address themselves. To do this, 30 Members of Parliament would be required to sign a statement that would call for a special three-hour debate, to be followed by a vote. That procedure would allow Members of Parliament to fulfill at least a modicum of responsibility in scrutinizing where Canada's money is going.

As I have indicated, the wording of the amendment was arrived at after consultations and discussions. I believe it to be a good amendment. Moreover, there are several precedents for such an amendment which provides that 30 Members of Parliament sign a statement calling for debate on a motion that the Government is required, by legislation, to bring forward when it seeks to change certain Bills that have been passed by the House in any substantive way.

The precedent for my amendment is found in Bills C-102 and C-123. The wording in both those Bills is almost identical to that found in the amendment before us. Those amendments have previously found favour with the House and have established a precedent which I believe the House would be wise to follow today at the report stage of the present Bill. Having said that, I want to make two brief comments.

The Acting Speaker (Mr. Reid (Kenora-Rainy River)): I regret that the time allotted to the Hon. Member has come to an end. He may continue with unanimous consent. Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Roche: Mr. Speaker, I thank my colleagues. I will continue for a couple of moments. As I have indicated, it is not my intention to debate this Bill at length because it has received full treatment. I believe there is a common desire to process the Bill through its final stages immediately.

I think the House would be interested to know that there were several questions raised in committee about the procurement by Canadian business from those international institutions to which we are subscribing funds. Subsequent to the committee hearings in December, I received some very interesting information from Mr. Bill McWhinney, the Acting President of CIDA, which I think is useful and ought to be put on the record now. I am informed that the returns to Canada from the money that we put into these international financial institutions amounts to a 66 per cent return. The latest figures that are available show that Canada has received some $930.4 million in procurement which is related to Canadian contributions of $1.4 billion.

I would also bring some additional information to the attention of Hon. Members which relates to the downstream commercial benefits to many firms that have tendered and received contracts from international financial institutions. I specifically refer to the study done by the Asian Development Bank that confirms that although the level of Canadian bidding remains low on a relative basis, the success rate of Canadian bids tendered is generally high. More important, it is noted that there is an ongoing effort to generate interest and increased awareness by Canadian companies in the IFI financed projects through a series of conferences, seminars and promotional tours across Canada by IFI procurement officials.

The World Bank, the Asian Development Bank, the African Development Bank and the Inter-American Development Bank have all conducted tours within the last 18 months. Financial assistance to Canadian firms seeking export contracts, including those financed by the IFI, is also available.

Therefore, we see that some progress is being made on procurement by Canadian firms, although I do not believe it is yet at a substantial level. I urge the Government to do more to help Canadian business achieve those contracts and obtain that legitimate business that follows from the greater flow of Canadian assistance and contributions in the form of loans and grants into the multilateral institutions. If we are to play a greater role, as we have been asked to do in the Brandt Report and the many professional studies that have been conducted, we will have to ensure that Canadians, and particularly Canadian business, receive their fair entitlement to the benefits that will increase development throughout the world. This will be done when we recognize the need for increased international financing today to solve the debt crisis, when we recognise the need for the doubling of the bases of the IMF and the World Bank and the increase of facilities to make more of the world's liquidity available in those areas of the world that are pressed for development now and are caught in the international debt crisis.

• (1220)

[*Translation*]

Mr. Maurice Dupras (Labelle): Mr. Speaker, I wanted to take part in the debate on Bill C-130 for several reasons. The most important of these is my involvement in the area of international development and the study my colleagues and myself have made on all aspects of our relations with the countries of Latin America and the West Indies.

Mr. Speaker, another reason why I wanted to take part in this debate concerns the selection or evaluation of the borrowing projects which have been submitted by various countries. What I mean, Mr. Speaker, is that I am concerned that the ministers of the various countries which contribute to the international financial institutions are not really in charge. The politicians are not sufficiently involved in the selection and evaluation of the borrowing projects. Very often, Canada finds itself in a situation where one of the institutions to which we contribute funds grants a loan to a country which, at least in our opinion, is not sufficiently respectful of human rights. Because of this, Canadian contributions to these international institutions are often used to help countries which we should not necessarily be helping and I find it unfortunate that the politician responsible, whether the Minister of Finance of Canada (Mr. Lalonde) or the Minister of External Affairs (Mr. MacEachen), would be directly involved in the selection and assessment of loan proposals which are made to us through those financial institutions.

[*English*]

Also, this legislation provides for continuing financial assistance by Canada to a number of international financial institutions which play a vital role in Third World development. My predecessor and friend, the Hon. Member for Edmonton South (Mr. Roche), gave the list of the institutions. I will not repeat them. I am confident that the vast majority of Hon. Members of this House understand and appreciate the importance of international development and the seriousness of the crisis facing the Third World countries and people as a result of the current economic recession. To take only one example, Mexico is undergoing harsh and severe adjustments as the result of its balance of payments problems.

I am equally confident that most Hon. Members now understand that it is in Canada's self interest, as well as being our moral obligation, to remain firmly committed to development and improved North-South relations. It is particularly worthy of note that leading members of the Canadian business community have been drawing attention to the importance of these matters. For example, Mr. William Mulholland, Chairman of the Bank of Montreal, recently observed that "loans to the developing countries represent investments in the future health of the entire world's trading system".

The first thing to be noted about these financial institutions is that they are not in the business of giving money away. They are carefully managed institutions, mostly dealing in loans to the Third World countries. The record of repayment over the years has been excellent, which is why the banks are able to raise capital themselves on the most favourable commercial terms.

At the same time, the regional development banks, such as the World Bank, have special funds or "windows" which provide loans at lower than commercial rates to the poorest countries in the world. In this way and in their project selection they attempt to deal with the problem of mass poverty. As

the parliamentary Task Force on North-South Relations concluded, investment in the overcoming of poverty and misery is one of the best long-term investments we can make.

One measure of the competence and effectiveness of the international financial institutions was provided by a 1981 study by the U.S. Treasury Department of the World Bank, the Inter-American Development Bank, the Asian Development Bank and the African Development Fund. I think all Hon. Members will agree that the U.S. Treasury Department is not a soft-hearted or soft-headed organization, and yet this study found that the institutions were generally well run and effective in promoting development. It concluded that continued U.S. participation was justified by a fundamental national interest in a more stable and secure world.

During the course of my own work over the past three years with the parliamentary Task Force on North-South Relations and the Subcommittee on Canada's Relations with Latin America and the Caribbean, I have had occasion to study and meet with officials of many of the institutions listed in Bill C-130.

While I have no doubt that there are areas of their work which can and should be improved, I am also convinced that they serve important Canadian interests. I would summarize these as follows: First, they serve to expand private financing and investment through co-financing and participation in projects for which they do the basic staff and analysis work. Second, they encourage efficient use of local resources. Third, they are in the forefront of research on development problems and policies, particularly in the area of basic human needs. Fourth, they expand and enhance the value of Canadian aid through CIDA's participation in large-scale projects planned by the international financial institutions. Fifth, the regional banks provide excellent opportunities for Canada to develop commercial and other contacts with Latin America and the Caribbean, Africa and Asia. These regional markets are among the most promising for long term expansion of Canadian trade. Sixth, they provide an immediate market for Canadian goods and services. While it has been noted that the Canadian procurement record is poorer than that of some other countries, studies show that Canadian suppliers and consultants do very well when they bid on contracts. In short, we need to get out and hustle for this business.

I would conclude as I began, by arguing that immediate self-interest as well as our fundamental commitment to development should and will lead this House to give strong support to Bill C-130.

Miss Pauline Jewett (New Westminster-Coquitlam): Mr. Speaker, we have agreed that there will be just one Hon. Member speaking per Party, covering both report stage and third reading stages of the Bill. On behalf of the New Democratic Party I say that although we are supporting the Bill as we did on second reading, and certainly supporting the amendment put forward by the Hon. Member for Edmonton South (Mr. Roche), we do, and I do particularly, have some quite serious reservations about it.

At the time of second reading I requested the Government to bring to the standing committee a detailed report from the Canadian perspective on the operation of each of the eight institutions mentioned in the appendix to the Bill, and particularly concerning the operations of the Inter-American Development Bank. However, we received no detailed reports on the operations of the institutions concerning which we are voting today to replenish the Canadian contribution. There was nothing in writing prepared and there was nothing verbal offered.

Referring to my speech on November 9, 1982, during second reading stage, I expressed some of our Party's very serious reservations which, in effect, concerned the political criteria being used in deciding, with particular reference to the Inter-American Development Bank, what countries would be granted loans. I suggested that the Minister might bring to the Committee a more detailed review of the criteria used in the granting of loans. Again, there was no satisfactory response to this concern, a concern which is shared by other Members of the House as well.

• (1230)

The Hon. Member who just spoke mentioned but did not elaborate upon the situation of large loans going to countries engaged in massive violations of human rights. That was one of the criteria that I asked about. A second one that I asked about was when loans are in effect being used by Government forces, so-called security forces, to further engage in a civil war or in a war of aggression against a neighbour.

I wanted to have some analysis from the Government as to whether or not we should be engaging in the support by a multilateral institution like the Inter-American Development Bank when that is the kind of way in which the money is being used. I had already written to the Minister about this in connection with the loan to Guatemala.

The third point on which I had requested further enlightenment was whether we should be looking to see whether the loans were really directed to satisfying basic human needs and whether they should be conditioned, to at least some extent, on the degree to which they satisfied these basic human needs and addressed the problem of the very serious maldistribution of income in many of the countries that are recipients of loans.

I was really extremely disappointed on the fact that the Government has failed to address these issues seriously. The Minister of course paid no attention to them whatsoever, but I was sorry that the Department or CIDA did not address these requests a bit more fully. In fact, they hardly addressed them at all.

That being the case, although we will support report stage and third reading of this Bill, I think it only fair to say that we do it now with really very great reservations for the reasons I have given. By the way, Mr. Speaker, my reservations have increased because of new evidence that the Inter-American Development Bank is becoming, I am sorry to say, an agent of White House policy in Latin America and particularly in

Central America, and the recent loans to El Salvador, to which we have contributed, give ample evidence of this.

I am sure some Hon. Members will have already read the report, which was mentioned by *The Globe and Mail* on March 24, 1983, of James Morrell of the Center for International Policy in Washington, a centre which monitors U.S. policy in the Third World. It is quite clear from his report that indeed political considerations are becoming even more critical in the final decision on who gets what loans from the Inter-American Development Bank. The political considerations, I am sorry to say, seem to have nothing to do with human rights violations; they have nothing to do with redistribution of income and they have nothing to do with whether or not the money is being spent on arms. All they have to do with, it seems, is whether or not the recipient country is one that is favoured by the U.S. State Department in its, to put it mildly, reactionary policies vis-à-vis Central America.

We must look more seriously than we have done at the Canadian contribution to loans being given to various countries by such an international financial institution as the Inter-American Development Bank, and ask some very serious questions. It is not good enough for the Minister to say, as he did to me, that they do not consider political considerations in the granting of loans, when it has become very clear that when the Americans say no to Inter-American Development Bank loans to Nicaragua but yes to loans to El Salvador, a political consideration is in fact being made.

I think that the amendment which the Hon. Member introduced, and which we support, that the Government cannot add to or subtract from the list or the schedule, is a useful amendment and will, if 30 Members so request, give us an opportunity for debate. However, I now feel that since there was such an inadequate response to my concerns and to the concerns of other Members on the criteria used in the giving of loans, we have to find some other method, before we are next asked for a Canadian replenishment, of ensuring that we get complete reports on the activities of every agency, and that we follow them with a careful and thorough examination and discussion of the criteria that are used in the granting of loans and, finally, that we ascertain that in fact political considerations do not enter into what are supposed to be neutral decisions.

We have agreed on one speaker, so I guess I will not get my answer now, but I would hope that the Government will take my suggestions very seriously into consideration.

The Acting Speaker (Mr. Reid (Kenora-Rainy River)): Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Motion agreed to.

Mr. Pepin (for Mr. MacEachen) moved that the Bill be concurred in.

Motion agreed to.

Mr. Pepin (for Mr. MacEachen) moved that the Bill be read the third time and do pass.

Motion agreed to, and Bill read the third time and passed.

* * *

SMALL BUSINESSES LOANS ACT (NO. 4)

AMENDMENT TO EXTEND TERMINATION DATE FOR LOANS

The House resumed, from Friday, March 18, consideration of the motion of Mr. Rompkey that Bill C-144, to amend the Small Businesses Loans Act (No. 4), be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I assumed that one of the hon. gentlemen opposite might want to lead off the debate on Bill C-144. It is a subject in which we on this side are very interested, the matter of small business and finance for small business, and we assumed that they might be equally interested, but apparently that is not the case.

Mr. Smith: No, we are.

Mr. Nickerson: The objective of the Bill before us, which it is our intention on this side to support and deal with expeditiously so that it can be dealt with in the appropriate Committee, is to extend the provision of the Small Businesses Loans Act for an additional period of two years. The provisions of the Act were to have expired on March 31, 1983 and the intention of this Bill is to extend that period of time to March 31, 1985 and to allow the volume of loans to be guaranteed within that period to be made up to a maximum of $1.5 billion.

• (1240)

What I just said should have been said by the Minister of State for Small Businesses and Tourism (Mr. Rompkey), whom I see in his seat, in order to show the real intention of the Bill. I want to address one point fairly briefly, that is, the difference in philosophy on this side of the Chamber and the other side as to how we might have handled things differently. On the specifics, other Members on this side will go into the details.

The Minister of State responsible for Small Businesses knows what is happening. He was formerly the Minister of National Revenue. His revenue procedures worsened the plight of small businesses, and today he is trying to put that right. Today he is paying his penance, so to speak. The idea of the Government, in its grab for more and more revenue, is to hit hard the business sector of Canada. It is supported in this by our friends to the extreme left, only one of whom is here today because they do not like the idea of business making profits.

We saw this in Bill C-139 which was enforced by closure yesterday. This will hurt small business. We see the 12.5 per cent small business dividend distribution tax and the way that will affect small-businessmen. The provisions of Bill C-139 and

the budgets will no longer permit small businesses to participate in certain deferred profit-sharing plans. That will affect the revenues and profits of small businesses. The Minister of Finance (Mr. Lalonde) has stated that he intends to tax benefits that are commonly accepted in Northern parts of Canada, such as Labrador City represented by the Minister who will be speaking later today.

I want to speak specifically on the taxation of northern benefits. They affect large corporations such as the Iron Ore Company of Canada. This is one more straw on the camel's back in those types of operations. It will affect federal, provincial and territorial Governments which will have to find additional moneys with which to recompense their employees who will be subject to this additional taxation. Probably more than anything, it will affect the small northern businessman, the guy whose profit is limited, whose every dollar counts.

When new taxes are placed on the employees or the proprietor of a small business, it makes life doubly difficult. I suspect that a disproportionate number of northern small businesses will go into receivership compared to the number elsewhere in Canada if this provision in the budget announced last year by the Minister of Finance goes into effect.

Other Members on this side will speak of the necessity for skilled help, certain financing arrangements which could be worked out, the regulations and paper burden placed on small businesses, the way that Government purchasing and procurement policies could be used to assist small business. On one hand the Government is putting an additional burden on small businesses, whether it be a financial burden by way of additional taxation or more regulations and paper work, grabbing all it can and taking it away, and with the other hand with this type of legislation trying to give a little assistance back to them.

My preference is allowing market forces to operate on their own. It would not be necessary for the Government to bring forward complicated pieces of legislation designed to assist businesses, small businesses in particular, if it were not taking everything away from them at the same time. The market would operate much more smoothly. We cannot protect every small-businessman. Some will go out of business. Some are in the wrong business, some do not work as hard as others and some experience bad luck. The small business sector as a whole would be healthier and more productive if we as Parliamentarians, people who impose legislation, were to rearrange our thinking. We should allow the market to operate freely and smoothly instead of impeding it, sometimes with good intentions.

In the remaining minutes I want to bring to the attention of this House some matters that affect small business and banking, particularly in the area I represent, the Northwest Territories. A lot of what I will say has been brought to my attention by my constituents, but may be equally applicable in other northern areas of Canada, and in fact throughout the country. There is suspicion in my area that those who control the banking operations from head offices or regional offices in the South do not really appreciate the special needs of business in northern Canada. Take the present economic climate over much of southern Canada and in parts of the North, and you find that business is at a standstill. One can understand the reason why a banker would not want to force more loans on people, if they ever do that, and why people are a little more cautious than normal. However, in areas such as the Mackenzie Delta, the Mackenzie River and Norman Wells, where there is a lot of oil exploration and development gearing up for production, the businesses there need more money. They can handle further indebtedness in a prudent manner. This would allow them to expand and take advantage of the increasing economic opportunities which exist in that part of the country. It is suspected that this is not known in southern head offices of the banks. Local loan offices are not permitted to authorize on their own account sufficient funds required to operate a business where it is necessary to keep large inventories because of the transportation difficulties and high transportation costs. For example, the freight on a truckload of flour from the mills of Edmonton or Calgary to the Mackenzie Delta is about $10,000, which is the maximum amount a local loan officer can authorize. Therefore, a baker cannot buy a truckload of flour on credit without the banker contacting the head office in Edmonton or Calgary. He cannot pay the freight on that truckload of flour, let alone purchase the contents.

Mortgage money is especially hard to come by in northern parts of Canada. That has been made known to me on several occasions. In some areas there are no banking services whatsoever. For example, in the hamlet of Fort Rae-Edzo, with a population of 1,500 to 2,000 people, there is no bank. The nearest bank is 60 or 70 miles away. I believe there is a tremendous opportunity for one of the chartered banks to move into a town like that. There is more and more money all the time coming into these towns, and there is a tremendous opportunity to grow with them. It might take a few years before the branch of the bank makes a profit, but there does exist an opportunity for the banking community, an opportunity which should be seized, and which will also provide proper banking service in locations where that is not presently available.

• (1250)

There are cases, and one of these happened very recently in the Town of Inuvik, where a previous bank manager had been suspected by his head office of being a little too lenient and giving out too much money to business, small business in particular, by way of loans. He was subsequently replaced and the new manager was told to tighten up right away. It may be true that the previous manager was handing out too much money, but I believe investigations are showing that this is exaggerated. However, when someone new comes in to a small town bank and immediately changes the policy, refuses to allow extensions to lines of credit, calls in loans, or starts bouncing cheques, the whole business community suffers the repercussions.

You can imagine what would happen if this were to occur nationally, because any banking system which relies on fractional reserves is inherently insolvent. Once that sort of

thing starts happening, the very thing which the banking industry most fears is precipitated. Unless credit policies are changed gradually over a period of time, the local business community is subjected to much greater difficulty than it should experience, and there are real problems and occasionally bankruptcies.

Another complaint has been made known to me by people who deal with oil companies which are the recipients of PIP grants. The Government has decided that it is in the national interest to pay large numbers of taxpayers' dollars to oil companies in order to allow them to operate in remote areas. This is deemed to be in the national interest. Effectively, therefore, companies such as Dome Petroleum can be operating with what amounts to 25-cent dollars, and in the days of the Gallagher amendment and super depletion it was a lot less than that. In turn, the local small business community feels that those recipients of Government largesse should help to spread some of that wealth, instead of taking such a hard line and insisting that everyone be absolutely competitive. Because they have been given assistance themselves to operate in remote areas, it is believed they should in turn assist those permanent resident businesses in the same way. This is not always seen to happen.

The Federal Business Development Bank has received a number of suggestions as to the way they could improve their operations. The penalty which they charge on an early repayment of a loan is said to be excessive. I know a number of people who, because of the economic circumstances, have been forced to draw in their horns and liquidate some of their assets, with the idea that they could pay off some of their indebtedness. However, they found they were not able to do so because of the very heavy penalties imposed by the FBDB on the retirement of their loans. I understand the other side of the argument presented by the FBDB, that it itself has had to borrow money at high rates, but I am sure that some kind of accommodation could be worked out to allow the early retirement of loans without this penalty, or to allow loans to be rolled over more easily without the penalty provisions which presently exist. A lot of businessmen got themselves into trouble by borrowing money at the very high rates of interest which existed a year and even six months ago. Now because of the drop in the level of interest rates they would like to roll over those loans so that their payments are much reduced. To enable them to do that would be to their benefit.

The last comment I would like to make is one of a general nature. It is in respect of the relationship between banks and borrowers. If you are a large corporation which borrows hundreds of millions of dollars, or if you are a country or state which borrows hundreds of millions of dollars, or on occasion billions of dollars, it is pretty easy for you to negotiate with your bank. When you owe your bank that much money, it is in your power. We have seen cases in the recent past where countries in actuality, Sir, have defaulted. I know that that is a bad word to use and banks do not like any suggestion of "default" when moneys of that magnitude are involved. However, for loans of that magnitude it has been relatively easy for the borrower and the lender to sit down together and re-negotiate a schedule for repayment. Bansk have had to do that. But when it comes to small business, that is not the case. The head office of the bank will issue a blanket policy, and each manager and each local loan officer will be obliged to put it into effect. There is not too often much of chance to re-negotiate a repayment schedule, and the line of credit is very often unilaterally cut off. If the system can be improved—and I am not really suggesting legislation because the more burdensome regulation we put on both the borrowers and the lending institutions, the more difficulty there is in the long run. Any decrease in efficiency caused by legislation or regulations ends up ultimately in an increase in the price of a loan. There is no doubt about that. I am suggesting, however, there are many ways, especially in the more remote parts of Canada, where the relationship between small business borrowers and the banking institutions can be improved.

We look forward to the swift passage of this legislation because we on this side feel that even if it does not go far enough, it will, to a limited extent, help the small business sector of Canada, that very important small business sector.

[*Translation*]

Mr. Cousineau: Mr. Speaker, with the unanimous consent of the House, may I call it 1 o'clock and ask to be recognized at 2?

[*English*]

The Acting Speaker (Mr. Reid (Kenora-Rainy River)): It being one o'clock p.m., I do now leave the chair until two o'clock.

At 1 p.m. the House took recess.

[*Translation*]

AFTER RECESS

The House resumed at 2 p.m.

Mr. Deputy Speaker: When the House rose at one o'clock, the Parliamentary Secretary to the Minister of State (Small Businesses and Tourism) (Mr. Cousineau) had the floor.

Mr. René Cousineau (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, last Friday, the Minister of State (Small Businesses and Tourism) (Mr. Rompkey) explained his reasons for tabling this Bill. This afternoon, for the benefit of Hon. Members, and through you, Mr. Speaker, I would like to highlight the objectives and impact of the Small Businesses Loans Act, a measure that is being used more and more by small businesses.

The Small Businesses Loans Act was passed by the House in 1961, to make it easier for small businesses to obtain longer term financing. The Act, which provides guarantees against all losses for the lender, was initially intended to be effective for

three years only. There have been several extensions, however. The Act now in effect will expire next Thursday, on March 31, 1983.

Mr. Speaker, since 1961, many amendments to the Act have been made, and I shall mention some of the most important ones. In 1974, the maximum amount of the loan that may be outstanding to anyone firm rose from $25,000 to $50,000. In 1977, the maximum was increased to $75,000, and in 1980, to the present limit which is $100,000. In 1977, the maximum annual turnover allowed for a business to be eligible was increased from $1 million to $1,500,000, and finally, in 1978, the administration of the Act was entrusted to the Department of Industry, Trade and Commerce, and the maximum interest rate chargeable was now based on the bank's prime or basic rate plus 1 per cent, more commonly referred to as prime plus one.

One of the most attractive aspects of the program is that loans are negotiated directly by the businessman or woman with the private sector lender. No prior authorization is required from the Government, since the latter only guarantees the loan. Today, loans to small businesses are made for the purchase of fixed or movable equipment, improvement or modernization of premises, purchase or construction of new premises and the purchase of land.

Loans are made in accordance with normal banking practice. They are fully guaranteed and are to be repaid over a period not exceeding ten years.

Mr. Speaker, as a program, the Small Businesses Loans Act has been favourably received both by borrowers and lenders, and its national impact is considerable. According to our statistics on geographical distribution which are fairly representative of the distribution recorded since the program came into effect, loans, expressed in percentages, break down as follows:

British Columbia: 20.5 per cent; the Prairies: 18.8 per cent; Ontario: 21.6 per cent; Quebec: 33.3 per cent; the Maritimes: 5.5 per cent, and the Northwest Territories and the Yukon: 0.3 per cent.

I would like to pause here, Mr. Speaker, and comment on statements made by the Minister responsible for Industry in the Quebec Government, who said that the Canadian Government never does anything for small businesses. I may refer Hon. Members to a statement the Minister made before a meeting of Provincial Ministers of Industry was held here in Ottawa. The Minister said, and he referred to a plan known at the time as the Biron Plan, he said in the National Assembly, and I quote:

The Biron Plan was established a year ago—

I am quoting from an article in *Le Droit*, dated February 19, 1983:

The Biron Plan was established a year ago, when the Federal Government refused to create a special program to help small- and medium-sized businesses. Today—"

—the article goes on—

—we can say that we have reached our objective," said Mr. Biron, who pointed out that his plan had helped over 500 businesses employing nearly 25,000 workers, and involved funding of over $100 million. Since then, Mr. Speaker, we have asked for the addresses of these 500 companies which received assistance under the so-called Biron plan and we are still waiting for replies.

As for the Quebec Minister of Industry, he always says that the Federal Government never does anything whether it concerns transport or agriculture; the various Quebec Ministers, also share this view. According to them, the Federal Government never does anything!

In this regard, I must say that we have to ask ourselves seriously what is the main purpose of the recent controversy about the NEED program, and I do hope that this program will not fail. Of course the Quebec Government will not recognize the efficacity of this program because according to them the Federal Government can never do anything good. The Quebec Government wants to control the funds provided by the Federal Government. It does not work that way. The Federal Government wanted it known that these were Federal funds really provided by all Canadians. But it is always the same, Mr. Speaker.

I am mentioning all this because it is extremely important for the Quebec people to realize that they have had enough of such statements. I would like to give another example. Hon. Members are aware that the Federal Government contributes to the building of low-cost housing everywhere in Quebec and in the other provinces. Why a supposedly responsible Government be fair and give credit where credit is due? Everywhere you go in the province, and especially in my constituency, it is the same. For instance, the other day I went through Val des Bois and saw a sign which said "Quebec Housing Corporation, low-cost residential construction" written in large letters, and underneath, in small print "with the co-operation of the Val des Bois municipality and the Canada Mortgage and Housing Corporation". On Marengère Street in Pointe-Gatineau, there is similar sign on which the Quebec Housing Corporation is mentioned in large letters, followed by the words "with the co-operation of the City of Gatineau and the Canada Mortgage and Housing Corporation" in small characters.

This should be pointed out to the Opposition Members because the little game that they play in Quebec is childish. Why not give its due to the Federal Government? On September 7—

• (1410)

[*English*]

Mr. Baker (Nepean-Carleton): That is why I gave you a flag.

Mr. Cousineau: I thank the Hon. Member for that. That is right, he gave me a flag. Some Quebecers are happy about that.

Mr. Baker (Nepean-Carleton): That is good, I am too.

Mr. Cousineau: Maybe not for the same reasons.

[*Translation*]

On September 7, 1982, there was a ground breaking ceremony on Marengère St. in Pointe-Gatineau. Here is the press release which the Quebec Housing Corporation issued on that occasion and which reads:

Visit of a housing project on Marengère St. in Pointe-Gatineau, in the Chapleau Riding. 48 housing units will be made available to low-income families at a cost of $2,225,000.

Mr. Bernard Landry, the Minister, was there, together with Messrs. Michel Gratton and M. Kehoe, the Quebec MPPs for Gatineau and Chapleau respectively, Mayor John R. Luck and Alderman Michel Séguin, who is responsible to the other aldermen for municipal housing projects. Yes, I was there, and when the time came for the sod-turning ceremony, I got into trouble because I hit a huge rock with my shovel.

An Hon. Member: In spite of the fact that you were the one footing the bill.

Mr. Cousineau: Yes, I was the one footing the bill. Mr. Speaker, I should like to emphasize this point: The Federal Government, through the Canadian Mortgage and Housing Corporation, is participating in this project to the tune of $2,224,800 in guaranteed loans—$2.5 million makes a rounder figure—-an amount which represents the total cost of the project. Moreover, the Canadian Mortgage and Housing Corporation will provide on a continuing basis a subsidy of over $306,463 a year. The Canadian Government therefore pays between 72 and 75 per cent of the operational deficit at the end of the year—I should not say 75 when it is 72 perhaps, I would not want my separatist opponents to call me a liar—and the balance of 28 or 25 per cent is shared by the municipality of Gatineau and the Provincial Government.

I have not checked this with my Quebec colleagues, but here the story is always the same with respect to signboards: the name of the Société d'habitation du Québec appears in 6- or 8-inch high letters, and "with the participation of the town of Gatineau and the Canadian Mortgage and Housing Corporation" is acknowledged in letters measuring about three quarters of an inch, maybe an inch. Why? It is the same thing on our buildings where people have to go, not to beg but to get social benefits because they have been hard hit by the current recession. The flag of Quebec is displayed, but the fact is that the benefits handed out by that department are paid at the rate of 50 per cent by the Federal Government and 50 per cent by the province, be it Ontario, Manitoba or any other. Unfortunately, Quebec will not admit that the Federal Government pays its share.

Perhaps I am slightly out of order when I say that, but my point is that when Industry Minister Biron comes along and states that he has spent so many dollars to help small businesses, I would advise the people of Quebec to check before quoting those statements, because sometimes they are half-truths. I would not say that the Minister is telling lies, but he does get carried away now and then and he does not always speak the truth.

Well, Mr. Speaker, back to the piece of legislation we want to adopt today. Besides being available in all regions of Canada, the program has enabled the Government to give assistance to a wide range of businesses. According to the 1982 figures, the service industries got 40.3 per cent of the total amount of loans, followed by retail outlets with 24.9 per cent, manufacturing companies with 11.4 per cent, construction firms with 9.4 per cent, and transport companies with 9.8 per cent. Other companies in the communications and wholesale sectors received 4.2 per cent of the loans.

At first, only chartered banks were allowed to act as lenders under the program. Over the years, the program was extended to other lenders, and today, in addition to banks, the list includes trust companies, mortgage companies and savings banks, while hundreds of credit unions, caisses populaires and branches of the Alberta credit union network also make loans. The number and amount of the loans contracted in 1981 and 1982 demonstrate how important the program is to small businesses, whatever Minister Biron, the Separatist Minister of Industry in the Quebec Government may have to say about it. In 1977, only 4,894 loans representing a total amount of $96 million were granted. In 1981, the number of loans had risen to 17,378 and totalled $516 million, while the preliminary figures for 1982 are almost identical, namely, 16,843 loans representing a somewhat smaller amount, namely, $435 million. These figures are ample proof of the importance of the Bill we are considering in the House today.

I would like to end on this note, Mr. Speaker, because otherwise I would be tempted to make a few more references to Mr. Biron, but I think he has had enough attention for today. Nevertheless, it is very sad to see someone from my own Province trying to sell the people a bill of goods. In any case, as far as small businesses are concerned, I heard my good friend from up North—I am not too sure what his constituency is—saying that we should not forget small businesses. Well, I do not think we are forgetting them today, and we have wanted to pass this Bill for a long time. Therefore, I hope that my colleagues opposite will do their share to show Canadians that this Bill is really going to help them, and I would also invite the Members of the New Democratic Party to vote for all stages of the Bill this afternoon, so that we will be able to tell Canadians that the Act is not going to expire on March 31 but will be extended for another two years.

• (1420)

[*English*]

Mr. Deputy Speaker: Order, please. The rules permit a ten minute question and answer period at this point. Are any Hon. Members rising to ask questions? If not, the Chair will recognize the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie).

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I rise to participate in the debate on Bill C-144, an Act to amend the Small Businesses Loans Act. The effect of this will be to extend the termination date for loans to be guaranteed from March 31, 1983 to March 31, 1985. I hope that this will assist small business. Today, they have a great problem with red tape and trying to obtain loans from the banks.

The Government could help small business in the Province of Manitoba which is not receiving its fair share of public works expenditures. That is why I am pressing the Minister of Transport (Mr. Pepin) to build a new air traffic control centre in Winnipeg. In 1982, Manitoba received only $4 million public works grants. I hope the Minister will make an early appearance before the Treasury Board to request funding so that construction can be started on the air traffic control centre so that 250 air traffic controllers and their families will not have to move away from Winnipeg.

I am glad that the Minister is in the House this afternoon. I hope he can provide me with an answer before three o'clock, as he promised in Question Period, as to when construction will start. He complained that I did not give him notice of questions. Mr. Speaker, I did give notice last week to his Parliamentary Secretary in the adjournment debate. It would appear that he did not get the message. I hope I hear from the Minister before three o'clock on when construction of the new air traffic control centre in Winnipeg will begin.

I want to deal with the difficulties that small businesses have in obtaining loans in Manitoba. It is not only Government red tape and regulation that hampers them but they also experience great difficulty in obtaining help from banks.

A constituent who had applied for a small business loan wrote to me as follows:

> I spoke several times with our bank—Toronto Dominion. They refused on the grounds that we are financially not stable enough.
>
> Then I requested to get the Government bond for small business from our bank. They refused on the grounds that we are financially not weak enough to qualify.
>
> I spoke several times with the Federal Development Bank about obtaining an interest break on a loan to help set up the food store. They refused on the grounds that we had purchased used equipment. In order to qualify we would have to have bought new equipment.

I hope the Government will change that ridiculous regulation.

> It was only because we were able to purchase good used equipment that we were able to get the food store going, new equipment was just out of our reach.

That is a roadblock that the Government places in the way of this small businessman and probably of others in Canada. He went on:

> I also went to the Economic Department of Manitoba. There they refused on the grounds that we did not start operating before June, 1981.

That is a New Democratic Party Government which is supposed to assist small business, but it is throwing up roadblocks here as well; it has imposed a worker's tax on Manitoba businesses which hampers them. With that regressive NDP tax many small businesses have to lay people off. It can be described as an anti-employment tax. It will not help with the unemployment problem. This gentleman went on to say:

> As you see I did not get anywhere with all my inquiries. Your help would be much appreciated since time is running out.
>
> To set up the food store I had to take out two second mortgages of $28,000 each at interest rates of 5 per cent above prime. Then a $25,000 loan with the Federal Development Bank at 4.5 per cent above prime. At present I have to take out a mortgage on our cottage of $37,000 at 12.25 per cent. At this rate it is hard to survive.

It is hard to believe that he did not just throw in the sponge and give up. With these regulations and the problems with the banks, it is almost impossible for small business to survive in Canada today.

In January, 1983, a newspaper put out by a small business called Mandate had an excellent article on the problems being experienced by Canadian experience. It stated that the average Canadian bank manager has less and less time available to service small business clients because of the literally hundreds of other bank services he or she must manage. It quoted Patricia Johnson, Vice-President of the Canadian Federation of Independent Business, as saying that excessive collateral requirements are used to paper over the fundamental structural problems in Canadian banking.

In some highlights the article pointed out that Canadian banks provide far less staff training in commercial lending than do banks in the United States, Japan or West Germany. It said that bank staff trainees in Japan call on business clients weekly to pick up deposits and loan payments, and if a business is facing difficulty, the bank may send in a rescue squad, at its own expense, to help the firm.

The article went on to say that two-thirds of U.S. banks have at least one officer designated for small business lending and about 40 per cent of there give special training to small business officers.

According to the article, in the Netherlands the largest small-business banks keeps credit officers in the same branch for a minimum of four years, maintaining continuity of service to small business clients. Canadian banks should provide the same service to Canadian small business, Mr. Speaker. The Government should show leadership in this area by having discussions with the banks to make sure that they improve their services and assist small business in Canada instead of sloughing them off.

On March 23, *The Globe and Mail* carried an article entitled "Survey depicts recession impact". The article began:

> The economic impact of the recession on Canada's small and medium-sized businesses accounts for 700,000 to 800,000 fewer jobs, or nearly half the country's unemployed workers, according to a survey by the Canadian Federation of Independent Business.

Restraint measures—including layoffs, reduced wages and cuts in investment—have severely hampered the performance of the small business sector. A survey in February conducted by the 64,000-member organization revealed the extent of the recession on small and medium-sized businesses since January, 1981.

The 14,171 companies that responded were forced to cut employment by 42,470—which, if extrapolated to cover the entire small business community, means 700,000 to 800,000 fewer jobs across Canada.

You can see the difficulty that small business is having, Mr. Speaker. The banks and the Government will have to put their heads together to find new ways to assist small businesses, and not throw roadblocks in their paths.

• (1430)

Here is another example from one of my constituents in Winnipeg-Assiniboine. He points out:

We have been trying since early August to obtain our bank's approval for an interest-reduced loan. The Government Information Centre who we were referred to said 'Go to your bank manager.'

The problem is the banks have no information that authorizes them to give loans under this program.

That is unbelievable. We are here debating this small business Bill today and I feel that it will have very little impact in assisting small businesses in Canada. These Bills, Government advertising and bally-hoo sound great politically. The letter continues:

Sounds great politically—but how do we go about getting it from our bank?

Trust you will look into this on our behalf. My home is in your constituency.

I made representations on behalf of the gentleman. We were able to get some action taken for him. However, many small businesses must come to their Members' Parliament who then have to go after the Minister of Finance (Mr. Lalonde) and the Minister responsible for Small Businesses (Mr. Rompkey). This takes weeks of letter-writing, and in the meantime the small businessman is left to hang out to dry, waiting in anticipation.

I wish to cite for the record a number of problems that small businesses are facing. The Government has tried to raise revenue through measures that will hurt the small business community. The half-year convention will hurt the cash flow of business, and this is covered in a paper called "The Evolving Budget, A Background Paper on C-143".

The 12.5 per cent small business dividend distribution tax will punish those small businessmen who have dared to become successful enough to pay a dividend. You get more penalties if you make a profit.

The Small Business Development Bond has become a bail-out bond with an interesting "catch 22" situation. People cannot apply unless they are in trouble and if they are in trouble, the bank will not lend them the money.

Small-businessmen will no longer be able to participate in new deferred profit-sharing plans. That is another penalty.

Increased taxes on employment benefits will place increased wage demands on employers and make it hard to recruit employees in remote areas. I have also referred to the NDP tax in Manitoba, the employee tax, or perhaps unemployment tax would be better terminology.

With regard to skilled help, the recession has temporarily helped to resolve the shortage of skilled help, a problem often faced by small-businessmen. Steps should be taken now to ensure that recovery does not mean the return of skill shortages.

With respect to financing, the focus of recent Government policy has been to assist in debt financing. Assistance is needed but not forthcoming in the area of equity financing. The Government should encourage Canadians to invest in small business.

Another problem concerns regulation and paper burdens. Small businessmen are forced to comply with a complex series of regulations and requests from various Government agencies for statistical and other information. The owners of small businesses spend about half of their time filling out the most complicated and silly business forms and questionnaires imaginable. All this time they spend on those forms detracts from their business.

As well, in regard to the Government purchasing policy, Government contracts are far too often too large for most small businessmen to bid on, or the specifications may be written in such a way that only a few larger firms may meet the requirements.

We hope that the contents of this Bill will assist small businessmen, but there is much left to be desired in the way the banks are dealing with small business. There is too much Government regulation and red tape. I hope the Government and the banks will get together and eliminate many of these regulations and the red tape. I hope the Government will insist that the banks hire professional help to go out and assist small businesses to survive in Canada.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the Bill which is before us extends the period under which the provisions of the Small Businesses Loans Act will be available into the year 1985.

The Minister is taking the opportunity once again to extend the Small Businesses Loans Act which has, since January, 1961, provided the Government with an excuse to claim that it has done something, however little, for the small business sector in Canada.

Our Party does not intend to delay this Bill since the Government has indicated that to do so would be futile. It will not allow improvements to be made to the very weak provisions of this Bill. Its provisions were weak when the legislation was first proclaimed over 20 years ago. They have been made even less important as they have been seriously eroded by inflation.

The shortcomings of this and other Bills which are supposed to help small business have been well documented by organizations such as the Canadian Federation of Independent Business. We believe that the Government's refusal to make improvements is perhaps more indicative than anything else of

the Government's attitude toward small business. It is obvious that the Government's view of small business is one of disdain, tokenism and, indeed, sheer lack of interest.

The fact of the matter is that the Government has not even considered amending this Bill in order to give the Small Businesses Loans Act some real impact. The Government says that it is deeply concerned about the economy. It has made much of its determination to cut the wages and salaries of workers in order to deal with inflation. However, why does the Government not increase the $100,000 loan limit which has been provided for in this Bill for a number of years when both the cost of living and the cost of doing business have increased very markedly? It is apparent that the Government is not prepared to move at all.

The Government says that it is concerned about the alarming rate of bankruptcies in the business community, which it should be. We have seen a string of Government bail-outs of the big corporations in this country, such as Dome Petroleum, Massey-Ferguson, Chrysler and others over the last year. But what has it done for the small business community, which makes up over 97 per cent of Canadian businesses? The Canadian Federation of Independent Business has estimated that in the last year 80,000 small businesses either went bankrupt or closed down before being forced into bankruptcy.

It would be relatively simple to reduce the bankruptcy rate of small businesses by extending the Small Businesses Loans Act to include loans for working capital, broadening the range and impact of this now very restrictive program and allowing thousands of small businessmen, who are now on the brink of bankruptcy as a result of the current depression and the Liberal Government's destructive interest rate policy, to obtain loans for badly needed working capital to keep people working. That was the type of proposal made by the Canadian Federation of Independent Business and rejected completely by the Government.

The present legislation provides loans for the purchase of fixed or movable equipment, land for the operation of the business or the construction of new premises. But this can only be done up to the legislated limit of $100,000. Hon. Members need only to think of cities in their ridings to realize that it is difficult to find a single family home in many cities in Canada that does not cost at least $100,000.

Does the Government really expect a loan program which was established in 1961 and later extended to the upper loan limit of $100,000 to provide any real incentive to small businesses in 1983?

Another aspect of the program which I feel deserves the attention of the House is the prime role which banks play in deciding who gets loans. The reputation of the chartered banks of Canada for making huge loans to big corporations and then allowing those corporations to have interest-free holidays from those loans is well known. We know, for example, that in the last couple of years, the chartered banks lent billions of dollars to some of our largest corporations, mainly for takeovers of other corporations, takeovers which added little, if anything, to our productive capacity.

• (1440)

We know that a few months ago the banks were carrying $4.2 billion, or $4,200 million, in what they called non-productive loans. Those were loans which large companies had made on which they could not even pay the interest, let alone the principal. However, these banks, the big five, increased their profits by over 40 per cent in the first quarter of this year. The total profits were $1.6 billion, on which they paid the magnificent tax of only $132 million. That is an average tax rate of just 8.1 per cent. Two of the banks, the Bank of Montreal and the Royal Bank, paid no tax at all in 1982. In fact, they received a tax credit. I wonder which of our constituents would not love to have a tax rate on their income of just 8 per cent.

At the same time the banks were dealing with the large corporations, as I have indicated, small businesses requesting loans were being asked to put up collateral of anywhere from 200 per cent or 300 per cent of the value of the loans. It is therefore no wonder that when the Canadian Federation of Independent Business appeared before the appropriate committee of the House of Commons, it made the statement that in its view, banks, as they operate today, do not understand the problems of small business and have very little sympathy for small business.

We say that when the Government puts programs such as this into place, there should be consideration for the possibility of going outside the banking system to deliver such programs in a more direct and clearly much more beneficial way to the small business sector. One must only consider the squeeze which the banks have put on the consumers and small business borrowers in order to carry the big corporate loans to see whom the banks are really interested in servicing.

In this country, we have a small business sector of over 600,000 private enterprises, yet to the end of 1981, the Small Businesses Loans Act had provided less than 100,000 loans, representing slightly less than $2 billion. That is in over 20 years. In comparison to that, the small business sector is estimated to borrow close to $9 billion a year from private sources, from the banks, the credit unions and insurance companies. Therefore, we see the over-all insignificance of the small businesses loans programs.

Big business in Canada is 48 per cent foreign-owned. The small business sector represents about 96 per cent of Canadian ownership and over 50 per cent of the private sector jobs which have been created since 1971. Small business provides 40 per cent to 50 per cent of all the jobs at which Canadians work outside of the public sector, yet the assistance that small business recieves from the Government is miniscule as compared to the help which big business routinely receives from the federal and provincial Governments. Small business deserves more than the highest bankruptcy rate since the depression which it has experienced in the last year.

We have some specific proposals as to what should be done instead of what will be done as a result of passage of the Bill. We believe that the $100,000 limit on the program should be increased to bring it more into line with the real cost of business start-ups and business operation in 1983. We believe

that the program should be broadened to reflect the need of small businesses for working capital to keep their operations, which are now hard-pressed because of the recession, going and to keep them out of bankruptcy which has been increasing in numbers over the last couple of years.

We believe that the delivery system for this program, which has been channeled through the chartered banks which, as intermediaries, have been sitting in judgment on small business loan decisions, should be reconsidered. Why should it not be possible to have a loans screening body in which small business would participate and have some say, rather than leaving it entirely to the banks which have failed so lamentably to meet the need of small business?

Lastly, we need a program to help small business which will include a package of economic initiatives to stimulate the economy and further lower the interest rates to the real rate of inflation, rather than 4 per cent, 5 per cent or 6 per cent above prime rate, which small business has been expected to carry in recent years.

Hon. Jake Epp (Provencher): Mr. Speaker, I want to put a few comments on the record today with regard to Bill C-144 because it is a timely topic for debate by Hon. Members of the House, and it is timely for Canadians who are involved in small business. First, I think we must be a little careful concerning the words "small business". In fact, I had lunch with a "small businessman", in the words classified under the Act, just today. I was discussing with him, as a businessman, the advantages and disadvantages of his business at the present time. It is sometimes good to get back to the grass roots to find out what the very people who will be affected by legislation before the House are saying with regard to it. He is involved in a service industry in my riding. His first real comment concerned the definition of small business. The vast majority of those involved in small business, at least those in service industries in rural Canada, will argue that the definition is too broad and that at the upper end, in terms of size as set out in the definition of small business, in fact they are often not considered to nearly the degree they should be, in relation to the number of jobs they create in the economy.

It is also important that we as Members of the House keep in mind the impact of small business on our country. We discuss the unemployment rate and speak of one and a half million Canadians being unemployed. We hear those comments in the House, we consider the statistics, and we view the tragedy. Today in the House there were comments as to how we should create, or develop jobs. I think that "develop" is a more accurate word than "create". For instance, how are we to develop jobs for young people as they come on to the labour market?

How should we develop jobs so that these people will not face despair or, more important, feel as they enter the market that the economy will not give them the opportunity to either create their own jobs or to fit into the job market? It is important for us to address this matter in the debate today as well. However, it is important to keep in mind that the owners of businesses to whom we speak as we go into our ridings, the people on Main Street, Canada, the fellows with whom we have coffee around the horseshoe, are people who can create jobs in our community. These are the small business people, and we all know them. We can give various names to these people, because they are friends, neighbours and are very often our community leaders.

We must keep in mind that in this period of unemployment, it is small business which is most often labour-intensive. Today, a number of small businesses, as they are facing the spring and summer of this year, are considering expansion of their businesses. As they do this, they automatically think of the creation of work, the hiring of people in their community. Small business is labour-intensive. Also, by all definition, we find that in small business there is a higher ratio of job creation relative to investment per job as compared to larger businesses. Therefore, it is a good use of money, a good investment. I am obviously trying to build the case that we in this House have not paid enough attention to these facts, to small business or, in my view, to the country.

• (1450)

Also, small business creates more opportunities for workers with limited skills. That does not say that they would not develop their skills in the workplace, but I am speaking of initial hirings. For example, very often small business is more ready to hire people with limited skills, and then develop those skills in the workplace, than larger industry is.

Today more than 90 per cent of our businesses in Canada are employing less than 200 people in their business. For a lot of us from rural Canada, a business of 200 employees is a fairly large business. We have some of those businesses in my riding, but a lot of us would welcome that kind of size in our riding.

I hear references made to anti-profits, anti-business, "We are going to get the corporate welfare bums and we are going to get all of these people". I keep on saying that we have to roll out the red carpet to these investors; we have to start rolling out the red carpet to these risk-takers. It is an attitude that I believe we have to change very dramatically.

I am not trying to be critical today but I am trying to analyze the situation to see how we can have some positive direction. Governments of all Parties put a great stress on the concept of megaprojects, be it energy or manufacturing, but especially in energy we have talked about megaprojects. The investment per job is very high. I am in favour of megaprojects; I am in favour of business; I am in favour of creation of wealth through that kind of investment, but I do not think Governments have given the same stress to smaller businesses and what they mean to the economy. For instance, how much time do we spend in this House discussing megaprojects? How much time do we spend in this House talking about small business? Yet if we say that 90 per cent of business is small business, I think we have to re-examine our priorities.

In our Canadian economy, the economic engine is small business, and I include farming in small business. The reason I put farming into that category is that I speak to farmers in my

constituency and they are business people with a myriad of skills, not only in farming. Today if a farmer wants to survive he also has to have business acumen second to none, equal to the person operating on Main Street, Canada. I put them in that category as well.

I have been interested for some time in the psychological relationship between business and financial institutions, and maybe that is a topic that does not excite the House too much, but I think it is important for us to analyze what other countries have done relative to business, and what we have done and why. Maybe there are some answers in other countries that we could apply to help the economy in Canada.

When I make these points about other countries I am not saying that other countries have these motivations exclusively and that Canada has none of them. I am strictly talking about stress and emphasis. But there is no doubt that in the United States there has been a great emphasis on the spirit of enterprise. Some people would say "free enterprise", some people would say "the market economy". Teenagers today use the term "Go for it". I think that term possibly explains that attitude, that spirit of going for it, having the confidence, being willing to take the risk, going for it and enjoying the benefits of success. I guess that is what enterprise means; that is the modern term.

There has been a great reverence in the United States for the common person, a reverence for that drive that I have already talked about and a reverence for the contribution of the individual to the larger whole. When I say that, I do not mean that we in Canada are devoid of that. I am not arguing that point. I am simply talking about emphasis of that point.

So when I look at Government agencies in the United States, despite the fact that so often we talk about economies of scale of ten to one, United States to Canada, I find a very deep interest and a stress in U.S. Government circles on small business. They call it commerce; that is the word they like to use. We say that we have to generate business.

So what is happening? As I look at it there, for instance, I see they have created a banking system quite different from ours. I am not here today to criticize the banks. I know that is a common and easy hobby-horse, but I want to look very specifically at why there is that difference. One thing I notice in their system is that they have a different banking mix than we have. They have different banking services. The percentages of national or large banks, that is, relative to the amount of deposits, is lower in the United States than it is in Canada, compared with our national chartered banks. They have many more local banks. They might call them savings and trusts, but they are local banks. I know the first argument that I am going to get is that it is too risky. But that is the secret of enterprise, taking risks, not unqualified risks but taking risks.

Mr. Pepin: Not much enterprise for the person who suffers from that risk.

Mr. Epp: I am not saying as well that there are not negatives on that side. I am asking, is our mix askew, too much on the other side? That is the point I want to make, and I think it is a point that we could look at.

Mr. Pepin: The search for balance.

Mr. Epp: The search for balance, as the Minister of Transport says. I am wondering whether our search for balance in terms of the safety nets which we talk about so glibly, means that we have gone to the other side.

Let me give you some examples, Mr. Speaker, if the House will indulge me. Today, in Canada, chartered banks dominate the financial markets in our country by holding about 74 per cent of all deposits in banks or in trust companies. Roughly three-quarters of all deposits are held by the major chartered banks; mortgage and loan companies have approximately 5 per cent—I am rounding off the figures, Mr. Speaker—trust companies, 12 per cent, and just recently we have had again an exercise in the trust companies where people are saying: "Is my money safe?" There will obviously be a question as to whether that is the best way to invest. Credit unions have approximately 10 per cent.

In my limited experience from my riding, where we have had strong credit unions, and I speak to bank managers frequently about this, the banks have been better for it.

Mr. Fennell: Competition.

Mr. Epp: It is competition, and I am not saying that it need be a credit union, it could be a savings and loans company or a trust company, but the competitive nature of the financial marketplace has the same laws as enterprise in other business. That is the point I am trying to get across.

Looking at the United States, we find that the larger commercial banks, and for our purposes here today we could compare them to our national chartered banks, instead of 74 per cent, are down to about 57.5 per cent or 58 per cent. But also, their banks are more commercially oriented, not in all cases, but I believe the majority lean more toward the commercial end of banking. Some people would argue that, with the economies of scale in the United States, obviously that is larger business. The only point I am trying to make today is that according to the psychology that we have developed in our own country it would appear to me that we have possibly erred on the side of safety as against the willingness to take risks.

When we look at loans for small business in Canada, we make the case strongly that loans are made on the basis of what is referred to as formula lending. In other words, when a businessman or woman goes into the banking institution to ask for a loan, first there are the standard questions of collateral investment. When speaking to some business people, they say they would sure like to get their hands on the little black book from which decisions are often made. These decisions are often not made at the branch level. In the national banking system there is a much larger network of branches, depending of course on the district or the central bank.

• (1500)

While we cannot forget about formula lending, I suggest the banks would be well advised to re-examine some of their mix. I believe their profitability could be increased by greater involvement in small business. It seems to vary from branch to branch. There are branches in my riding that are excellent in commercial activity and small business. The local branch manager has experience, expertise and the confidence of the local business community. It is a secret that we must look at. On balance, our banking system serves well, but I hope it will look at the mix, the balance, more carefully when considering small business.

Having said that, what about Government? How is Government helping small business? The arguments about Government, the lack of interest and the disincentives towards small business are legendary. We hear about them every day in this House.

Earlier today the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie) talked about Manitoba. Right now approximately 37 per cent of Manitoba's total budget is federal-provincial transfer payments, and it is going up. As a citizen of that Province, that is a trend I do not particularly cherish. I would like to see the figure go the other way. I would like Manitoba to be a have Province, an engine of enterprise.

One of the great advantages in that Province has always been relatively low-priced electrical energy, hydraulic energy. There was a freeze on hydro-electric increases. Why? We wanted to attract businesses. When you are mid-continent, you must provide some reason for companies to locate there rather than somewhere else. When you have one million people in a given region, you must give a reason why a business should establish there rather than somewhere else where there is a larger population. Those are economic facts; we have to deal with them.

When you take away the incentive of stable and competitive prices for energy, then the reasons of distance and space become more important in the decision-making process. Today for every dollar we pay to Manitoba Hydro, over 50 per cent goes for debt forgiveness. Where is the incentive to establish more business, attract new business or the psychology of taxes?

We now have a payroll tax in that Province. It is 1.5 per cent of gross payroll. Some people will argue it is not very high in terms of actual payment, but what it does for the psychology of creating new employment is devastating.

I say let us look at good loan programs; they are much better. I suggest we have competitive loan programs which allow for profitability and expansion rather than all kinds of grants which result in paper work, questions and disincentives.

Mr. Scott Fennell (Ontario): Mr. Speaker, it is an honour to follow my colleague from Provencher (Mr. Epp). What amazes me today, and this is very serious, is that although there are between 700,000 and 800,000 people unemployed in small and medium-sized businesses, the Minister is not even in the House and the Parliamentary Secretary is smoking behind the curtain. They do not have enough interest to listen to some ideas. They keep accusing us, asking what are our programs. I am shocked that the Government does not show more interest. This Bill has been around for a number of years.

Mr. Smith: Mr. Speaker, I rise on a point of order. We should be fair. The Minister has been here throughout the day. He has a long-standing commitment for tonight which he has to keep. His plane leaves at three o'clock. I think we should be fair.

Mr. Deputy Speaker: The Chair would like to intervene and point out that the practice of referring to the presence or absence of Members is not considered good form in the House.

Mr. Fennell: The only reason I mention it is that even though our Party is very involved in extracurricular activities, there are more Members of this Party in the House than there are across the way. We are talking about a very important issue, jobs. I am concerned about jobs. People are losing their jobs. We are constantly accused of not coming up with any ideas. Perhaps if somebody listened, they would hear some.

I support what my colleague for Provencher said, that grants and give-aways do not do anything for this economy. Reasonable loans are the solution. We are being requested to renew an old Act. When the amount was increased from $75,000 to $100,000, I stated that that was still not enough, that it was too little. When you consider that today it costs between $75,000 and $100,000 to create a job, that amount will only create one job.

I take exception to the Government's practice in small business. They have the Small Business Development Bond. It was our idea. They have abused it and torn it apart. They only allow it as a last resort. There is the SBLA we are now talking about, and the SBIG which is the beginning a very sound program. It is a patchwork.

There is the FBDB. The normal rate is 2 per cent over prime; it does not even qualify for 1 per cent over prime program. Then there are the DREE grants. Everytime DREE money is given to a needy part of the country, the funds funnel back to the industrial heartland of Canada. It does not benefit the part of the country for which it is intended.

There is the Enterprise Development Program which has been very successful. The Minister is now going to intervene and remove the right of the businessmen who have been on the board of the Enterprise Program across this country. Government intervention will probably destroy it.

The Minister of Industry, Trade and Commerce (Mr. Lumley) comes from the business world, and I respect that, but why is he getting public servants involved in running businesses and providing incentives? Next we have the great patronage program. Maislin is a classic example. The Government can give $34 million to Maislin, but cannot consider giving a $250,000 guaranteed loan to small business in this country.

• (1510)

The record shows, Mr. Speaker, that these loans have been very successful. The cost has been minimal to the Government, and what a bonanza it would be today to create jobs.

Government has gone into research and development on a hit and miss basis. It has no programs. If they hear something one day they go into it. There is no total, global program for these people. Then we have the miscellaneous Government grab bags. There are so many I cannot keep track and I do not know how industry does. The Government does it this way: there are consultants in Ottawa to whom you go to find out where you can get your money. That, to me, is an economic waste. Surely one solid industry and trade program can be set down, one simple program. Let us not talk about $100,000 for this one and $500,000 for that one. Let us go big and think big. Let us start perhaps at between $2 million and $5 million maximum, because that is what you need today. You need much larger sums of money because industry is that much more capital intensive.

When we give this money, we should not, as a Government, have to guarantee 100 per cent of these loans. We should process them entirely through the banks and let the banks accept 50 per cent of the risk. They make the profits. Why should they not accept a portion of the risk? If that is done, it could be very effective for a new corporation or a new expansion by reducing the interest rate until the building is built and the turnover is at a level where the industry can afford to start repaying interest. What has happened in this country, Mr. Speaker, is that we have capitalized interest to the point where we are no longer competitive.

I am very concerned about that when I look at the international competition we must deal with. There are many examples right in my riding. I received a phone call last week from a company by the name of Whitby Welding. It is a very old, well-recognized and established company which exported over 50 per cent of its products. That company is being put on the ropes by the bank because during the high interest period when it had growth, the company kept paying these interest amounts out, and when sales dropped off because of lack of demand, they had already built up the cost by building up the plant and its equipment. But they still have the interst rates to contend with. If there was a flexible interest rate policy where interest rates would go up and down depending on the economy, we could pay for the subsidized interest rates very simply out of saved Unemployment Insurance benefits and welfare benefits. Furthermore, and this is something that is really close to me, the people would feel better about themselves if they were employed rather than sitting at home drinking beer. This is the key.

To go back to Whitby Welding, if they would have had a fixed low rate of interest, or a flexible rate of interest, they could have survived, but the bank not only pushed them for the interest, they demanded repayment of all their loans. I have not heard from this company in the last week, but I hope they found some relief through Industry, Trade and Commerce, because they are a fine company. They are wonderful men who run it, and they are very good supporters of mine, I must admit. Furthermore, the president happens to be one of my major fund raisers, and I really need him back on track. But, you see, Mr. Speaker, that is what we represent. This Party represents small industry and those people get behind us because they believe in free enterprise, freedom of ownership and the individual.

We are letting this country down, Mr. Speaker, because of our policies. We are not being fair to the people. We are saying that unions are no good instead of trying to encourage co-operation between Government, the employer and labour, giving some form of incentive for productivity. We are not looking in that direction.

Let us look at what other countries have done so successfully. I have great admiration for Japan but, Mr. Speaker, you have heard me in my place argue against letting any more cars into this country from Japan because it is going to hurt employment in my area. The Government has not given any incentive to our producers to change over to high technology. However, in Japan a small-businessman can lease from the Japanese Government one or two robots. He does not pay any rental on those robots until he perfects the process. Then he leases them on a long-term scheme at an increasing scale so that he can afford to become more productive in his industry.

Mr. Bosley: Sounds like the Liberal Cabinet Ministers.

Mr. Fennell: Well it may sound like some Cabinet Ministers, but I am talking about people.

Mr. Smith: We are people.

Mr. Fennell: I know you are people, and you have people you represent. What I am trying to get across, however, is that by working together in this House, surely we can come up with a solid policy which would save us billions of dollars in Unemployment Insurance benefits and welfare benefits and give the Canadian people a feeling of worth. People who are unemployed, Mr. Speaker, do not have a feeling of worth. The 700,000 people who have run out of Unemployment Insurance have less of a feeling of worth. That is what I am talking about, a feeling of worth for the worker and the entrepreneur.

We have been talking about banks, Mr. Speaker. We brought in foreign banks and then we put a tremendous limitation on them so that they could not grow beyond a certain size. That is because there is very powerful bank lobby in this country. We should double the number of banks we allow to come in. I know they are increasing slowly, but we need a lot more financing. If we are not going to allow foreign ownership in this country, then we need a lot more lending power.

As my hon. colleague the Hon. Member for Provencher mentioned earlier, we need savings and loans associations. We need trust companies. I would qualify that, though, by saying that we must get them under the Bank Act. We have seen the problems we are getting into with financial institutions under

the provincial Acts. Let us get them under the Bank Act, but let us not make it so difficult. For instance, National Trust is big enough to become a savings and loans institution, as well as Canada Trust. Prior to this time, Crown Trust qualified but because they were not controlled federally and did not come under the Bank Act there was trouble.

Beyond banks and savings and loans institutions, there are individuals who I believe would want to invest in pools of money which could not only be venture capital but also could be debt capital. We also, Mr. Speaker, must attract foreign capital into this country.

• (1520)

Another new organization which has just come into my riding is Makita Tools. They are putting 65 per cent Canadian content into the tools and exporting over 50 per cent of the product line. Well, Canada is ahead and we have created 100 jobs. Every time we create 100 jobs we are that much better off.

I spoke about a flexible rate and fixed rate and working something out. We also have the SBDC in Ontario. People do not really understand them because it is another Government-operated program. Perhaps we should only lay the groundwork and let the private sector do the entire funding. Perhaps the other side is that Government's only purpose is to maintain a fixed or flexible interest rate and get right out of money lending.

We used to hear, Mr. Speaker, that big is beautiful. Well, big is no longer beautiful. I remember that in 1979 the Chairman of Northern Electric said there would only be three large high technology companies in the world. Well, to this point he has been proven quite wrong because there are hundreds of high technology companies in Canada and thousands in the United States. Some will succeed, some will fail, and that is free enterprise.

Comparing the United States to Canada, why is everything in Canada in the large cities? In the U.S. you have small towns with businesses. Throughout the whole mid-west you see the small towns with little businesses. That is because there are local banks. The local banker did not move from one town to another and that is how it started. He owns that bank and was on the board of directors of the company, so he got the financial statement every week. We have to get that type of tie-in but we have to do it through the private sector. I have not had a chance to talk to the Minister about this, but he has stated that he does not have enough control in this area. I think it is wonderful when a Minister does not have too much control.

I have spoken about the budget a number of times and there are many negative factors there which hurt small business. The standby charge for company-owned, employee-driven cars was doubled. It was not doubled on a depreciated basis; it was doubled on the original cost basis. That is inequitable. Those are people who make their living selling Canadian products from small Canadian plants.

Another thing I object to in the budget was the 12.5 per cent tax on dividends for small corporations. That is a deterrent. We have to encourage people to invest in this country. This is a great country. People want to work. They do not want to leave but they are being forced to leave this country because they are not given an opportunity to be part of an organization of which they can be proud.

That is an area where the Japanese have done something very unusual. Perhaps it is because of their culture, but they are proud to work in their plants. They are proud of their country. Part of the reason they enjoy working in their plants is that their bonuses are based totally on productivity. It is not how many weeks you stay on strike but how many units you produce per day. We have to be competitive with these other countries. We have to be in a position where we can compete.

We are in a very difficult period right now, Mr. Speaker. People do not realize that unemployment is not going to drop down below 12 per cent or 13 per cent very quickly. The more productivity you get from high technology, the less employment you have. You lose people on the production line, but you gain the employment of technical people, repair people and maintenance people. In time it will balance out. We will go through a very difficult period of adjustment, but that is only with respect to older workers on the line, not the younger ones.

Mr. John Bosley (Don Valley West): Mr. Speaker, Bill C-144 has been discussed at length in some detail but perhaps it would be useful if I put on the record for those who will be following this debate at home the history of the Bill.

The Small Businesses Loans Act has been around for some years. Originally it was introduced in 1961. One of the fascinating parts of the Bill before us today is that when it was last before us for amendment in 1981 the loan ceiling was raised from $850 million to $1.5 billion, being the maximum outstanding debt covered by the Act. It is ironic that in this year of 1983, when we are asked to extend the life of this Bill from the middle of 1983 to the middle of 1985, the Government has not contemplated it being necessary to increase that ceiling. I honestly do not know why there has not been an increase. I suspect that the reason there is not an increase is that Government Members opposite, and I am sure the departmental officials, know that what is likely to happen in the next couple of years is that people who qualify for these loans, new businesses or businesses increasing are expanding their operations—I note in passing that debt restructuring or the consolidation of existing debt is particularly not allowed under the SBLA—those people are not likely very many.

That is the tragedy of the recession we are in. There were some figures in the business section of *The Globe and Mail* yesterday which indicated the views of businesses in Canada as to their potential for expansion and new spending or even getting back to where they were before the recession began. While I do not have the figures with me, if my memory serves me very few businesses in Canada of any size, small, medium or large, foresee that they will be increasing their capacity. Very few businesses are likely to undertake expansion programs over the next few years. That is understandable, if sad,

if you simply look at the crisis of confidence which I find, at least in my area of Toronto, the majority of businessmen feel about this country.

Therefore, Mr. Speaker, I come back to the original point: it is not surprising that the Bill to extend the life of the borrowing guarantee does not at the same time increase the maximum capacity of the borrowing guarantee. That reflects, I believe, a recognition that there is unlikely to be a good deal of borrowing.

A number of Members today have put on the record, Mr. Speaker, their concerns about small business. My chief reason for rising is to add my few comments to that debate. There is not a Member in this House who does not have a very substantial small business community in his riding. Therefore, it is, I am sure, one of the areas of debate common to all of us. There is no reason or necessity to be partisan on this question. I do not think there is a Member in this House who is not experiencing every day and every month the misery of bankruptcy in his home town or community on the part of dozens of people and dozens of businesses. There would be no point trying to make partisan points on an issue such as that.

• (1530)

Perhaps Hon. Members opposite will understand that some of us are trying to encourage the Government to recognize that the small business programs it has in place today are really just ways of further bandaging the wounded in the hope that they will some day be able to get back into the economic war. It is really not meant in a partisan manner. It is a plea to recognize the general thrust of Government policy on the small business community at a time when that community has never been more needed by the Canadian economy.

Some of us have been pleading since the beginning of this session for some relief on the mortgage interest question. We have been requesting some form of relief, whether it be straight tax deductibility, tax deductibility with a cap or property tax relief for home owners. Hon. Members opposite have pooh-poohed it, but it is particularly appropriate in today's discussions because the largest small business sector is the construction sector. While small businesses comprise about 24 per cent of Canadian industry, in the construction sector small businesses make up 55 per cent of it.

When other Hon. Members and I raise this issue, we raise it precisely in the context of what the Government could do to get the construction industry going without a great deal of cost to Government at a time when unemployment in that industry is 35 per cent. Also companies simply cannot use a vehicle such as the one before us today because they are not in a position to invest in new plant or equipment since no business is being done and there is no real prospect of a great deal of new housing construction. That is the tragedy of the recession.

I should like to refer to an article which appeared in the *Star*. I do not often refer to that newspaper because it does not have a lot of sympathy with the things with which I have sympathy.

Mr. Dick: Is that the Windsor *Star*?

Mr. Bosley: No, I am referring to *The Toronto Star*.

Mr. Epp: Oh, that one.

Mr. Bosley: Yes, that one. I am only referring to that article because it is equally illustrative of the problems confronting small business. I confess to not being particularly aware of the current status of the bankruptcy legislation. I am told that Bill C-12 has not yet had second reading or been referred to committee. I was unaware of that. I am saying it has not yet had second reading because the article indicated yesterday that a spokesman for the Government House Leader was quoted as saying that the Government placed a high priority on the bankruptcy legislation and hoped to see it passed by the end of the session. That was a remarkable comment to make about a Bill which has not yet been before the House for second reading, let alone sent to committee. It has been on the Order Paper since April 12 and it is a follow-up to the original legislation introduced in 1980. The suggestion in the newspaper article that the Government places high priority on the bankruptcy legislation is unlikely to be true.

Mr. Epp: To turn a phrase.

Mr. Bosley: Yes, to turn a phrase. I am grateful to learn something, one hopes, at least once a day.

Mr. Nystrom: Shame.

Mr. Bosley: I am happy to learn something. My goodness, another NDP Member appears to have joined the Liberal ranks without giving notice. Without any formality at all, he walked across the Chamber and sat down. I suppose the House should take note that the Hon. Member for Yorkton-Melville (Mr. Nystrom) appears to have given up his provincial leadership aspirations and joined the federal Liberals. That is remarkable.

I am never afraid to admit when I do not know something, but one of the major issues involved in debt restructuring, which is the current major issue for small business, is the inability of businesses in major debt situations and facing bankruptcy to obtain restructurings of debt, without getting into all the technical language in the article, because of the stature of the federal Government itself.

Again I refer to the article because it is one in which a number of chartered accountants urged and pleaded with us to deal with the issue because they believed particularly that amendments to the Bankruptcy Act would have the largest possible impact upon avoiding bankruptcies of small businesses, and that right now it was more of an issue than granting additional credit to small businesses which cannot find anything to secure it against.

Mr. Bloomfield: Be careful when quoting from newspapers.

Mr. Bosley: I appreciate and accept the recommendation of the Hon. Member. I am careful when quoting from any newspaper, particularly this one. I appreciate that my comments may not be directly on Bill C-144, but I think they come

much closer to the rules of relevancy than some of the other aberrations which have taken place. The article reads in part:

> The Act's main drawbacks are that secured creditors and landlords now have powers that can actively prevent a reorganization. Also, preferred creditors including Governments and employees—whose claims rank behind those of secured creditors and ahead of unsecured creditors—must be paid immediately if reorganization takes place.

That point is critically important, because the article refers to a small business which at the time was trying to reorganize itself in order to avoid bankruptcy and obtain a chance to get back into the ranks of profitable companies, presumably to be able some day to take advantage of the legislation which is before us today.

I return momentarily to my first comment, that this is at least as important an issue as the legislation before us today which itself, by not raising the limit, recognizes that there are not likely to be a great number of applications for that form of relief.

The article continues:

> In the case of Hi-Fi Express, several creditors had asked Price Waterhouse to create a debt restructuring proposal ... But it was not possible because of potential trouble with landlords ... and because Government debts totalled at least $250,000.

Now, $250,000 to a big business is not a lot of money. To a small business it is an incredible amount of money. To a business which spends $87 billion per year, called the Government of Canada, it is a tiny, tiny drop in the bucket. Therefore, the effect of that legislation is that the Government of Canada is itself the reason a business going bankrupt cannot be restructured to try and survive. I literally did not know that. In fact I am quite stunned that we would be dealing with other legislation rather than resolving that issue. There is no question that the extension before us today is important. As little good as it will do, at least it will do something.

I was astounded yesterday when I read the suggestion that the other Bill, in layman's language, could have a tremendous impact. I am referring to that one item alone, not necessarily the entire Bill. When the Government is owed tax, it should recognize that it would be wiser to avoid putting people on the unemployment and welfare rolls and simply postpone the debt in a re-arranged structure to give the owners and employees the right to continue working and a chance to pay the debt rather than put them out of business.

It amazes me that that legislation has not yet been before the House, at a time when the issue is not as much finding new sources of borrowing money for small business as helping them restructure. When I was thinking about some comments to make in today's debate, I was a little perplexed to discover that the Government has been sitting on a piece of legislation which I think my small businesses need more than the legislation before the House. If anything, small businesses need both, yet the Government's priority over debt restructuring legislation and amendments to the Bankruptcy Act is the sports pool or lottery Bill to help fund a very important event, the Calgary Olympics due to take place in 1988. That has a higher priority today for the Government of Canada than amendments that would help small business to survive. I think you will understand, Mr. Speaker, if I find that more than moderately astounding.

• (1540)

When we are dealing with this question it seems more appropriate to ask the Government to remove whatever the roadblock is on that particular provision of that legislation and allow us to deal with it as expeditiously as we have agreed to deal with the two items that are before the House today. I do not believe that any Member of the Government has fewer problems in his small business constituency than a Member on this side of the House. I appeal to Hon. Members opposite to move at least that piece of legislation forward as quickly as possible. I do not think they want to see any small business go into bankruptcy if there is a way to prevent it. To find that the Government is an agency that is creating bankruptcy is terrifying in these times.

One could speak at great length about other dilemmas but I want to put on record one small matter, Mr. Speaker, and that is the 12.5 per cent tax on small business dividends paid to shareholders and owners. This is a technical matter for most Canadians who do not receive dividends. The Government's proposals on that matter have excited more comment from owners and operators of small business in my constituency than any other in the budget, however. It would be inappropriate if I did not take this opportunity to register their concerns.

Finally, I should like to say to the Government that its willingness to bring the legislation forward at this time and have it go through is to be commended.

Hon. Walter Baker (Nepean-Carleton): Mr. Speaker, may I say at the outset what a great pleasure it is to follow the Hon. Member for Don Valley West (Mr. Bosley) who, by the force of his oratory, has caused Members from all sides of the House to come in and listen to his speech. I look across the House and see phalanx upon phalanx of the Liberal Party who have stayed to hear me and I am grateful. I look through the maze of faces and see the Hon. Member for Gatineau (Mr. Cousineau), my colleague on the Special Committee on Parliamentary Reform. I see the Minister of Transport (Mr. Pepin) who shares with me the responsibility of representing a seat within the National Capital. I look to my right and see row upon row of Members of my own Party. I look to my left and see row upon row of Members of the New Democratic Party. All are here to express interest in small business.

I want to say that I am glad you are in the chair today, Mr. Speaker, because on another occasion you have demonstrated your ability to handle tumult in the House. Before I launch into the burden of my speech, I want to make an apology to the security staff in the House of Commons who have had so much difficulty handling the crowds that have been lured into the House by the speeches of the Hon. Member for Don Valley West and others in the debate today. A crowd of this size is unusual on a Friday afternoon in the House of Commons, so I want to express my thanks to members of the general public for coming to hear this debate.

Some Hon. Members: Hear, hear!

Mr. Baker (Nepean-Carleton): That is the largest round of applause that has occurred in the House all day, Mr. Speaker, and it is an indication of the interest there is in this debate.

It is an important debate, Mr. Speaker. We are talking about the segment of the business community that is being hurt very badly. The Hon. Member for Don Valley West, the Hon. Member for Provencher (Mr. Epp) and the Hon. Member for Ontario (Mr. Fennell) have spoken about the problems that they face in their constituencies. I am sure you share those problems in your constituency and I know that the Minister of Transport shares them in his. We all know that there is no part of the business community that is hurting more than small business. We understand that from our mail and we understand it from the visits we make to the premises of small businesses in our constituency from time to time. The Hon. Member from Provencher spoke of instances in his riding.

I could go on and on, Mr. Speaker, as could every Member of the House, but I think it is important that the debate be concluded today so I shall not take up the time of the House. I do not want it to be said, however, that because a problem is left unspoken, the problem is not an important one.

In my constituency I attended a meeting of the Canadian Federation of Agriculture. In Canada, agriculture has been one of the most stable of small businesses but last year the rate of bankruptcy had increased 65 per cent over the previous year. That is a startling phenomenon, Mr. Speaker.

Although there are many doubts about what the House achieved with the Private Member's Bill to amend the Farmers' Creditors Arrangements Act introduced by the Hon. Member for Lambton-Middlesex (Mr. Ferguson)—and which the Government had to be shamed into moving—there is no doubt in the agriculture sector of the business community that something has to be done.

As a result of passage of this Bill, amending the Small Businesses Loans Act, the ceiling for the period which has been extended from March 31, 1983 to March 31, 1985 for loans that can be guaranteed will be $1.5 billion. I share the view of the Hon. Member for Don Valley West that the ceiling is probably too low, just as the ceiling on the Farm Credit Act is too low. There is a crisis in agriculture, Mr. Speaker.

I do not mean to be partisan. For example, I do not believe that there is any room for crass partisanship in relationship to the economy. With the Hon. Member for Willowdale (Mr. Peterson), Mr. Speaker, you and I attended a meeting in Toronto of the Canadian Construction Association attended by representatives of companies large and small in the construction business. These businesses operate in the constituencies of every Member of the House. Those people spoke of their situation with despair.

This Bill allows the rate of loans for small businesses to continue. In some manner it compensates for what I am sorry to say is the foolishness of the budgetary policy of the Government. To that extent it is supportable.

Close to half of all Canadians presently unemployed were formerly employed by small and medium-sized businesses. That is what *The Globe and Mail* reported today. They represent close to half of the unemployed in Canada. In February, there were 1,585,000 people unemployed in Canada. According to the same report, the small business sector employs between 700,000 and 800,000 fewer Canadians than it did in January of 1981. That is a sad statistic. There is no place for partisanship when dealing with these statistics.

• (1550)

The other aspect dealt with in this same report is that few of these industries that were surveyed in this large survey that was conducted by the Canadian Federation of Independent Business have any plans to increase either hiring or investment. Of those industries surveyed, 66.7 per cent expect to retain present employment levels. Those are levels which have fallen off by almost a million from a year and a half ago. The fact that 9.1 per cent would be rehiring laid-off workers shows just how small the prospect for advancement is as we deal with this matter. Only 7.9 per cent will be hiring additional people. What impact will those little glimmers of optimism have on the 1,585,000 unemployed, half of whom were employed in small business? Is it any wonder that this Bill is important and we want to pass it tonight? I do not think so.

What reason did those surveyed give for this happening? They admitted that the recession is world-wide, a fact with which we are all aware. They say that much of the cause has been the result of a combination of damaging federal policies and intergovernmental bickering.

I would like to stop there for a moment and talk about damaging federal policy. There is no Member over there who is unhappy to see the MacEachen budget gutted piece by piece by the former Minister of Finance himself, who brought it in, and then the final crowning insult, swift and merciful death at the hands of the new Minister of Finance (Mr. Lalonde). No one was unhappy about that. The Hon. Member for Gatineau was overjoyed to see it gutted. It cut the mail from his constituents by over 85 per cent.

Something which has characterized the national life of Canada and which I believe has been damaging not only to the country but to the sense of national will to achieve goals is the fact that there has been bickering among the Governments in Canada. In a federal state, co-operation, consultation, consensus, understanding and compromise are the catch words. Co-operation is essential whether we are applying it to how we treat the native people of Canada and deal with those problems, whether we are talking about an assault on the problems of agriculture or the environment, whether we are talking about transportation or attacking the problems of big business and the challenges facing the country. Co-operation is possible because we have co-operated before.

Last night, I met a man at the Infotech Display at the Sportsplex in my riding, which is an exhibition giving a view into the future of the computer and micro-technology industry in the National Capital area. He reminded me and the group I was with of this national will that we talk about. He reminded us that Canadians had a purpose during the war. We had a job

and the will to achieve something. We built airfields within a period of time that no one thought possible. We built airplanes at a rate at which no one said it could be done. We built ships, hangars and other installations.

I say to those people who are pessimistic about the country and feel that it is drifting with no hope that there is hope. In all the dismay and despair over the economic situation we are facing today, there is a challenge. It is the challenge of creating the national will. It is a challenge in which the Government must take the lead but, I am sorry to say, it has not done so. I do not say that in any partisan way. I suppose we are all to blame in one way or another. Government, in the broad sense, is to blame.

The battle which exists between labour and business in this country has been caused by an adversarial atmosphere. It is an atmosphere we will have to change because our competitors are changing. If there is new technology, we will either have to buy it or develop it because our competitors are buying it and developing it.

I believe that this country is capable of doing anything it sets its mind to. We are told of the riches and resources of our country. Of course we have riches and resources. We are fortunate never to have been scarred by war. We have never had to rebuild an institution. We have never had to rebuild a major transportation facility.

We are rich in something else. We are rich in talented people because we have one of the highest educational levels in the world. This is another challenge that we must face in the future. What will we say to those young people, some of whom are in school because they cannot get a job, when they graduate? What will we tell them if we have not taken up the challenge of creating a better atmosphere for them as they look to careers?

The new technology developing right here in the National Capital area shows promise for expansion not just in this area but in the country. Expansion is not only possible for that industry but new industries as well. When will we recognize the fact that it is a growth industry which has potential and one which cries out for investment capital? In order for that investment capital to come forward, a certain atmosphere and climate is required which the Government can set. That industry has told the Government what it needs, and I need not repeat it. The way out of the despair is by taking up the challenge.

There are many things which can be done with respect to that challenge. If anyone does not believe that there is a challenge to the country, let them know that an average of 40 Canadian businesses went bankrupt every working day last year. When the dust of those bankruptcies has settled, those firms will show debts totalling $2.3 billion. Let the Government consider figures like that if it is concerned about its revenues. Figures now indicate that the jobless rate in Canada is perhaps 20 per cent. If there was ever a time for us to emphasize our efforts on small and medium-sized businesses, it is now because it is an historical fact that the greatest sector to play a part in creating jobs has been the small business sector. That is where the jobs are created.

My speech today is likely the last one I will make on an economic matter prior to a budget since the Minister of Finance (Mr. Lalonde) announced today that he will shortly bring in his budget. I want the Minister of Finance to consider that evidence. I am sure that he will. I want the Minister of Finance to know that in terms of the position in which the country finds itself and what must be done about it, I do not believe there is crass partisanship. There may be differences, but there is no crass partisanship. There is no Canadian on either side of this House of Commons who does not want success from the budget and from economic policy. There is no Member of Parliament who relishes the thought, for whatever reason, of row upon row, line upon line, day after day, with his or her office being filled with young people who cannot get work and small business people who are worried.

• (1600)

I believe, as we were told at the Construction Association meeting in Toronto, that it is important to the country that the right answers be found by the Minister of Finance, that the right balance be struck by him, so that we do not destroy the battle against inflation which has been fought with a single-minded purpose, to the extent that small business has been ground into the ground, as well as the manufacturing sector. We do not want to forget the importance of that. However, we equally must not forget that, aside from the statistics on joblessness, we have a social problem. It is for that reason, because the Bill assists in that important sector, that we intend to support the Bill and allow it to go through today.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I am wondering whether all of the interest expressed by my colleague, the Hon. Member for Nepean-Carleton (Mr. Baker), has shown how the crowds have rushed the other way. Certainly Hon. Members have debated the Bill on two Friday afternoons. As I start my remarks, the debate has been going on for five hours. What is it about this Bill which requires five hours at second reading? Yet it is of importance. I am astounded that besides the Minister of State for Small Businesses and Tourism (Mr. Rompkey), only the Hon. Member for Gatineau (Mr. Cousineau) has spoken from the Government side. They profess to be greatly interested in the operations of small business, and they know that Hon. Members, particularly those from the Province of Quebec—

[*Translation*]

—particularly in Quebec, where the small business sector is the pivot of economic development, but in view of the lack of participation by Quebec Members, I wonder how interested they really are in this instrument which has proven so effective in the past to finance small businesses. After all, the figures which the Hon. Minister has tabled give us a good idea about the number of small businesses in Canada and their quality. A business may include only two persons. It may also include about 50 employees working for a family business. Because of

this, there is not a single village or small community in Quebec or elsewhere in the country where there are no small businesses. The lack of interest shown by the Quebec Members is therefore surprising. Moreover, Mr. Speaker, and this is even more surprising, when we examined Bill C-139 to amend the Income Tax Act, the Government Members remained completely silent and accepted a 12.5 per cent tax increase on the distribution of small business profits. It is right here in Bill C-139!

[*English*]

Why is that torpedo included in the Bill? It is part of the Government philosophy, demonstrated by the Minister of Finance who, in his budget of November 12, 1981 said: "We will increase the tax on small business dividends by 12.5 per cent. That will raise the taxes of the owner of the small business to about that of a salaried employee." In other words, the owner of the small business receives nothing for his worry, for putting up the money, for having to meet payrolls. For all of the responsibilities of running a business, he gets absolutely zilch. That is what the Government considers shall be the reward of running a small business. I say to you, Mr. Speaker, that that is a shame. I know that our friends over in the New Democratic Party talk long and loud about small business, but as soon as the word "profit" is mentioned—

[*Translation*]

As soon as we speak about the profits or the profitability of a business—

[*English*]

—they jump on it with both feet as being quite immoral that anyone should make a profit out of business, particularly their love of soaking it to corporate profits.

As I said, corporate profits can be a partnership of two men or women or a combination, or a few individuals who have "Ltd." or "Inc." behind the name of their business. Their profits are considered to be immoral. But surely to goodness, is it not a cliché merely to say that small business cannot get on without profits? There must be profitability in order to pay the owner or owners their return, because they, too, are entitled to a fair return for their labours and worries.

This Bill extends by one year a form of loan operation with the chartered banks and other credit-granting institutions. We have heard lot of nonsense about the chartered banks neglecting small business. The reason I am speaking this afternoon is that I am primarily interested in the operations of the chartered banks, trust companies and other financial institutions in this country.

• (1610)

I recall last year when the Finance Committee, following a motion of this House that bank profits be examined, had before it as witnesses representatives of all of the major chartered banks, some of the trust companies and some other organizations. I recall the words of Rowland Frazee, the President and Chief Executive Officer of the Royal Bank, which is Canada's largest bank. Mr. Frazee was able to show indisputably that the major portion of that bank's business is with small business. Small business is not just 15 or 20 accounts, but tens of thousands of accounts where financing is required.

We have seen high interest rates, the recession and the National Energy Program. In my Province, Mr. Speaker, how that Program caused small business to take it in the neck, across the back, across the knees and stomped on both feet. That was the result of the immediate and then cumulative effect of the National Energy Program. My colleagues from Saskatchewan, many of them whose constituencies are in oil-producing areas, saw the same thing happen.

Those businesses were the type of businesses that one just loved to see. It was hard work, it was risky, but the men and women involved were quite prepared to go out on the limb for heavy equipment for a few dollars down and hundreds of thousands of dollars of financing, and they made it pay. We saw population move to the western Provinces to participate in this economic boom. Certainly there were some large corporate entities that were there. They always have to be there, but the big bulk of the service industry, the drilling, the pipelaying, the road building, the list of jobs and types of operations are legion. That was all small business.

Then the plague hit, and what a sorry picture it has left. And we wonder why. The rest of Canada has suffered doubly from that. Ontario industry, machines, equipment, the steel industry, the automobile manufacturers, who lost tens of thousands of vehicles per year, all as a result of those dark days of 1981. Now we are trying to pick up the pieces.

Hopefully with a changed picture for the banks, since they will be able to use the Small Business Development Bonds, we have to give these people an opportunity to finance. No one has the cash. They cannot be expected to have the cash, and when their profit margins have been trimmed, there are no reserves. There are no socks or no bundles of money tucked under mattresses. We have to see that the legislation is available for those who want to act.

I do not want to see grants, because they become conditional, so give them incentives either by lower term loans or some incentives through the Income Tax Act so that those who want to do may do, those want to shake may shake, and we will get that fundamental, basic industry that is represented by all facets of small business back in motion.

Then we will see the ranks of the unemployed go down, not by make-work programs through the Minister of Employment and Immigration (Mr. Axworthy). They will not deal with unemployment. We need small business to get back on its feet and employ those hundreds of thousands; in fact, there are well over a million people employed in small business.

For that reason, I hope that we would now be able to agree to this Bill going to Committee for Clause by Clause study. That should not be long, and then we will take the report stage.

Mr. Bill McKnight (Kindersley-Lloydminster): Mr. Speaker, I am rising to speak on the Bill, if it is not past that time.

[*Translation*]

Mr. Cousineau: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: The Hon. Parliamentary Secretary to the Minister of State for Small Businesses and Tourism (Mr. Cousineau) on a point of order.

Mr. Cousineau: Mr. Speaker, I would like to say only one thing. The Hon. Member who just spoke mentioned that the Act would remain in force for one year, but in fact, it will for two years.

[*English*]

Mr. McKnight: Mr. Speaker, I rise to take part in this debate. I do not know what has happened since the Member for Don Valley West (Mr. Bosley) spoke, but the Member for Nepean-Carleton (Mr. Baker) has spoken as well as the Member for Edmonton West (Mr. Lambert) and I find myself virtually alone. I do not think I will change that either way, Mr. Speaker.

Bill C-144 may have had adequate discussion but it certainly has not had lengthy discussion in the House. We heard from the Government benches a week or so ago that they wished this Bill to be passed in one day, passed immediately. I could understand that if this Bill to amend the Small Businesses Loans Act were Bill C-44, but when it is Bill C-144 I do not think that shows a great deal of urgency on the part of the Government.

It is a Bill that will extend something that is used, hopefully, by a lot of small businesses in Canada, by enterprisers and people who wish to contribute to the economy of Canada, hire fellow Canadians, expand and do what we all hope can be done in this country, which is to provide a better country to live in, a country in which people are not left without the dignity of employment, especially when we have over two million people in Canada right now who are left without the dignity that I know they want and that we have expressed to the Government that they want.

This Bill basically extends its life for another two years, and we endorse that. It has attached to it a consultative committee that is to advise the Minister as to what small businesses should be able to apply for loans and what small businesses should be allowed to accept loans. This committee is made up of members of small businesses and members of the financial community.

The imbalance that we have now in debt equity in small firms is very apparent to all Members who have consulted with firms in their constituencies and have kept an eye on the state of the economy in Canada over the last number of years. When the small business consultative committee makes its report, I would be very interested in seeing it tabled and made available as soon as possible to the Members of this House and the small business community throughout Canada.

• (1620)

The largest contributor to employment in this country is small business. There are over 645,000 small businesses in Canada. They employ 42 per cent of the work force and make up 25 per cent of our GNP. The enterprise spirit of these risk-takers provides productivity to our economy.

In 1982 there were close to 150,000 business start-ups. Unfortunately there have been some failures. Those people have the enterprise, spirit and will to risk their life savings and in many cases the life savings of their families, friends and relatives. They should not be ridiculed for their failure. Without that spirit and desire to go ahead, our country would not be what it is today. Unfortunately, in 1982 there were 10,765 business bankruptcies, 410 farm bankruptcies and over 30,000 personal bankruptcies. Losses to business and farm bankruptcies in 1982 amounted to $2.33 billion.

That is very unfortunate. A lot of those people who failed in 1982, given the opportunity and environment, because they are enterprisers and risk-takers, if allowed to have the reward for their endeavours will take the risk again. They will continue to strive for success. If the Government provides the environment and the ability to those people to start again as we, hopefully, come out of this recession, they will survive and contribute to the employment of this country.

Under this Bill, any small farm can have $100,000 outstanding at one time. Let us look at what $100,000 does when used by an enterpriser, a small-businessman. Each $100,000 of equity capital invested in 1979 averaged $310,000 in exports for this country, $100,000 in expenditures for research and $11,000 in corporate, property and personal income taxes to the different levels of Government. That is what $100,000 taken in equity and placed in a small business generated in 1979 in Canada.

By drawing this to the attention of the Government, we are not criticizing this Bill. Indeed, we support it. However, there is one shortfall that could be drawn to the Government's attention. The money available under this Act cannot be used for operating expenses. It cannot be used to carry inventory. For many small businesses, the total cost of their operation is in their inventory. If this Bill could be changed so that small businesses can borrow against their operating cost, it would certainly help.

When I look at this $100,000, I think of all the small businesses in my riding that would be assisted by the injection of that amount of money. Service stations, small grocery stores, welders, farming operations, any number of small businesses, welders, could benefit. If they are going to invest this money and have this assistance from the Government, why in the budget which the Government brought forward did it cut in half the capital cost allowance for the first year for investments? The total cost to small, medium and large businesses is estimated to be in excess of $3 billion. That $3 billion is taken right out of businesses in this country. Where

was it put? In the midst of this recession, we pray that businesses will invest, continue to expand, upgrade their production and modernize their plants, but the Government cuts $3 billion out of that operation.

Even worse, every other industrialized country went the other way and allowed a larger capital cost allowance to their businesses. In the United States, for example, the margin will be increased by 34 per cent by 1985 for allowances and equipment and furniture, 42 per cent for automobiles and light trucks and 15 per cent for buildings. That is the difference between the United States and Canada for the operator of a business.

We wonder about capital costs. The Minister of Transport (Mr. Pepin) was here a few moments ago. The capital cost allowance for business was cut in half, but an extension of the capital cost allowance, a tax concession, is being proposed for the railroads. The railroads will receive an extended tax credit, a capital cost allowance over the next five years, while farmers and small businesses see their capital cost allowance cut in half. Important as the railroad system in this country may be, it does not compare to the importance of small-businessmen and farmers.

When talking about this Bill, we wonder about the criteria that are established and a lot of the red tape that is involved when making application for these grants. I cast my mind back to last June when a trucking company by the name of Maislin had over $34 million guaranteed by this Government, indeed by the taxpayers of Canada. Maislin was given $34 million in guarantees on unaudited financial statements for the year 1981. That was in July, 1982. On September 14, 1982, over a month later, the Government received the first audited financial statement for that company. That can only happen to friends of the Government. It does not happen to those men and women who operate small businesses and risk their capital.

Over 2,000 employees of Maislin are employed in the United States and 800 are employed in Canada. Therefore, Canadian taxpayers are subsidizing the American teamsters driving Maislin trucks. The operators in the United States are subsidized by taxpayers in this country who are struggling to get ahead and have to use this Small Businesses Loans Act to borrow funds.

• (1630)

When we consider employment and ability to expand, the truckers of Canada are only operating at 60 per cent capacity. Therefore, one has to wonder why it was one company, the only company in the trucking industry, the only service company in Canada, which received a loan guarantee of $34 million from this Government.

I know we will be moving quickly along with this Bill, Mr. Speaker, but I would just like to suggest that in a country as large and expansive as Canada, if you wish to cut the costs—because movement is so important in our country—one place this Government could start which would assist every single business in Canada would be to reduce the take by the federal Government of the tax on fuel.

I would just like to talk briefly about one gallon of fuel. On one gallon of fuel which a farmer now uses in Canada, 69 cents, or 44 per cent, goes in federal tax. Excise tax is seven cents a gallon. Granted, that is refundable. You have to go through a lot of red tape; you have to fill out a lot of forms; you pay it out and you wait for it. Then the people from Revenue Canada come out and do an audit to make sure you are not telling a story. But eventually you get your seven cents. But there is a 9 per cent federal sales tax, which is 15 cents a gallon. There is a petroleum compensation charge which is 18 cents a gallon. That is a familiar figure, Mr. Speaker. The Canadian ownership charge is 4 cents a gallon. Petroleum and gas revenue tax is 7 cents a gallon. And the corporate tax is 18 cents. There are two 18-cent charges in there. That comes to a total of 69 cents a gallon, Mr. Speaker. If you deduct 7 cents a gallon, that is still 62 cents a gallon which is a federal tax. If this tax was removed, in a country the size of Canada, where movement of goods and people are so important to the economy, it would do more good than any other Act that I can think of which we have debated lately in this House.

I would like to move now, Mr. Speaker, that we proceed to the Committee of the Whole and continue the study of this Bill.

Motion agreed to, Bill read the second time, considered in Committee, reported, read the third time and passed.

Mr. Baker (Nepean-Carleton): I rise on a point of order, Mr. Speaker. I am acting in the place of our House Leader today, a situation where I want to be demoted immediately after I finish! Before the Parliamentary Secretary to the Government House Leader left, he and I had some discussions about what would occur if we managed to get through the three readings of the Bill today. We have now reached that stage on Bill C-144. We agreed that if we made that kind of progress, it might be appropriate if we called it five o'clock now. I wanted to indicate that agreement and understanding to the House. I have indicated this informally to the Minister of State for Finance (Mr. Cosgrove) who is representing the Government today. Perhaps he might comment; I assume he is still agreeable.

Mr. Cosgrove: Mr. Speaker, I can confirm that that is the agreement which was reached by the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) and I am authorized to indicate consent on behalf of the Government. We were quite anxious, Mr. Speaker, that this legislation be enacted today. Indeed, it was one of the reasons we did not offer speakers this afternoon. We concur with the situation as put by the Acting House Leader for the Opposition.

Mr. Baker (Nepean-Carleton): I thank the hon. gentleman. I do not want to correct him, but for the sake of my friend, the Hon. Member for Gatineau (Mr. Cousineau), I must say he did take part in the debate, and a very good part. I listened to his speech with great interest.

Mr. Deputy Speaker: Is there unanimous consent to now call it five o'clock?

Mr. Cousineau: Now that the Acting House Leader for the Tories has resigned for today!

Some Hon. Members: Agreed.

Mr. Deputy Speaker: By unanimous agreement we will now call it five o'clock. This House stands adjourned until Monday next at eleven o'clock a.m., pursuant to Standing Order 2(1).

At 4.39 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, March 28, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed, from Tuesday, March 22, 1983, consideration of Bill C-143, to provide supplementary borrowing authority, as reported (with an amendment) from the Standing Committee on Finance, Trade and Economic Affairs; and the motion of Mr. Blenkarn (p. 24001).

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, while it takes some time to get organized on Monday morning, we are here to discuss Bill C-143, which is a Bill to give the Government more borrowing authority. It is not a pleasure to speak to this Bill. We are reminded once again that our national financial affairs are in a sorry state. Those who are supposedly in charge of the country and fiddling while Canada groans.

When I spoke on this Bill during another stage of its debate, I dealt with many of the problems that are becoming even more persistent and critical than they were at that time. Many of my colleagues have discussed other aspects of the Bill from their own perspective. We are now faced with another stage of debate on this Bill to grant additional borrowing powers to the Government for an exceptionally large amount of money which, I understand, is the largest amount to be asked for in our history.

I would like to bring to the attention of the House a statement made by the present President of the Treasury Board (Mr. Gray) back on October 23, 1979. At that time he stated that the Government—speaking of the Progressive Conservative Government at the time—should move quickly to present its budget. He said that it should be a budget which contained measures of a focused and specific nature designed to help our economy become more productive and efficient and deal with our deficit in current accounts.

I suggest that that is a very significant statement. The Government at that time seemed to be very concerned about some of these problems, whereas the present Government seems to have allowed those issues and concerns to fade into the background rather than dealing with them specifically at a time when it has the opportunity to do so.

There are two specific areas of concern to which reference has been made. The first concern is that of productivity. When I spoke to this Bill on Tuesday, March 1, I made reference to this particular aspect of the problem. I believe it is absolutely essential that an emphasis on increased productivity be made a priority. If productivity cannot be increased in Canada, we will not be able to deal with other problems effectively and efficiently.

While there has been a great deal of discussion about Government policies and the allocation of funds to various programs, we must remember that the Government will only be able to do this through the redistribution of funds from the resources that are already available unless productivity is increased. Instead of raising the standard of living and increasing the viability of our economy, the funds will just be spread around a little more and will therefore reduce the average standard of living of the people of Canada. Therefore, I am afraid that the Government has done little, if anything, to achieve an improvement in the productivity of the country.

• (1110)

The second phase as set out by the Minister at that time addressed deficits. He said that the budget should contain measures to help our economy become "more efficient and to deal with our deficit in current account". The only way the Government is dealing with it is by increasing it. This is certainly not acceptable to the Canadian people at the present time. If the Government continues with its deficits, as it is doing, and if it increases taxation and all the ill-effects of such a program, then it will not improve the economy, as it must do.

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

Mr. Patterson: Increasing and continuing deficits—

Mr. Lang: I rise on a point of order, Mr. Speaker. I am sure the Hon. Member unintentionally gave an erroneous figure to the House. The current account is presently in surplus by $2.7 billion and it is a record surplus.

Mr. Patterson: If we take the average over the period of time, then we find that there is little hope or expectation on the part of the business community that we will see any definite improvement in the total situation. That is the point I am making.

If the Government continues with deficit financing as it has been doing, there will be an ever-increasing interest burden on the Canadian people. I will not take time today to place on the

record the comparable figures with respect to the interest that we are paying on the national debt, because they have been placed on the record a number of times.

One of the costs is the ever-increasing interest burden. Then there is the loss of flexibility because in many respects, the Government is pretty well boxed in and unable to respond to the various situations which arise.

The third cost arising from such a program involves private sector borrowings which are crowded out. I think there has been an attempt to indicate to the House that the Government believes that the private sector is the engine of growth. There is no need to re-emphasize the fact that we in this Party certainly agree. However, when the Government borrows to such a massive degree, it reduces the available capital. Therefore, the private sector is not able to borrow its money at reasonable rates. Of course, as a consequence we once again face an upward spiral in interest rates.

Then, of course, there is the loss of confidence on the part of the Canadian people. This is another serious ill effect as far as continuing deficit financing is concerned. An article in the Ottawa *Citizen* of February 21, 1983 states:

> The more the federal Government is forced to spend in bad times, the longer better times will be delayed: the money needed to finance Government deficits will be found at the expense of the private sector, and the resulting competition for funds will drive up interest rates.

I should like to point out that some time ago the Prime Minister (Mr. Trudeau) made a statement that a new morality must be established in dealing with international affairs. I suggest that there ought to be on the national level, as well. I would ask: Because a particular Party in the House has a majority, is it moral for it continually to overspend and then force Canadians to bear an ever-increasing burden of taxation to support unconscionable borrowings to finance the Government's profligate spending? I would answer no.

• (1115)

Secondly, is it moral to build up a staggering burden of debt for our children, our grandchildren and generations beyond that, which they will be called upon to bear, as well as financing the affairs of Government in the particular period in which they live? Again, I say no.

Therefore, as we consider this particular Bill today, I would take the same stand I took before, and that is that I believe that the Government has not established any credibility and does not deserve our authorizing borrowing authority for this amount.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, there is no way, without inviting criticism, that any Member of this House of Commons could with clear conscience vote for this Bill at this moment in time.

Let me cite some of the reasons it is impossible for me to support this Bill. In view of the imbalanced expenditure which is, first, exercised in respect to the fisheries in the Province of New Brunswick, my criticism is not of the extent of the expenditure in other constituencies than my own. My criticism is that my own constituency has been neglected in this expenditure, particularly in the small craft harbours structure. When we look at the Estimates that are presently before the Committees of this House and see that $5 million and $6 million projects have been undertaken on the northeast coast of New Brunswick, while there is not an expenditure of consequence, which will even be listed, on the Bay of Fundy shore of New Brunswick, I submit to you that the inferences are obvious and do not have to be specified in my remarks.

This is causing fishermen in my constituency to fish from moorings which are just not up to standard, which are damaging their boats and which are detrimental to the development or even the conduct of the existing business which takes place on a very significant scale among thousands of my constituents.

Secondly, in respect to the fishery, let me point out that regulations are changed without notice to the fishermen. The latest example is that lobster fishermen in my constituency had been authorized to set their traps and to fish between the traffic lanes of the deep sea traffic which goes in and out of the port of Saint John. The stipulations, when they were first given permission to fish there, were as follows: "Yes, you may fish there and, secondly, you are strictly at your own risk. The Department or the Government at large will take no responsibility for the safety of the people, the safety of the boat or the gear itself. But under those conditions you may fish between the shipping lanes in the Bay of Fundy as they lead to Saint John."

About ten days ago the Department of Fisheries, without any notice, after lobster gear had already been set, notified the fishermen that they must get out of that space between the traffic lanes in the Bay of Fundy. This brings on new and unnecessary hardships to the fishing industry of my area. And I am supposed to vote for that?

Let me also point out that surveillance by the Department of Fisheries is lax and incompetent. Last week, on one day, two large scallop draggers from the United States were fishing five miles within the recognized fishing line between Canada and the United States. If our surveillance is so bad that we cannot in fact apprehend boats which are five miles within Canadian waters, well outside the legal limits for any American ship, then there is something seriously wrong.

Let me indicate the consequence of such an infringment upon our rights. There is no fishery which is as profitable at this moment as the scallop fishery, and there is no area where better scallops exist than in these beds. We are allowing these scallops to be taken illegally, without any apprehension or any charges laid, day after day in the area of fishing as it relates to my constituency.

Not only are the regulations coming without notice and infringing upon the rights of our fishermen, but the regulations are not consistent, nor are they consistently applied.

Another item with respect to the fishery is that the Department of Transport has without notice chosen to widen one of the traffic lanes by one and one half miles. When you are

working from an island, with very little sea space in which to fish, and you lose a mile and a half of it without notice, you have certainly lost a lot of fishing opportunity. Those on the other side of this House want me to vote for a Bill to borrow more money to govern in that fashion? No way, Mr. Speaker.

• (1120)

I want to mention the potato industry. There is in process under the leadership of the Minister of Agriculture (Mr. Whelan) an effort to organize an eastern Canadian potato marketing agency. There are questions unanswered which must be answered. They are drawn from the examples which have been set by the Canadian Dairy Commission and by CEMA, the protector of the egg industry in Canada. What are those words that I have?

Under the Canadian Dairy Commission, there have been several instances of processors of cheese saying they could not get enough milk under this structure to produce their historic quantity of cheese, nor could they get enough milk to make cheese to supply the demand which they presently have. If that is the way quotas are to be allocated under a marketing system, it just will not work for the potato industry.

When we come to the egg industry, we find that there are those who have made an effort to export eggs from Canada. They have not even had consideration by the various provincial boards, nor by the national board, whether there is an opportunity for egg exports. There are on occasion surpluses of eggs in Canada. We should be ready to explore the export market. These surpluses of eggs are burdensome and costly to the producer and consumer alike. I do not want to see the same situation develop in the potato industry.

In the egg industry, there is a regulation whereby you can raise X number of hens which you may market outside the agency. If such a regulation is to be introduced into any eastern Canadian potato marketing board, there are questions we have to ask. What is the minimum number of acres of potatoes which can be produced without coming under the regulation of the quota? If there is such a regulation, how many members of how many families will be able to plant up to that amount of potatoes? I would assume for the moment that it might be five acres of potatoes that could be produced without regulation under such a marketing principle as CEMA or the way the dairy board presently functions. If that be the case, how many members of a large family will be able to produce potatoes on five acres and what impact will this have on the market?

The next question is, how can you regulate the production and marketing of any agricultural product when only God, who controls the weather, can tell you what your yield will be? You do not know that until you harvest because He does not tell you in advance. How are you going to handle the situation in which you have unusually good crops of any fruit or vegetable across Canada, particularly potatoes? How are you going to supply Canada in the years when you have an unusually poor crop across Canada? Production has been known to fluctuate by as much as 25 per cent in two years in Canada. That is the exception. It may be 25 per cent up or 25 per cent down from the historic rate of production, not necessarily because of more or less acres but because of weather conditions as they exist in the areas in which the product is produced.

We are now having meetings in Atlantic Canada trying to establish an eastern Canadian potato agency. I want the Minister of Agriculture to answer these questions. What is he putting forward besides propaganda for these people to work with in reality? What is he doing to them except constraining the payments which historically have been made to underpaid farmers for their production? All the Minister is doing is constraining those payments in order to compel hard-up farmers to join the eastern potato agency. How on the basis of the cheese factories and egg marketing can a processor of potatoes be assured of a given supply of potatoes for his business? How is he going to be able to support an export market which he may have developed and which may be, and probably is, a fluctuating market requiring different sizes of demand? He cannot know in April of any given year what he is going to require from the potato crop in his area 12, 13, 15 months down the road, which is the supply he must accommodate during his producing years.

• (1125)

How are we going to know if we have to abandon the seed export markets, which are also variable? How are we going to achieve a balance which will supply our table requirements? Are we going to ban imports into Canada entirely for the table market? If so, of course, we ban the opportunity to export from Canada. Without proper storage capabilities, how are we going to supply Canada 12 months a year?

I would like to ask something else, which I have repeatedly asked in the House because of my deep concern. What voice is Atlantic Canada going to have? Will it be a five-Province organization with a vote each, or will it be an organization which, in any other structure outside of Government, would grant to any area the number of votes which relates to their productivity? With respect to the stock they hold in the business, roughly 50 per cent of the area is supplied by New Brunswick and Prince Edward Island. Are they then to have roughly 50 per cent of the voting control? If they do not, New Brunswick and P.E.I. will be in serious shape.

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, we have reached a deficit and borrowing crisis because this Government is labouring under the illusion which has pervaded western economic thought for the past 40 years; that is, that the demand for goods creates its own supply, that the demand for goods can be increased by increasing the purchasing power of individuals by deficit financing or money creation. As a result, the deficit today is equal to 28 per cent of all Government expenditure. For every four dollars which the Government spends, it must borrow one more dollar to finance that spending.

There are only two ways to finance this deficit, either by printing money and debasing the currency, which has currently

fallen to a base of 80 cents U.S., or by borrowing more money and thus ever increasing the deficit. This is a pattern which has been followed year after year, in good years and in bad years, this constant borrowing and escalation of the deficit. The interest burden on financing the deficit costs each individual—and that is just interest alone—$700 per year, or $16.7 billion. This constitutes in itself 4.8 per cent of Canada's Gross National Product.

It is interesting that in fact this interest burden is equal to the loss in GNP which we experienced during the last year. This effectively reduces private sector stimulation of the economy which is, of course, the engine of economic growth. It does this in three ways: first, it increases the tax burden for Canadians; second, it crowds out the private sector borrowing which is a proven job creater; and, third, productivity and growth are hampered by a crisis in confidence in the investment community instilled by the actions of a fiscally confused and irresponsible Government which continues to debase the Canadian currency through excessive Government borrowing.

Government borrowing for job creation is working effectively to ensure that real jobs, based on economic growth and increased productivity, are in fact being squeezed out, and will continue to be squeezed out as long as we keep this deficit process building, growing and increasing at such a ridiculous rate. As a result of this, the dollar falls, the cost of living goes up, interest rates continue to be high and job-creating capital investment seeks more friendly and lucrative atmospheres.

What is the way that Canada can redress this fiscally irresponsible philosophy? How can we bring economic prosperity and growth and, therefore, social justice to this land? Is the answer to be found in a Government which believes in a program of taxing and spending the country to the brink of bankruptcy? Is that the policy? I do not think so. Is the answer to borrow more and more to pay ever-increasing deficit payments on which you must keep borrowing again and again to pay in ever-increasing spirals? No, Mr. Speaker, these are not the answers. These are the policies of the Government, but they are not the answers to the economic crisis which is facing us today.

• (1130)

Creating jobs and ensuring humanitarian social assistance to those in need in these difficult recessionary economic times will occur if the Government concentrates on ensuring that real revenues rise. That is the only way it can happen. You cannot just keep borrowing; you have to create a climate of productivity, and from that tax revenues will flow to the Government. That is the way the problem has to be cured, rather than by borrowing and borrowing. The answer does lie in productivity and growth.

This country is a land of great human and natural resource potential. It can recover, but only if we reverse current Government economic trends. The way to do that is by changing the entire thought process, the mindset. What is important is not the creation of more money, but rather the creation of more real wealth. The essence of a sound, prosperous economy is not the quantity of money but, rather, the quality of money; the purchasing power of the dollar is more important than the number of dollars you in fact have. So many of us have experienced that personally or through our constituents. They perhaps have or make a lot of money, but what does it buy for them? Virtually less and less each year.

The key to economic recovery and prosperity for Canadians is, therefore, not for this Government to borrow more and spend more, because the mindset of this Government is impoverished by the lethargic, self-serving, bureaucratic and unproductive growth that hampers the true growth of the Canadian individual. Instead of taxing and spending, we have to put more money into people's hands which they can spend on consumer products and create jobs to get the economy and the Canadian people working again. The wrong people are borrowing and spending; the wrong people are, directly and indirectly, saving and investing, and lending to, the wrong people in the wrong institutions. People are lending their money to financial institutions; the institutions then tend to lend it back to Government, and then Government tries to redistribute it to the people of Canada. That process has to be reversed. What has to be done is for the Government to create a climate of confidence so that the people who are putting their money into savings right now will have enough confidence in the private sector, the individual small-businessman, to put that money into his hands to create more real jobs, more growth and more productivity.

We hear a lot about the plight of farmers, Mr. Speaker. Well, that is a very real plight. We have had a special emergency debate on this subject. I think that was important and I support it. But what about the small-businessman who is in exactly the same position? Our institutions and Government in turn are taking the small business generators of real jobs, growth and productivity, and just pulling them under faster and faster through bankruptcy and receivership.

It is time to give small business a chance. They have been creating jobs for 20 years and it is time for the Government of Canada to encourage borrowing by those small businesses to help them survive the economic crunch. Just get them over the next six months and then we can tag on to the American recovery, which is where part of the answer to our own growth problems lies. But the Government will not create that needed climate of confidence by taking more and more out of the economy through increased borrowing. That is not going to work. It is not the right measure at this time.

The key to economic recovery and prosperity for Canadians is to increase productivity itself. I think if I just stood here and said that the key is to increase productivity itself, and repeated it 5,000 times, that might be the way to create the kind of mindset we have to create in the Government. Productivity will occur once we cut the Gordian knot of Government growth and private sector stagnation. Canada's Gross National Product has the potential to be the most impressive of the OECD nations, but we are outstripping them all only in our own dismal performance of being twenty-fourth out of 24

nations. The growth in our GNP is a grotesquely negative 5 per cent, a full 1.5 per cent less than the next worse nation.

I want to know how this additional borrowing of another $19 billion is going to improve our performance. I do not understand how it will and I have not been told by anyone on the Government side. These GNP figures mean jobs have been lost for Canadians as the unemployment lines swell to 1.6 million, or 12.4 per cent of the work force. In British Columbia the figure is even higher at 14.2 per cent, and that is the very lowest estimate rather than the reality. The number of people looking for work is much, much higher.

These people, Mr. Speaker, must be given work so that they can fulfil themselves as individuals and help this nation prosper and grow. The American economy is starting to recover; 1983 will be a year of economic success due to lower tax rates, interest rates and energy prices. Canada has the opportunity to ride this wave of prosperity but instead the Government is borrowing its way into penury and poverty. The Government is flirting with the danger of structural deficits which will be endemic to our economic system and mortgage the future of our children and grandchildren. We can prevent this. We can bring prosperity and growth, jobs and economic renewal to this land by going back to the basics. This Bill is a further step away from sound economic policy and a better way of life for all Canadians, and on that basis I am unable to support it or the philosophy which has placed this unfortunate tragedy on Canadians.

Mr. Paul E. McRae (Thunder Bay-Atikokan): Mr. Speaker, I have always listened intently to the Hon. Member for Fraser Valley West (Mr. Wenman). Sometimes I hear things I like to hear, sometimes things I disagree with, but one way or another I always react. I must say to him as one who has spoken very loudly and clearly in support of Reaganomics that the world recession we are in—and it is a world recession, not a Canadian recession—can be blamed in large part on the policies of the U.S. Government, particularly those of the Reagan Government and its failure to get interest rates down at the rate I think they should come down.

I must say that the tax cuts the U.S. Government brought in have a very large bearing on the U.S. deficit. Studies that I have seen, particularly one done by a group at the University of Toronto Institute for Policy Analysis, indicate that our deficit is a recession deficit and that if the recession had not happened—in other words, if we could go back to 1979 when we had a reasonable growth picture—we would actually have a small surplus this year. The U.S. Government figures are quite different. The tax cuts and very large defence expenditures increase have created a situation where they would have a deficit in the order of $90 billion to $100 billion in any given year.

Mr. Wenman: Which is less than Canada's, on a proportionate basis.

Mr. McRae: That second figure was produced by the congressional budget office. We should understand that three out of every four dollars of increase in our deficit is caused by declining revenues, not by heavy expenditures. This is a debate that I always have with the Hon. Member and I hope we are approaching it in a genuine manner. I would advocate an increase in surplus over a short period of time in order to create employment and to stimulate the economy which, in the long run, should reduce the deficit. Some economists—and Informetrica is one—have conducted studies which indicate that the deficit will be reduced this year by about $5 billion because the economy is beginning to show some degree of improvement. I do not think stimulation will hurt the economy but, rather, will do some good.

• (1140)

I am also concerned about the fact that we have a long-term unemployment problem which must be faced. Even if the deficit were brought back to zero this year by a large growth factor, most economists tell us that 11 or 12 per cent of the population would still be unemployed, more or less on a permanent basis. The real problem is how to change that to not more than perhaps 6 or 7 per cent unemployment, taking into account those people who move between one job and another. With the present unemployment rate of 12 or 13 per cent, which we are told could continue for an indefinite period, we know that a large percentage of the population is not plugged in to the labour market. That means that basically they are not part of our society. The real problem is not the case of someone who is laid off for a few months, collects Unemployment Insurance benefits, then finds a job and is back in the labour force but, rather, those people who are not able to plug in to the labour market and who may be deprived of being part of the mainstream of Canadian life for most of their lives.

When we talk of unemployment we must take into account the young people in the 17 to 25 age bracket where the unemployment rate is about 30 or 35 per cent. We are talking about the young people coming on the labour market who do not find jobs and thus do not become part of the mainstream of society.

This is the real damage that is being done by the monetarists who claim that the economy must be slowed down to prevent inflation and all this unemployment. I have no problem with their concern about inflation. It is the cause of high interest rates and it creates all kinds of serious problems. However, there are other ways to eliminate inflation. One method is through the control mechanism. Another is to let the dollar float downward if necessary in order to keep interest rates down.

The problem that must be faced right away in this country is the large number of people who cannot find jobs. In my community of Thunder Bay the unemployment rate has been between 15 and 18 per cent for the last four or five months. It is rather difficult to interpret the figures because samples are very small, but a large number of people in the community just cannot find work at all. There is some hope that the housing

market will take up and 200 or 300 apartment units will be built this year; but we must find some meaningful work for the large number of young people coming on to the labour market.

An example of what we might consider, although not the only one, is short-term public works, projects. We do not want to build a long-term structural deficit into our system but rather to infuse the economy fairly quickly and get a lot of things done.

In northern Ontario, New Brunswick, some parts of Nova Scotia, parts of the Prairies and certainly in British Columbia, forestry is a key industry. Foreign sales produce revenues of $22 billion to $23 billion per year, so there is no question that it is an industry that is vital to the country. During the last 30 or 40 years, however, our forests have been seriously abused. In northwestern Ontario large tracts of forest land are no longer productive. They have been cut over and have not been reforested in an intelligent way. This is a labour-intensive industry, Mr. Speaker, and sylviculture and refurbishing our resources in northern Ontario would require a tremendous amount of labour. We should begin projects like this immediately in order to restore confidence in the young people who form 17 or 18 per cent of the population and who are not able to plug in to the mainstream of our society.

Mr. Derek Blackburn (Brant): Mr. Speaker, thanks to the amendment put forward by the Conservative Party, this is the second time I have had the opportunity to make an intervention on Bill C-143. When I first addressed the Bill I spoke about the unemployment problem and the transition the country is going through, from the traditional industrial base that we have known for the last hundred years to the informational or high-tech aspect of our society.

Today I want to refer to one particular industry in order to give some idea of how short-sighted and wrong the present fiscal and monetary policies of the Government are with respect to borrowing. I refer to the farm implement industry which affects my riding, among others. Agricultural machinery used to be built not only in Brantford but in Chatham, Hamilton, Winnipeg and other centres in the country, so this is not a problem of central Canada but a nation-wide problem. Of course, the parts industry is also affected.

In 1982, the last year for which we have figures, we had a net deficit in agricultural implements of $985.4 million, just short of $1 billion. This is an absolute disgrace, Mr. Speaker. In 1981 the deficit was almost $2 billion, but the reduction is due to the fact that farmers do not have enough money to buy farm machinery. The roughly $1 billion which is represented here represents about 10,000 jobs in the agri-industry that should have been created in Canada but were not, even in a severe depression year, such as in 1982.

• (1150)

We often talk about the auto pact and its deficiencies. Generally speaking, over the years Canada has been a net loser in the auto pact as you can see if you go back to the mid-1960s, Mr. Speaker. We are also net losers year over year in farm implement manufacturing. I do not know why. We have a long record of making farm implements in this country. We can go back to the early days of the Masseys, the Fergusons, the Harrises and the famous Cockshutt family from Brantford. We have made very fine implements and yet we have a net deficit in this industry. Last year we lost 10,000 jobs. When we talk about unemployment and the loss of 10,000 jobs or 20,000 jobs, it really does not mean an awful lot unless you relate those numbers to a certain community. Let me take Brantford as an example. We have had on balance for the past two years, at any given time, except perhaps the spring of 1982 and the spring of 1981, some 5,000 agricultural implement employees out of work. That situation affects approximately 15,000 to 20,000 people in a community whose total population is 75,000 and is an absolute economic disaster. It is also a social disaster in many respects as well. The Government's policies allowed 10,000 jobs in that farm implement industry to be exported out of the country because of our net deficit of approximately $1 billion, but we could have handled easily half of the lost 10,000 jobs in Brantford with 5,000 on lay-off. That may be an oversimplification of the situation, but in terms of figures half of those 10,000 unemployed could have found work in the City of Brantford.

While we have 5,000 people on chronic, long-term unemployment, we have another very interesting situation developing. Again I am referring to my own constituency of Brantford which has two major industries, Massey-Ferguson and White Farm Implements. If those two industries were in financially better shape they would be using the time of the recession and their capital resources to tranfer into the high-tech field. Perhaps they could go into high-tech assembly, robotronics or micro-processing. There is no doubt in my mind that if either one or both of those industries survive, that is precisely what they will be doing in the next four or five years. It is estimated not only in farm machinery manufacturing but in all major manufacturing that at least 40 per cent of all assemblers now on lay-off will suffer permanent lay-off. In Brantford, 40 per cent represents about 2,000 workers.

Let us look at some other figures. For 1983-1984 the federal Government has budgeted $5.2 billion for research and development, most of which will be in high-tech. As I said when I spoke a couple of weeks ago on this same Bill, only $230 million has been budgeted for the skills programs, which in a sort of way addresses itself to the need for retraining in high-tech.

I will give you some specific examples, Mr. Speaker. If you are laid off at Massey-Ferguson today, whether you are an assembler, a mechanic or whatever, you may qualify first for a skills orientation program. If you are still on Unemployment Insurance, that Unemployment Insurance does not run out before the ILAP designation on July 27 and you find a seat at Mohawk College, you can remain on Unemployment Insurance at $200 a week. If you are married and have a couple of kids, you can probably just get by on that $200 a week. However, should you not be able to find a seat at Mohawk College at the Braneida campus or in Hamilton before July 27-and in all likelihood you will not because every seat is taken

for the next six months—and your Unemployment Insurance runs out, when you do get placed in a skills program for upgrading and high-tech training, your income while on that program drops to a maximum of $104 a week for a married man with two children. That is how seriously the Government is taking the situation in my constituency of Brantford, which has an ILAP designation.

On the industrial side, things have been very successful. Some $13 million of federal funding has been allocated, with $37 million from the private sector to relocate or expand in Brantford, for a total of $50 million, which amount could possibly double between now and when the ILAP designation runs out on July 27. However, on the labour adjustment side we have fewer than 200 employees on long-term lay-off who are able to take advantage, or who can literally afford to take advantage, of the skills upgrading program or the program to introduce laid off assemblers to the new industrialism of the micro-chip.

The other major problem of trying to retrain foundry workers and assemblers at Massey-Ferguson, White Farm or other industries in Brantford—apart from the fact that there are not enough seats at Mohawk College, either at the Braneida campus in Hamilton or in Brantford—is that those retraining facilities are woefully inadequate. The staff, the counsellors and the teachers are doing everything they can to accommodate the need, but we just have not been spending the money on plant expansion in high-tech training facilities, not only in southern Ontario, where most of the manufacturing takes place, but also across Canada.

I would like to see even more money, if necessary borrowed, invested in high-tech retraining in all industries, not just farm implements. When the recession is over perhaps we can have jobs for at least most, if not all, instead of having a community of permanently laid off people amounting to between 12 per cent and 15 per cent of the labour force.

Mr. Jack Murta (Lisgar): Mr. Speaker, like the Hon. Member for Brant (Mr. Blackburn), I find this is the second time that I have had the privilege of talking to this piece of legislation. I am thankful certainly to Members of the PC Party who moved an amendment allowing us to continue on with this very important discussion. I hope in some small way, at least, we will be able to impress upon Members of the Government the need to change in terms of asking for such a tremendous amount of money, as represented in this particular Bill under debate.

The Hon. Member for Brant touched upon a very important area on which I will elaborate. I am speaking of the whole question of the farm machinery industry and the effect the recession has had, coupled with short-term Government policies, on that very important Canadian industry. This industry has a direct bearing on the part of the country from where I come, that of western Canada and a farm-oriented kind of riding. The Hon. Member talked about the economic hardship which farm machinery manufacturers face.

In my part of the country we do not see that economic hardship to the same extent, but we certainly see the effects of it. Over the past few years we have seen the closing down of many farm machinery dealerships. Farm machinery generally is not selling well because of the recession, low grain prices, low agricultural prices, and the uncertainty created by the Government in the over-all economic climate.

• (1200)

It is refreshing to see the other side of the question, which concerns the machinery manufacturer and the plant workers who are affected as much as the machinery dealers in western Canada who are going out of business and the farmers who cannot afford the buy that new machinery which they so desperately need in the next year.

Members are not so much concerned with the borrowing requirements in this Bill, which are substantial and, in fact, the largest in the history of the country, as with the arrogance shown by the Government in asking for this amount of money without giving us any reason for its expenditure of that amount. Any reasonable, thinking Member of Parliament cannot accept that request without knowing where the money will be spent.

A very good analogy to use in this case would be to consider what would happen if a small-businessman, farmer or housewife were to go to a bank and ask for $100,000. The bank manager would probably give that individual the $100,000 provided he received a guarantee on how the money would be paid back and whether the individual had any assets. Since Canada has enough assets with respect to borrowing the amount of money we are concerned with in this legislation, that part of the analogy is irrelevant; but if the person borrowing the money from the bank, Credit Union or Caisse Populaire totally refused to explain or vaguely explained how the money was to be spent, on what it would be spent and how it will be paid back, I do not believe that many managers of a financial institution would accept that type of request.

Similarly, as responsible Members of Parliament who are elected from all across the country to scrutinize as much as possible how the taxpayers' money is spent, we should be given some indication how it will be spent. We must remember that this money does not belong to the Government but to the taxpayers. The Government does not have any money other than what it receives from the taxpayers.

The Government has indicated that it intends to bring down its budget toward the end of April. This Bill will have been passed by that time. It is improper for the Liberal Government to proceed in this way, and that is why it has received strong opposition not only from the Opposition Party but across the country.

The effects of this legislation have left Canadians with a sense of uncertainty. They are as uncertain as we in the House about the direction in which this Government is heading. In fact, many people across the country are even more uncertain at this time—they are desperate. The Hon. Member for Brant told us of some of his constituents who are desperate at this

time due to the Goverment's lack of direction or lack of assistance.

This desperation can be seen throughout the entire Canadian economy, but I would like to deal with that desperation as it affects agriculture. The agricultural community is in very serious difficulty at the present time. I would like to talk briefly about a Bill that was introduced by the Hon. Member for Lambton-Middlesex (Mr. Ferguson) which attempts to deal with that situation. The Hon. Member was making an honest attempt to address the issue that the Minister of Agriculture (Mr. Whelan) and, I assume, Members of the Treasury benches of the Government were not willing to address.

The Hon. Member for Lambton-Middlesex brought forward a Bill which is designed to take a different approach to farm foreclosures and bankruptcies. He should be given credit for taking the initiative to bring Bill C-653 forward. It is obvious that there are a small number of farmers who could use additional emergency protection to prevent foreclosures on their farms. Bill C-653, which has moved from second reading and into committee, is an attempt to provide that assistance and at least gives an indication that Members from all sides can get together and expedite legislation if we so desire.

Bill C-653 will be carefully studied in committee. While its intent is admirable, there are some grave concerns over the effects it will have if it is passed without any amendment. It could eliminate long-term lending by banking institutions in this country over the next number of years. I do not believe any Members of Parliament wish that to happen since it would be, to use an old saying, like cutting off our nose to spite our face. We must carefully consider the Bill since agricultural organizations have already indicated some concern over it; and since the banks are also properly concerned about it, Members of Parliament should be very concerned.

In my opinion, the role that banks have played in their dealings with agriculture should be both criticized and applauded—which does not happen too often in the House. While no one can see into the future, the banks certainly gave too much encouragement to farmers to borrow money during the latter part of the 1970s. However, I want to compliment the banks, which have in most cases been fair about lending money to farmers. When the Farm Credit Corporation is coupled with this measure, hopefully we will come through the current economic situation with which we are faced.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, once again we are under the guillotine as the debate on Bill C-143 draws to a close. I do not particularly like speaking with a guillotine over my head but I suppose we must do so when we are faced with a Government such as the one opposite, which is not particularly concerned about how matters are debated in the House. The Government makes no effort to listen to what the Opposition says and act upon that advice. Instead it comes forward with a Bill with the intention to bull it through, no matter what arguments are made by the other side.

The amendment which we are debating today would have the effect of allowing the Government, within what remains of this fiscal year, to borrow the $5 billion that it requests. We do not really quarrel with that since most of that money has already been spent. However, we would like to see the Government give more thought to its request for an additional $14 billion which it says it needs. In our opinion, the Government has not given enough consideration or thought to the effects of excessive borrowing.

In the few minutes that I have I would like to examine the effects of excessive borrowing. First, we must consider the cost of repayment, because I do not think the Government always takes this factor into account. It simply says that it needs the money and then asks to have authority to go to the capital markets of the country and borrow that money. But what about five or ten years down the road? The Government does not think about the consequences of its immediate action today.

• (1210)

The fact is that as one borrows and borrows and piles up more and more debt, the cost of servicing the debt goes up year by year. A couple of figures might be of interest. In the 1968-69 year, interest payments on the national debt amounted to 2 per cent of Gross National Product. I think that is a fairer way of putting it, rather than in dollar terms, because dollars have been affected by inflation. However, in the 1982-83 fiscal year, the interest on the debt will be 5 per cent of Gross National Product. We are pretty sure what it will be because we are nearly at the end of the fiscal year. The cost of repayment or the cost of interest on the public debt has increased by two and a half times since the Prime Minister (Mr. Trudeau) took office. The interest payments now amount to $1,700 per Canadian taxpayer.

Let us consider it from a slightly different perspective. Again, in 1968-69 one dollar in nine from federal revenues went toward debt servicing. In the period which is just ending, the 1982-83 fiscal year, it has been necessary to use one dollar in three from federal revenues solely for debt servicing. I wonder how much longer can we carry on along this road to ruin?

I was carefully listening to a speech given a few days ago on this very subject by the Hon. Member for Carleton-Charlotte (Mr. McCain). He said that the Government is leaving a legacy of debt in Canada for generations and generations to come. It is doing this without proper thought or consideration.

It is funny that in Canada, a country which is so inherently wealthy, we are taxed to the hilt, yet we, speaking collectively, as Government, find ourselves with no money to spend. How can that be? There are billions of dollars generated from public revenues, but the Government never seems to have enough. That is obviously because it has not given proper consideration to the management of public affairs, and particularly to the management of public financial affairs in Canada. This is due to this borrowing which has taken place, greater and greater amounts each year, since 1968. Thirty per

cent or one-third of all the money which is now coming in is going toward servicing the debt which has piled up over the years since 1968.

This is why our social programs and services are going downhill and why we find ourselves without sufficient financial resources to maintain the health care standards to which we have been accustomed in this country. This is why useful public works are at a standstill.

I was listening carefully to the Hon. Member for Brant (Mr. Blackburn) and he mentioned the fact that useful capital expenditures, which would pay dividends in the years to come, are not being made. They are not capable of being made because we have no money with which to make them. All that money, all that public revenue, has been used to service the debt. If we had looked after our affairs since 1968, public revenues would have been sufficient to make these necessary capital investments in roads, bridges, colleges and hospitals. In so doing, if that money had been invested for those purposes, it would have created the desperately needed employment in Canada.

Right now we are experiencing the worst of both worlds in this country because of past mismanagement. We are saddled with very high unemployment and we are unable to make those public investments which would have cut into that unemployment and created jobs for Canadians.

Another effect of the excessive borrowing of the present Liberal Government is that private borrowing is crowded out. In this country, there is at all times a bidding match going on within the capital markets for the available dollars, for the available savings. If Government comes into this market with such requirements as it has, $19 billion in this instance, and is prepared, because it must, to pay the high interest rates in order to attract that capital, then it is self-evident that there is no money left over for the private borrower, or he or she is forced to compete with these excessively high interest rates to get his or her share of the available savings. When the Government has a new bond issue, it must make the rate on that bond attractive; otherwise, people will not buy it. It must inch up the interest rate so as to attract people to lend money to the Government.

Most of the money the Government borrows, whether it is through Canada Savings Bonds or other obligations of the Government, is the accrued savings of Canadians. The Government is not using those savings for capital purposes; it is using them for current account purposes. What is actually happening in Canada is the destruction of capital. Canadians save and put by money, dollar by dollar perhaps $100 a month, and then the Government borrows that money. Instead of using it for capital purposes, it uses it for current account purposes, thereby destroying the accumulated capital. Private borrowers are priced out of the market.

Am I correct in assuming that my ten minutes has already expired? That being the case, I will give Your Honour the next thrilling instalment of this debate when my time comes up again tomorrow on third reading.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the Minister, in his various remarks over the last week, has been referring to consultation with regard to the budget and, shall we say, the whole of the Government's economic program. However, let us examine that in light of the requirements of this particular Bill. The Bill seeks borrowing authority of about $19 billion.

As my colleagues have said, we have no real quarrel with the $5 billion in Part I of the Bill; that is, the balance for this particular year. However, the Government has used the provisions of Section 39 of the Financial Administration Act. We have seen publicity in the newspapers to the effect that this is an obscure Section of the Financial Administration Act and that the process is perhaps somewhat strange or not often used. In terms of the Act, it merely states that the Minister, with the consent of the Governor in Council, may borrow, for periods of up to six months, those sums which are required to pay Government obligations and for which there is insufficient money in the general revenue fund. There is nothing gravely strange about that; it has been used before.

The Government, as the Minister said, has been going to the Treasury bill market every week. There is a reason why the Government has been going weekly to the Treasury bill market. These are short-term Treasury bills, usually a maximum of six months, but the Government is using this procedure, along with actions by the Bank of Canada, to control the movement of the interest rate. These are being used as a tool basically at the present time to keep the interest rate in Canada sufficiently higher than the interest rate in the United States so as to buttress the level of the Canadian dollar.

• (1220)

The Canadian dollar has been floating since 1971. Canada is not involved, as France was last week and indeed has been for many months prior to the events of last week, in trying to defend a certain level of the Canadian dollar against the fixed amount of the reserve U.S. dollar or against part of the monetary snake in Europe.

I say frankly that the Minister is conning the Canadian public by what he says about consultations in what was talked about by the former Minister of Finance in the budgetary statement of June 28. Consultation is consultation pure and simple. It is not talking things over after the event. Last summer's process of hearing public representations on the Ways and Means motion was not consultation. There were changes but that was not a result of consultation. Instead, it was hearing representations after proposals had been set down in quick-setting cement.

The Minister talks about consultations now in various areas with regard to the budget. How is that different from previous years? National associations, such as the Chamber of Commerce, the Canadian Labour Congress, the Canadian Federation of Agriculture and any number of other groups, have filed briefs with the Minister of Finance (Mr. Lalonde) on the subject of budgetary provisions precisely as they are doing now. Maybe the minister is talking more, he may be talking in

public more, but that is not the consultation that we would like to see.

It is unfortunate that the public is not aware of what was said by both the questioners and the Minister during the Committee hearings on Bill C-143, because there the Minister simply adopted a stonewall, hard-nosed attitude. He did not try to explain. He did not even say that he had changed his mind. He told us in October that he would present a budget some time during these weeks after which he would ask for borrowing authority, and that is a proper sequence. Somehow or other he has become enamoured of what is a bad practice by this Government, and I am surprised in some ways that it was accepted by the Chair, that it could come forward again with an omnibus Bill.

My colleague for Mississauga South (Mr. Blenkarn) had an amendment which would have eliminated Part II of the Bill, and that is precisely the position we are taking. We want a budget showing how the Minister proposes to raise the moeny to face those $88 billion of Main Estimates and loans for fiscal year 1983-1984. Then in the normal course, he would say that he has to borrow. We know he has to borrow, but how much? The Minister is asking us for carte blanche, in asking us for $14 billion. As a matter of fact, he can carry over $2 billion from the Bill of 1982-1983 into 1983-1984. So in effect he will have provisions for $16 billion.

He does not tell us when he is going to come forward with another borrowing Bill. The year 1982-1983 gave us the rather untidy spectacle of the Government coming forward for borrowing authority four times. But 1982-1983 was possibly one of the most disastrous years in Government fiscal planning in that the estimated budgetary deficit was $16 billion, if I remember rightly. As a result of escalations along the way, this figure could now reach approximately $29 billion. There are economists and other monetary authorities in the country who say that, notwithstanding the fact that the Government has quoted a figure of approximately $26 billion, the actual figure may be closer to $29 billion.

Based on the performance of the last two years where Department of Finance officials have been proved to be so wrong in their forecasts, I am rather inclined to go along on past performance and say that those independent economic authorities, with their estimates of $29 billion or thereabouts, will likely be more in the right than will the experts in the Department of Finance.

My colleague for Western Arctic (Mr. Nickerson) and others have indicated why we would oppose this Bill. I am opposed to giving the Government a blank cheque at this time, and I would vote against this stage of the Bill.

• (1230)

[*Translation*]

Mr. Herb Breau (Gloucester): Mr. Speaker, I am very pleased to be speaking today to Bill C-143. The House is now considering an amendment proposed by the Member for Mississauga South (Mr. Blenkarn) which would in effect cut the borrowing authority requested by the Government by about $14 billion. The Minister of Finance (Mr. Lalonde) asked the House for a borrowing authority of $19 billion because the borrowing requirements for the financial year ending this week amounted to $5 billion, and because the projected deficit for 1982-83 was higher than expected. The Minister is asking for authority to borrow $14 billion more because he wants to ensure that the Government is able to carry out its debt program without disrupting financial markets. The Minister is requesting an additional authority of $14 billion for the first part of the 1983-84 financial year, not because he wants, as the previous Member told the House, a blank cheque, not because he wants Parliament to authorize him to borrow money he has no right to spend. Parliament must still authorize the Government's expenditures, and Parliament must determine how the Government is going to spend this money.

With its amendment, the Opposition is telling the Goverment that next week, when the next financial year begins, it will have to come back to Parliament to ask for another increase in order to be able to borrow $14 billion. Therefore, the Minister of Finance (Mr. Lalonde) needs $19 billion and not just $5 billion. The Minister explained why in his speech to the House on February 17 of this year. He wants to ensure that when the Government starts borrowing on the money market, it can do so in an orderly manner without being obliged, as might happen, to borrow excessively large amounts during several weeks and thus put pressure on interest rates. Any Member of this House who is aware of the economic situation in this country at the present time will have to admit that between now and the months of June, July or August, 1983, it would be impossible to conduct Government operations otherwise than in a deficit situation. For instance, 72 per cent of the increase in the deficit since October last year was caused either by interest rates that were higher than expected when the loans were contracted or by a drop in Government revenue. In a recession, companies are making less money and as a result paying less in taxes. More workers are working shorter hours, and also paying less income tax. Many people are unemployed, so there are fewer people paying taxes, and as a result, Government revenue is not as high. It is the only way to change the situation by June, July or August, 1983. In fact, the Opposition wants to give the impression that the additional $14 billion requested by the Government for the next financial year is supposed to cover all the Government's borrowing requirements for 1983-84, which is not the case at all, Mr. Speaker. The Minister of Finance made it clear in his speech on February 17 that it was only to cover requirements up to this summer, because whether we like it or not, the Government's deficit for 1983-84 may be as much as $24 or $25 billion. We hope that the recession has bottomed out and that we are now on our way to economic recovery. If that is the case, and if the encouraging signs we have seen, especially since the beginning of this year, mean that companies will make more profits faster, that people will go back to work

faster and be paying taxes at a faster rate than expected, perhaps the deficit will not be as high as was expected a few weeks ago.

On the week-end I read that people were now predicting that the deficit for 1983-84 might be only $24 or $25 billion instead of $30 billion. However, next fall, the Government will have to come back to Parliament for another increase in borrowing authority. Thus, if the Opposition were to cut the Government's borrowing authority by $14 billion, which is what the Member for Mississauga South (Mr. Blenkarn) intends to do in his amendment, it would mean that in the next financial year, there would be only about $2 billion left to conduct the Government's operations. That will not make sense at all. The Government would have to come back to the House, probably within a month or six weeks, for further borrowing authority. The Hon. Member for Mississauga South, the Member for Edmonton West (Mr. Lambert) and all the Members of the Opposition who know anything about economics know perfectly well that the Government is going to be in a deficit position by June, July and August of this year, and they also realize that Parliament will have to authorize Government expenditures. If Parliament does not want to do so between now and June, July and August of this year, then it should not, so why should we waste our time and run the risk that the Government intervention on the money market will not take place in an orderly fashion? It means the Government would have to introduce another Bill in the House in April or May, instead of waiting until this fall, when another request will be necessary in any case, because the present borrowing authority will not cover more than June, July and August, since it represents about half the deficit projected for 1983-84.

Mr. Speaker, I think the Government is acting wisely by increasing its deficit in a recession, because otherwise, the full weight of the recession would fall on the people and regions that are most vulnerable in this country. Some areas are particularly sensitive to the effects of a recession, and my riding is one of them. If the Government had not decided to carry a large deficit at a time of economic recession, it would mean that those regions and those people who are particularly vulnerable in our society would carry the full weight of the recession. I think that in the present economic situation, it makes sense to use this country's financial resources to ensure that the cost of the recession to economically vulnerable individuals, groups and regions will not be as heavy and I therefore think that the Government is very sensible in taking advantage of the credit available in Canada to stimulate the economy.

Another factor we must not forget is that in a recession, although unemployment is higher than usual, there are still people working. In Canada, there are still people working and saving money. In a recession, there is a psychological reaction that makes people afraid to spend. In Canada today, 13 per cent of disposable income is invested in savings. If the Government did not intervene to borrow these funds and to reinvest them in the country in order to stimulate the economy, it would delay economic recovery, because today, companies and businessmen, as well as individuals, are afraid to invest. They are afraid to borrow substantial amounts of money. Therefore, if governments and not only the Federal Government but also the Provincial Governments, did not borrow this money which represents 13.5 per cent of the disposal income of Canadians today, it would be necessary to invest those savings elsewhere, outside Canada, and that would delay the recovery of the economy.

Thus, Mr. Speaker, it follows almost naturally and automatically that in a situation like this one, governments, and this includes the entire public sector, should borrow while ensuring that programs are directed towards those who are affected by the recession and at the same time, that Government action should be taken to invest in economic development, which will boost economic recovery. These funds will be borrowed to provide for continued economic activity in this country. Consumers sometimes complain that the deficit is too high in a recession. These are the people who would probably get us into a really big depression.

Mr. Speaker, that is why the Government's deficit is higher today, and I shall repeat, it is because Government revenue has dropped and certain expenditures must be maintained in the country to encourage economic recovery.

[*English*]

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to enter this debate and to support the proposed amendment of the Hon. Member for Mississauga South (Mr. Blenkarn). I do not tend to agree with his economic policies too often, but in this case it is an intelligent way to deal with the proposed borrowing of the Government, which is completely out of control. What is really at issue here is whether it is realistic for such an unprecedented amount of money to be voted into the hands of the Government without a budget before us. I do not think at any time in the past has a Government ever asked for so much and given so little information to Parliament as to what those expenditures are really for.

Bill C-143 is the fourth major borrowing in eight months. We had Bill C-111 in June of last year for $6.6 billion, C-125 in July, 1982 for $7 billion, C-128 in November, 1982 for $4 billion, totalling $17.6 billion in borrowing during that period. When we add Bill C-143, it totals $36.6 billion in borrowing in less than a year. This borrowing alone as proposed by the Government is in excess of $1,000 for every man, woman and child in this country.

• (1240)

The few Government speakers who have risen, including the Hon. Member who just finished, Mr. Speaker, have not given us any reasons why Members on the Opposition side should vote to allow the $14 billion to be borrowed without the Government putting forward a strategy, or at the very least some kind of outline of a budget.

With respect to the $5 billion, I believe most Members of the House can glean from the Supplementary Estimates, and from the Main Estimates of the last year, some idea of what those expenditures are for. But to ask for $14 billion, however, which takes us from April 1 to October, 1983, is really quite irresponsible. The request of the Government for that kind of a blank cheque must be turned down by any Member of this House who is seriously representing his or her constituency. I heard a Liberal Member saying that we can have a look at the Main Estimates. Well, the Minister of the Environment (Mr. Roberts) is here. He and I share the knowledge from our discussion of the Main Estimates that the intended expenditures of the Department of the Environment are not all included in the Main Estimates now. We both know that.

I believe it is irresponsible for any Member of this House to vote through a borrowing of $14 billion without expenditures being tacked down. Certainly I know that if the New Democratic Party were sitting on the Government side, there would be much howling from the Liberal Members of "Give you guys $14 billion? We don't know what you are going to do with it." And the Tories would be doing the same thing. Yet when the Members of the Liberal Party rise to speak about it, they say: "Oh, it's fine, you have the Main Estimates; you know what we are going to do".

I will point out a few things on the record, Mr. Speaker, which will give you some idea why Members on this side, both the NDP and the Conservatives, are pretty concerned about the unsound economic strategy of the Liberal Party. Tom Walkom of *The Globe and Mail* said just last week: "While it is not unheard of for a Government to ask for some interim borrowing authority, a $14 billion request without a budget is unprecedented". The Government would borrow $5 billion, $6 billion and $7 billion without a budget, but we are being asked for $14 billion, almost $1,000 for every man, woman and child in the country.

The question is, Mr. Speaker, can this kind of action continue, the ever-increasing borrowing, without the Government providing some detail of its intended use? Surely, what the Minister of Finance (Mr. Lalonde) is proposing here is to turn Parliament into a rubberstamp for out of control Liberal pork-barrelling. Just over a year ago, Mr. Speaker, in the committee on energy matters, this same Minister, "Old ironclad", came in and asked for a $100 million write-off from Canada's taxpayers for another Liberal blunder, which was heavy water production with the Candu system. With no prospect of sales and no predicted sales, the plants are still running in full operation. In the riding of the present Secretary of State for External Affairs (Mr. MacEachen), they have just written off $130 million again for this year just to keep 700 jobs producing a commodity which has had no major sales in or outside of Canada in the past four years. I believe Canadians have a right to know, Mr. Speaker, that those 700 jobs are being underwritten by $200,000 a year, when in other areas of Canada, such as my riding or the riding of the Hon. Member for Kamloops-Shuswap (Mr. Riis), where we have 40 per cent unemployment, all we get for various Government programs is a couple of hundred thousand dollars. That is how much it costs to create one of these heavy water jobs, and it is what we get to provide sustenance and food on the table for thousands of people in our ridings.

We must ask, Mr. Speaker, how much hard-earned capital can be diverted into industries in some areas where Liberals try, and in some cases successfully, to obtain their places in this House through the diversion of taxpayers' money. And what about the billions of dollars owed in back taxes by the corporate sector, now roughly equal to the present deficit? Why are not the Government Members, and for that matter the Tories, clamouring for it to be paid in? Is it now so close to election time that it might jeopardize the chances of Tweedledum and Tweedledee for election donations? Why is the Minister not proposing a dramatic increase in taxes? Why shift the tax burden to the young and the unborn generations? The answer to that is quite clear: if the Minister of Finance and the Liberals were proposing to increase taxes in this country by the rate at which they are intending to borrow, and workers came home with $100 or $200 a month taken off their pay cheques, there would be chaos in this country and that Liberal Party would not be governing for very long.

Instead of doing the honest thing, which is to explain what it wants the money for, the Government is trying to go through the back door and the debt is simply going to be passed on to Canadians as yet unborn. I wonder how high a debt the Minister of Finance plans to leave as a legacy to his own children, whether $10,000, $20,000, $100,000, simply so the Liberals can continue to float what is clearly recognized in this country as an unsound economic policy. What is the money for? Is it for the Liberals to try to buy voters' confidence back? We know they are not doing it through a sophisticated industrial strategy which would decentralize the economy, encourage conservation, allow us to pursue a soft energy path now recognized by many scientists as the only way to go, which would allow us to revitalize our rural communities, put our forestry workers back to work, replant our ravaged forests or clean up our environment. Even though 75 per cent of Canadians now would support a lowering of their standard of living in order to have a cleaner environment, we see the federal Government doing very little either to clean up the Great Lakes, stop acid rain or deal with those very important matters.

Instead, Mr. Speaker, the money is going, at the rate of $800 a day, to Donald Macdonald to help write off the $100 million loss on Consolidated Computers and to continue paying the tens of millions of dollars on Mirabel Airport, when small airports, particularly in western Canada, can no longer get any money even to pave the potholes on the main runway. The money will continue to go to grants, including 80 cents on the dollar to many oil companies which already have large profits and which, as demonstrated by a report prepared by Consumer and Corporate Affairs, have ripped off consumers for hundreds of millions of dollars. Yet the Government does nothing to try to recoup that massive rip-off and try to help consumers with their cost of heating oil or gas.

What is there for home owners and renters? There have been no Government speakers who have risen and said: "There will be something for home owners and for renters". There is nothing for them, Mr. Speaker. What did the elderly get? They got it right in the neck. They got a 6 per cent and 5 per cent cut in real pension income. This is denied, of course, by Government Members, but any pensioner who takes a look at what he should be getting in terms of the present rate of inflation knows that he has been ripped off. They get nothing, Mr. Speaker, for building the country. The Liberals talk a lot but when it comes time to put cash down, the cash goes to the corporate sector.

Let me tell you, Mr. Speaker, what the unborn will get in terms of just the $14 billion debt unless Members on the Government side accede to the amendment put forward by the Hon. Member for Mississauga South, which is a very realistic proposal and should be supported by anyone in this House who understands economics and what Parliament requires in order to vote properly on such a massive borrowing. Young Canadians will get a cut in Family Allowances. Those in schools, college, training schools and universities also get a cut, thanks to the shortsightedness of this Government's policy.

But where is the $14 billion going—setting the $5 billion aside for a moment? We need to know this, Mr. Speaker. It is irresponsible to ask for unbudgeted funds. What banker would lend anyone an amount of even $14,000, let alone $14 billion, without knowing what they are going to do with it? What federal bureaucrat, even under that Government administration, would lend or grant any money without at least some temporary guidelines? Where will the money go? It will go to corporations like the CPR in order to pay for the Prime Minister's doubletalk on double-track, while increasing by five times the cost to farmers for grain movement by 1990. The Minister of Transport (Mr. Pepin) wants to give hundreds of millions of dollars to the CPR while destroying the Crow rate. We know that only 6 per cent of Canadians are farmers now. The number is down dramatically from even ten years ago. The average age of farmers this year will creep up to the age of 60. Is it Liberal policy to turn farms in this country over to the corporate sector? We love to hear the Tories and Liberals screaming that the NDP would land bank all the property, but it is interesting to see what the right-wing strategy in terms of farming is. That is certainly what the changes to the Crow rate are.

With two million unemployed and with borrowing at $2 billion a month, I believe it would only be responsible for all Members of this House to support the amendment now proposed, which is to reduce that borrowing from $14 billion to $1 on behalf of all future generations of this country.

Mr. John Bosley (Don Valley West): I would like to respond today, Mr. Speaker, specifically to the speech made by the Hon. Member for Gloucester (Mr. Breau). I do not know what it is, but I believe there is some revolution in medical science which has occurred which not many of us have caught on to yet. Because somehow decent-meaning people get elected on the other side of the House, something is taken out and a cassette is put in, and what would otherwise be grossly illogical becomes parroted; and the attempt appears to be to sell that as both logic and true.

Let me refer to two specific comments made by the Hon. Member for Gloucester. His argument was that we should not be concerned about a proposal to borrow $14 billion for the next fiscal year in advance of receiving a budget because, after all, it is not for the whole year. It is not as though the Minister of Finance (Mr. Lalonde), said the Hon. Member for Gloucester (Mr. Breau), was trying to borrow everything he needs next year; he is only trying to borrow part of it. The fact that that in itself is a violation of Parliament's basic tradition and right does not seem to fuss him. It should as a Parliamentarian, but it does not seem to.

• (1250)

Mr. Breau: Your Party did the same thing in 1979.

Mr. Bosley: No, we did not. The interjection is that we tried to do a $14 billion borrowing in 1979 without a budget. That is nonsense and the Member knows it.

The other statement made by the Hon. Member for Gloucester should be repeated on the record because it reminds me of a statement made by another Liberal Member a long time ago about what it is to be a Liberal. You will remember that statement: anything goes. The Hon. Member's statement was to the effect that if the Government did not borrow the $14 billion, economic recovery would be impeded.

Mr. Breau: That is right.

Mr. Bosley: He went on to say that after all, Canadians would not loan that money to Canadians, they would ship it out of the country. The only borrower in this country in which the lending institutions have any confidence is the Government of Canada. That is the implication of suggesting the money would not be invested in Canada if the Government did not borrow it.

Mr. Breau: You know that I did not say that.

Mr. Bosley: I know exactly what the Hon. Member said.

Mr. Deputy Speaker: The Hon. Member for Don Valley West (Mr. Bosley) does have the floor.

Mr. Breau: Unfortunately.

Mr. Bosley: Mr. Speaker, I am never concerned about being heckled, I can assure you. When one is dissecting doubletalk, it is not surprising that the person who originated it in the first place wants a second kick at it.

The simple fact of the matter is this. To my knowledge, and the Hon. Member for Skeena (Mr. Fulton) put it on the record a minute ago, no Government has ever had the audacity to come to the House of Commons and ask for anything like $14 billion without a clear budgetary statement for the year ahead.

For the sake of the Hon. Member for Gloucester I want to deal with why that breach of the traditions of Parliament is so

important, why we oppose it, and why we support the amendment of the Hon. Member for Mississauga South (Mr. Blenkarn). Let me remind the Hon. Member, Mr. Speaker, that last June I believe it was, or whenever Bill C-125 came before the House, when the Government's financial needs were estimated to be roughly $17 billion and it tried to borrow $21 billion, this Party fought that and the Government agreed to reduce the provision to the then known borrowing requirements. The Government agreed to a proposal made by our side that the Bill be reduced to $17 billion and that, if later the $4 billion was needed, this Party would support a limited debate on the $4 billion. That turned out to be necessary, which is not surprising because, after all, this Government's economic policy is just to keep borrowing and spending and never worry about who is going to have to pay the bill.

Mr. Breau: There was a recession.

Mr. Bosley: That the recession was coming was not unknown, except perhaps to the Hon. Member for Gloucester. At that time, Mr. Speaker, Members of the Government talked about what good Parliamentarians they were in agreeing to defer the debate on the $4 billion at the time not known, in budget terms, to be necessary. At the same time we were told: "You are right, we ought not to come to the House of Commons for further borrowing authority unless we have presented a budget". Now, six months later, because the Government does not dare bring in a budget, because it does not have the courage to bring in a budget, Mr. Speaker, the Government tries an end run around the traditions of 110 years of this House of Commons. That end run is this: we do not know what our budget is going to say, we do not know what our spending is going to be, we do not know what our revenue projections are going to be—

Mr. Breau: Look at the estimates.

Mr. Bosley: —so we will table something called the Main Estimates, which every Member of this House knows is out of whack in any given year, under this Government anywhere from 5 per cent to 15 per cent. The Government calls that its spending estimates when everyone who watches Parliament knows that is not reliable, particularly under this Government.

Then the Government invents a new tradition. It says: all we have to do to justify borrowing is table a document where we may spend, without any commitment to a budgetary document, without any debate or any of the normal ties attached to a budget vote. It is a shameful way to avoid presenting to the House of Commons the Estimates in a budget context for the next fiscal year.

That is absolutely clear to parliamentary watchers, and that is why members of the media, particularly business columnists, are so astounded. I refer again to what the Hon. Member for Skeena has read into the record from a columnist in *The Globe and Mail*. That is why those analysts are so astounded, for the sake of the Hon. Member for Gloucester, Mr. Speaker, that this end run is being tried.

Let me put it, if I can, in a different context that perhaps even the Hon. Member can understand. Can he get up in his place and tell me or any Member of this House what precisely the period of time the $14 billion in borrowing—in other words, $14 billion in deficit—is to cover? Does anyone know? The answer is that nobody knows. The Minister of Finance knows full well that if he got up in this House and said: "Well, that is for the next four months", or five months, three months or six months, he would be signalling what he expects the deficit to be in budget year 1983-84. Of course he is not going to do that, because once Canadians discover precisely how bad the financial situation of this Government is, they are going to be equally astounded.

The Government has to learn two important points, Mr. Speaker. That is best exemplified by the fact that last year the Government of Canada was in the securities market for a total of 51 per cent of the net securities issued in Canada. You cannot borrow your way out of the problems we have in this country.

Mr. Breau: What about the Americans?

Mr. Bosley: The Government is going to have to learn that.

The second point, Mr. Speaker, is that each year under this Government the interest alone on accumulated debt climbs as a percentage of the Gross National Product. In fiscal 1982-83 it comes out at 4.8 per cent of the Gross National Product, up from 2 per cent when the Prime Minister (Mr. Trudeau) first took office. Somewhere along the line the Government is going to start coming clean with Canadians, coming clean with the House, and understand and honour parliamentary traditions. But most importantly, somewhere along the line this Government is going to have to learn the basic lessons of economics, that if you go on spending what you do not have, trying to fool people with their own money, eventually you will lose because the people know better.

Mr. Halliday: Mr. Speaker, would it be reasonable to call it one o'clock?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

AGRICULTURE

NEW CEREAL GRAIN TRANSPORT POLICY—MAINTENANCE OF QUEBEC BENEFITS

Mr. Gaston Gourde (Lévis): Last Saturday, in Quebec City, Madam Speaker, the Quebec wing of the General Council of the Liberal Party of Canada unanimously adopted a motion on the new grain transport policy announced on February 1.

The delegates have asked the Canadian Government that compensatory guarantees be written in the legislation so that Quebec farmers will not be unfairly treated should the equity rules in Canada be no longer respected once the new policy has been implemented. The delegates have also asked that the dairy policy be established on a lasting basis so that spokesmen for the agricultural sector will not be forced each year to make numerous representations to the Canadian Government in order that the program be maintained. The delegates also want the Livestock Feed Board of Canada to be given more extensive powers with a view to offsetting the major role of the Canadian Wheat Board in Canada.

Although the resolution dealt with many other aspects, its main purpose was to maintain the rights acquired by Quebec in a sector of the economy where, in recent years, the Canadian Government has contributed to the improvement of the situation. Some delegates expressed grave concern about the scandalous distorsion caused by Mr. Parizeau's progressive energy tax which has created a gap of tens of millions of dollars to the detriment of the overall economy of Quebec.

* * *

[*English*]

RAILWAYS

CROWSNEST PASS RATE—LOBBY AGAINST CHANGE

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, the representatives of the White Crow Movement, who are in the gallery today, have one purpose and one purpose only—the retention of the present statutory Crowsnest Pass freight rates. Hon. Members are being lobbied by these representatives today and tomorrow. These farmers will be seeking a simple "Yes" or "No" answer to the question of Crow retention. From the New Democratic Party they will get a unanimous "Yes" for Crow rate retention, and they will get it in Parliament and across the country in every Province.

I am certain the Conservatives will tell these representatives that they oppose the Pepin plan. But opposing Mr. Pepin will not keep the Crow. We hope our lobbyists will be seeking a clear position from each Conservative MP, because there is no provincial Conservative consensus in the West. The federal Liberal Party seems committed to Crow change, but provincial Liberal Parties in Saskatchewan and Quebec want the Crow kept and they are putting pressure on their Members here.

These citizens with the White Crow Movement have come 2,000 miles to tell us how the loss of the Crow rate will affect them as farmers, members of communities, and as producers in the larger Canadian economy.

Their message is a compelling one. The New Democratic Party position is clear. We would keep the Crow. I trust all Members will give the White Crow people a thorough hearing.

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PENITENTIARIES

OVERCROWDING AT DRUMHELLER INSTITUTION

Mr. Gordon Taylor (Bow River): Madam Speaker, the Drumheller Institution was built to handle a maximum of 400 prisoners; it now houses 560 inmates.

The Institution was widely advertised when it was built as medium security, to house young offenders. Its population now includes inmates of all ages, and about half of the prisoners should be in a maximum security institution.

The Drumheller Institution has no segregation cells and, with little work available, most of the prisoners are in the open room at the same time. This, along with double bunking in seven foot by nine foot cells, and insufficient places for the inmates to eat, creates an inflammatory situation. As a result, young offenders who are serving their first sentence for non-violent acts that forced no one else to do anything wrong, and who are not really criminals at all, who realize that they made a mistake and want to put that behind them and start a new life, are now being harassed by older inmates to a point that is hardly bearable. This situation is most unfair and is certainly doing nothing to rehabilitate the young offenders. It is actually breeding criminals.

I call on the Solicitor General (Mr. Kaplan) to commence at once to move the maximum security type prisoners to a maximum security institution where there are facilities to handle them, and to grant early parole to first-time offenders who committed non-violent mistakes.

The situation is so tense now that we could have another Archambault if action is not taken.

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HUMAN RIGHTS

PLIGHT OF UKRAINIAN, YURI SHUKHEVYCH

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Madam Speaker, I wish to make a statement pursuant to Standing Order 21 regarding an issue that is very important to many in my constituency of Parkdale-High Park.

The Ukrainian Canadian Committee has named this Yuri Shukhevych Week—a week hat has come to mean a great deal for the Ukrainian people. Yuri was first arrested in 1948, at

the age of 14, and sentenced to ten years of imprisonment in Vladimir Prison, for being the son of Roman Shukhevych, the Commander in Chief of the Ukrainian Partisan Army (UPA). By the end of his prison term in March of 1987, Shukhevych will have spent 35 years in prison and exile. Hence, he has come to represent much more to the Ukrainian people than simply another dissident in a concentration camp; he has come to represent their aspirations for a free Ukraine.

It is fitting that we remeber Yuri today, for today is his birthday.

Madam Speaker: Order, please. These statements should not be used for congratulating or commemorating someone. I understand the Hon. Member's feelings, but unless he has a statement to make on a particular issue, I cannot accept his statement.

Mr. Flis: As Chairman of the Canadian Parliamentary Helsinki Group, I urge the Department of External Affairs to make representations to the Soviet Union Government, through the appropriate channels, for the immediate release of Yuri Shukhevych and others who find themselves in a similar predicament.

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ADMINISTRATION OF JUSTICE

REDUCTION IN SENTENCE FOR RAPE

Ms. Lynn McDonald (Broadview-Greenwood): Madam Speaker, last week the Court of Appeal of Alberta reduced the sentence of a man convicted of rape, from eight years to four years, for reasons that must be abhorrent to all decent pepole, and especially this Parliament which recently passed amendments on sexual assault.

The victim of the sexual assault is crippled by polio, has braces on her legs, and uses a crutch. She met her assailant, a former neighbour, in a bar, and went back to his apartment for beer and marijuana. Surely we should not have to explain that accepting the invitation to a legal beer or illegal marijuana does not imply acceptance of sexual assault.

The judgment states that "sexual intercourse took place after a short time", but the better word is assault, for, as the judgment notes, "the jury found that it was without her consent and violence was used". The accused was, at that time, serving a three-year sentence for a previous rape.

According to the original trial judge, "I've sat on the bench for ten years, and the circumstances of this crime, I can say, without exception, are the worst I've ever seen."

A four year sentence is not inconsequential, but we must take exception to the reasoning, to wit: "We think the circumstances are such that it would not have been surprising to that young woman that something might well happen to her going up to the man's apartment between two and three o'clock in the morning—"

The courts must learn that "No" means "No" at two o'clock in the morning, three o'clock, or high noon.

* * *

ADMINISTRATION OF JUSTICE

RELEASE OF RAPIST IN VANCOUVER

Mr. Gordon Towers (Red Deer): Madam Speaker, the Government seems to be losing sight of the perspective that society must be protected against anti-social behaviour and those convicted of it; that the public, too, has rights, along with convicted felons; that the penalty for crime is punishment; and that, even though we temper punishment with compassion and mercy, we must accept the fact that certain cases are above redemption and rehabilitation.

In Vancouver this weekend a convicted rapist, described by the Chief Justice of British Columbia as "a menace to society", has been set free by a court when it ruled the Parole Board acted illegally by arresting him upon his release on mandatory supervision. The B.C. Chief Justice also said "the liberty of the subject has to be waived in juxtaposition to the safety of the public at large."

I realize that the Supreme Court of Canada is dealing with the issue on May 17, but I just want to put the Solicitor General (Mr. Kaplan) and the Minister of Justice (Mr. MacGuigan) on notice that Canadians have had their fill of animals being returned to society to strike again.

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CANADIAN BROADCASTING CORPORATION

FUTURE OF "REACH FOR THE TOP" PROGRAM

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, I should like to call attention to the fact that the Canadian Broadcasting Corporation may cancel one of its better programs, "Reach for the Top". The Canadian content of this program is 100 per cent. It features outstanding Canadian students—intellectual stars at the teenage level.

Everyone agrees that our most precious Canadian resource is our young people. I am certain that all Canadians want "Reach for the Top" to continue. Let us hope they will write to the CBC and let it know. As Members of Parliament, let us see that the CBC gets the message when we are studying the estimates.

We suggest that this program be continued. We are advised, however, that both regional and network program directors made a recommendation that the series be cancelled. They gave the reason as "not reaching the intended target audience". I would suggest that all that is required is a little imagination—a change of format and possibly more play-offs, more short-term competition. Surely the minds at the Canadian Broadcasting Corporation can find a way to save this all Canadian, young peoples' show.

ROYAL CANADIAN MOUNTED POLICE

AGE OF RETIREMENT POLICY

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, today in Montreal a matter involving RCMP Corporal Zephreim Fortin is being heard by the Federal Court.

The issue is an important one for many RCMP members, involving the Canadian Charter of Rights and Freedoms, which seems to be violated by the discharge or retirement procedures of the RCMP which, coincidentally, were changed last Thursday by administrative bulletin AM536. Very briefly, the issue which is being joined by a writ of prohibition by counsel for Corporal Fortin, involves the existing practice of retiring RCMP members at a lower age level if they have a lower rank, or perhaps to put it differently, on the basis of rank rather than ability.

● (1410)

On October 20, last year, the Commissioner of Human Rights, Mr. Fairweather, expressed his views on this procedure in the case of Sergeant Entwhistle of Fredericton, New Brunswick. However, the problem of differing ages for differing ranks regarding their length of service continues to upset members.

I ask the Solicitor General (Mr. Kaplan) and the Minister of Justice (Mr. MacGuigan) to review this general practice even though the relevant section of the Charter of Rights will not be operative until 1985. It does represent an obvious and contining injustice and concerns the service representatives and the members of the Association of 17 Divisions who are looking for changes in this manifestly unfair practice.

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SEARCH AND RESCUE

CANADIAN EQUIPMENT ON NEWLY LAUNCHED SATELLITE

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, I would like to inform this House that scientists at the Department of National Defence, Department of Communications, and at Spar Aerospace Limited, have successfully launched a satellite today to be used in search and rescue operations in Canada. Canadian designed equipment was launched today at about 11 o'clock our time aboard a U.S. weather satellite from Vandenburg Air Force Base in California. This search and rescue equipped satellite joins two similar Soviet satellites, the first of which has already contributed to the successful rescue of 17 North Americans.

This important addition to Canadian search and rescue capabilities is part of an international experimental program in which Canada has been a leading member along with the United States, France, and the Soviet Union. As well as saving lives, this satellite system should also reduce the risk to search and rescue forces who often operate under severe and dangerous conditions.

S.O. 21

By participating in this high technology program Canadian industry will continue to remain in the forefront of this sector of space technology.

This successful launch today marks another important milestone for Canada in a very important, humanitarian program, and enhances internationally our already well established capabilities in space communications research and development. It also underlines the Government's commitment to improve search and rescue services continuously by every means possible, for all Canadians.

The issue in question is the justification of spending—

Some Hon. Members: Order.

Madam Speaker: Order, please. The Hon. Member for Joliette (Mr. La Salle).

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[*Translation*]

AGRICULTURE

FINANCIAL PLIGHT OF FARMERS—REQUEST THAT BANKS SHOW TOLERANCE

Hon. Roch La Salle (Joliette): Madam Speaker, I take this opportunity to remind Hon. Members that the House has unanimously agreed to expedite Bill C-653, an Act, to amend the Farmers' Creditors Arrangement Act. I take also this opportunity to remind lending institutions which are at times rather over-anxious to be paid back that Parliament has acted unanimously. Tomorrow, the committee will start sitting again; beginning April the 11th, it will hold public hearings and will hear witnesses who will make representations concerning ways and means to avert a great many farm bankruptcies.

I simply raise this issue to urge lending institutions to show a little more understanding toward our farmers who may have fallen back in their payments, for they are perfectly aware that Parliament will accept unanimously, as it did in the case of Bill C-653, any recommendation aimed at preventing the bankruptcies of several farmers.

* * *

[*English*]

CANADIAN NATIONAL RAILWAYS

START OF ANNOUNCED LAY-OFFS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, on May 1 the hundreds of lay-offs which the CNR announced last January will be taking effect. I would like to take this opportunity to encourage the Minister of Transport and the Government to prevail upon the CNR to cancel these lay-offs.

We all know that when the economic recovery comes we will need a railroad and the equipment, and if we do not put these people to work now, three years hence the railways will be whining and snivelling that they do not have their equipment

ready and in place. The railroads are now laying people off for short-term budgetary reasons when there is work waiting to be done. Hundreds of people will be laid off on May 1 if the Government does not lean on the CNR to change its mind.

The railways led many people to believe that the lay-offs were related to the Crow and that they needed changes in the Crow rate. Now we have propsals made by the Government to change the Crow, and yet the lay-offs are to go ahead. If the railroads want to bargain in good faith with the Canadian people they ought to cancel the lay-offs for May 1, and, of course, at the same time accept the NDP proposal to keep the Crow, a proposal which would give them the same amount of money but would keep more people at work and solve many problems which the Pepin-Gilson proposal does not solve.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

REQUEST FOR MEASURES TO STIMULATE JOB CREATION

Hon. James A. McGrath (St. John's East): I wish to direct a question to the Minister of Finance, Madam Speaker. The Conference Board in Canada is today estimating that, if you add the discouraged workers to the 1.6 million unemployed reported for February, we would have a real unemployment rate in Canada of 19 per cent as opposed to 12.5 per cent.

This prompts me to ask the Minister of Finance, given that range of unemployment unprecedented in our country why is he not bringing in measures to stimulate employment now rather than waiting until the budget? The Minister knows that when he does bring in the budget with these stimulative measures there will still be a substantial time lag, which means the situation will get worse. Why does the Minister not bring in these measures now?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am advised the Conference Board estimate is to the effect that, had it counted discouraged workers, the unemployment figure would rise by 6 per cent or 7 per cent, but it is 6 per cent or 7 per cent of 1.5 million, not 6 per cent over and above 12 per cent. Therefore, the Hon. Member's mathematics are not fairly representing the point of view of the Conference Board. Be that as it may, the number of unemployed is indeed very high and if we include the discouraged workers it would certainly add to the total number.

I indicated to the Leader of the NDP on Friday that we already have $2 billion worth of direct job and indirect job stimulation at the present time in the economy.

The Senate is now considering the Income Tax Act. I hope this Bill will be passed before Wednesday, at which time we will be able to send refunds to Canadians, meaning that over the next two months some $6.5 billion will be injected into the economy in direct money that Canadians can spend. As I indicated, I expect to be able to bring forward the budget reasonably soon after we return in April.

I think the adoption of the Income Tax Act and the programs already in effect will play a significant role at least in alleviating the difficulties which many, many Canadians are facing at the present time.

Mr. McGrath: Madam Speaker, I doubt whether any of the 2 million unemployed, certainly the discouraged workers, the long-time unemployed workers in this country, can look forward to any tax refunds. That measure is a matter of complete indifference to them.

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UNEMPLOYMENT INSURANCE

ESTIMATED COST OF BENEFITS

Hon. James A. McGrath (St. John's East): Madam Speaker, my supplementary question is for the Minister of Finance. I can cite economists who are predicting that unemployment payments could rise to $12.3 billion this year from $8.6 billion in 1982. Could the Minister confirm that this is a correct estimate? Could he also tell the House whether it is his intention to bring in a further increase in unemployment premiums in addition to the 40 per cent increase in premiums last year which, in itself, is a disincentive to creating jobs in the private sector?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member is asking me to confirm some predictions made by a private organization. I already indicated I was not going to spend my time discussing predictions from various institutions, for the simple reason that such predictions change constantly.

As far as our own predictions are concerned regarding the Unemployment Insurance Fund deficit for next year, I myself or some of my colleagues will be dealing with this matter during the budget debate. I do not know whether my hon. colleague would or would not want us to increase unemployment insurance premiums but whatever his position is, namely, whether he is prepared to see the Unemployment Insurance Fund deficit increase or whether he wants us to bring that deficit down, I should be happy to hear his views and consider them in the light of the budget.

I can inform the Hon. Member right away that as far as we are concerned, we are not now considering an increase in unemployment insurance premiums.

• (1420)

[*English*]

FINANCE

INQUIRY RESPECTING DATE OF BUDGET PRESENTATION

Hon. James A. McGrath (St. John's East): Madam Speaker, the Minister knows full well that another increase in unemployment insurance premiums over and above the 40 per cent last year would be a disincentive to job creation in the private sector.

Since we are told that we have to wait until the Minister brings in his budget, would he at least tell us the date of that budget today? Would he at least tell us, in view of the estimated increase in the amount of unemployment insurance benefits being paid out, and because of the seriousness of the unemployment insurance situation, whether he intends to bring in a further increase in unemployment insurance premiums? If he does, what stimulation does he intend to add to that in order to offset the disincentive this would represent to the private sector, especially to small business, in creating jobs?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, my hon. friend may have misunderstood what I said in French. I have indicated that the Government is not considering increasing the contributions to the unemployment insurance fund. That is the Government's view.

I indicated that if my friend's Party has a different view, I will receive their representations if they want an increase. As far as this side of the House is concerned, we are not considering an increase in contributions to the unemployment insurance fund.

With respect to the date of the budget, I would be pleased to announce it before the House adjourns on Wednesday, assuming that the borrowing authority Bill will have been passed by the House in the meantime.

* * *

EMPLOYMENT

REQUEST FOR JOB CREATION MEASURES FOR WOMEN HEADS OF FAMILIES

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is directed to the Minister of Employment and Immigration. I am sure that he will know that more and more cases of hardship and suffering in this country being reported, either to Members of Parliament or social agencies, concern single parent families headed by women. I am sure he will also know that it is among this group where the increase in long-term unemployment has been about the highest. It has gone up 106 per cent since this time last year, among single parents who are women. Half of those families are living below the poverty line.

Therefore, is the Minister targeting any special job creation programs for this particular group of single parent families headed by women, in the same way that the NEED Program is targeted toward a specific group?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the fact is that a very large percentage of women have been included in most of the job creation programs that we have put forward. The general estimate during 1982-83 is about 55,000 women, I believe, who are involved in our job creation programs.

Where we have special targeting is under the Canada Community Services Program which is especially designed to provide job creation initiatives in the community service area. I believe that about 80 per cent or 85 per cent of the participants in this Program are women.

The NEED Program itself involves a large percentage of women because it is not designed exclusively for those who have exhausted unemployment insurance but also for those who are on social assistance or have other forms of need.

We have tried to ensure that women have full and equal access across the board in our job creation programs. I think the figures bear that out.

Miss MacDonald: I was trying to bring home to the Minister the fact that this specific group is really an extreme case. The number of long-term unemployed in this group has gone from 61,000 last year to 126,000 now. Many of those women who have children are living on approximately $450 a month and are paying more than half of that on rent. That is the situation I want to bring to the attention of the Minister.

TRAINING PROGRAMS FOR WOMEN

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, will the Minister consider whether specific arrangements can be made under the National Training Act to target training places for this group of people so that they will have an opportunity to guarantee themselves a place in the jobs of the future in the high-tech industries of the future? Will the Minister target this group for special training places under the National Training Act?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think the Hon. Member has pointed to an area where some significant progress can be made by enabling women, and single parent mothers in particular, to gain those skills necessary to make them eligible for the various types of work and occupations that are emerging.

I would point out to her that the National Training Act was designed specifically with that in mind. Not only do we have special incentive allowances for private employers—up to 75 per cent of cost—to train women on the job under both the Critical Skills Training Program and the Industrial Program, we have also reserved special places for women in all the training places that we buy. In fact there is a special category set aside for them.

Third, under the National Training Act we have opened the invitation to a wide variety of sponsors, whether they are

YWCAs, women's organizations, or community colleges, to use the Skills Growth Fund to establish specialized training facilities, equipment and programs to enable women, particularly those with poorer skills, to acquire basic skills and move into high-tech and high trade jobs. To a large extent the utilization of the Skills Growth Fund is dependent upon the imagination and creativity which exist in the country. We are certainly open to those kinds of proposals.

REQUEST FOR DEPARTMENT'S FORECASTS

Hon. Bill Jarvis (Perth): Madam Speaker, I have a supplementary question for the same Minister. Having heard the litany of programs available, particularly for those women who are the heads of single parent families and households, could he give us his Department's projections of the reduction in unemployment among that particular sector over the next fiscal year?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as I have pointed out in the House many times, the primary objective of this Department is to create employment for people. We do not get into the kind of numbers games and statistical gymnastics which are all that the Members of the Opposition ever offer to the House. They never offer any concrete or constructive suggestions.

PROGRAM ESTIMATES

Hon. Bill Jarvis (Perth): The Minister knows how many tens of thousands of women who are the heads of households are on unemployment. Without trying to trigger the Minister into another diatribe in terms of partisan politics, what is the projection of the success rate of the litany of programs he just enunciated? What is his projection as to the reduction in unemployment among that group? Please do not interpret this question as an attempt to score partisan points. What is the forecast relief in human misery among the group of whom the Minister has spoken, and about whom I have posed the question?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, certainly no one on this side is trying to score points on such a sensitive issue.

Mr. Jarvis: Oh, come on. Take a lesson from Cullen. You are a disaster.

Mr. Axworthy: Does the Hon. Member want an answer to the question, or does he want to spend the afternoon bellowing out these various comments?

The point that we are trying to make is that we are trying, in the programs themselves, to provide a variety of incentives not only to bring women into the work force but permanently into the work force so that they will be eligible for the kinds of jobs created by the new technologies we face and the new occupations that are coming forward.

In one case I would point out that under the PED Program, where we provide a direct wage subsidy to private employers, particularly in the small business sector, to provide jobs in that area for people, we estimate that 70 per cent of that program's recipients will be able to be retained on those jobs on a fulltime basis. A large percentage of those coming under that PED Program are women.

JOB CREATION FOR WOMEN—REQUEST FOR INCREASED FUNDING

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, I also have questions concerning women and employment. I am sure the Minister of Employment and Immigration is well aware of the National Action Committee on the Status of Women, representing 230 women's organizations, which met this weekend. One of the priorities about which they were very concerned was the whole question of access to job creation and employment generally for women, particularly for women in low income groups and who are sole support parents, as mentioned by the previous speaker.

NAC is particularly concerned that women are not getting into programs such as NEED, over which the provincial Governments have a fair degree of control. As well, there is no built-in affirmative action requirement. I would ask the Minister, on behalf of the NAC group, if he is prepared to fight for a significant increase in federal funding for direct job creation in the budget which is being prepared now. Second, will he also make sure that half the jobs which are created by federal initiative are reserved for women?

• (1430)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would like to point out to the Hon. Member that in the 1983-1984 fiscal year we in fact increased the amount of money going into creation of direct employment by 50 per cent. We had a substantial increase to well over $1.2 billion from the budget of around $580 million. As a result, we will be in a position to offer close to 200,000 different places under our job creation programs across Canada under the direct employment programs that we offer, both the NEED program and the other programs like the Canada Community Development Program.

Where we have put forward applications for sponsorship by a variety of community groups or municipalities we have required that each of those applications must be accompanied by a positive action statement, whereby the proposed employer who will be using federal funds for job creation would indicate to what extent that employer is providing equality of access, with particular reference to women and to minority groups. As a result of that we have been able to increase substantially the number of women participating in the direct employment programs of the federal Government.

Mrs. Mitchell: Madam Speaker, the record is just not good enough. That is what we are saying, and that is what women's

groups are saying. We have to work on this together so that there will be equal access for women in these programs.

NATIONAL TRAINING ACT

Mrs. Margaret Mitchell (Vancouver East): The National Action Committee also is very concerned that many of the existing training programs are really not accessible to women with the greatest need. For example, there are many, many women who had children early in their lives and who have maybe grade 8 or grade 9 education. These women really cannot get into the training programs or the upgrading programs, because the coverage is not long enough. They need a year or so for much of the upgrading that would help them to become more employable. Many of the courses are at night, and these women do not always have babysitting services available to them.

Madam Speaker: Order, please. Does the Hon. Member have a question?

Mrs. Mitchell: I certainly do, Madam Speaker.

Will the Minister change the National Training Act to provide longer and more flexible upgrading programs for women, including life skills as well as computer literacy programs which require little of the formal education to which I referred?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, there is no need for changes under the National Training Act because those changes have already been made. They were part of the National Training Act. The fact of the matter is that, under the present Act, training courses can be extended beyond a 52 week period. They can go for upwards of two or three years, in fact.

What we have tried to do under that particular new piece of legislation, working with the Provinces, is to link up the basic skills training program which provides the basic literacy that the Hon. Member is interested in, to tie those into higher skills training programs so that there can be a full escalator along a training path both to allow them to reach certain stages of development and certain stages of acquisition along that way.

In addition to that, as I previously pointed out to the Hon. Member, we have also put in place access to the Skills Growth Fund so that specially designed or tailored programs for women in those circumstances can be designed.

What we do need now is a partnership by groups and organizations across the country to come forward with applications and proposals for the Skills Growth Fund. It really has to be an act of partnership in order to make the full utilization of the National Training Act work effectively for women.

Mrs. Mitchell: The Minister talks great in theory but, Madam Speaker, I can tell you women are not getting into those programs because they are not adapted to their needs.

Some Hon. Members: Hear, hear!

CANADA LABOUR CODE

APPLICATION TO WOMEN USING VIDEO DISPLAY TERMINALS

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, my final supplementary is directed to the Minister of Labour. Will the Minister introduce changes to the Canada Labour Code to protect women workers from the tremendous impact of technological change? In particular, will he ensure two things: first, that full participation of all workers in all decisions relating to the introduction, implementation and the monitoring of technological change is a part of that Code, and will he also adopt the recommendations of the Task Force on Micro-Electronics and Employment which proposed a five-hour daily limit for those working at video display terminals? What does the Minister say?

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, we are in the process of consulting both labour and business on all of the recommendations contained in the "Chips" Report, including the ones that the Hon. Member has just mentioned. We are having a good look at them and we will be able to come to some conclusions in the not too distant future.

Some of the issues that have been raised are very complex; they are subject to change because of technological change and improvements in manufacturing and because of the nature of high technology. Before we would want to include any proposition in the Code, we would want to make sure that we had the right answer.

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[*Translation*]

EDUCATION

RECOGNITION OF FUNDS PROVIDED BY FEDERAL GOVERNMENT

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, my question is directed to the Secretary of State. The House is aware that last week was a week of good news for official language minority groups. Ontario announced that all French-speaking students were entitled to receive a public school education in their own language. The Province has promised to introduce legislation this fall that will establish a public elementary and secondary education system available to all francophones. The Secretary of State announced the renewal of a number of federal-provincial agreements on education, and more specifically, support programs for second language teaching and for the education of official language minority groups. My question regards the breakdown of and accountability for, federal funds spent by the Provinces to support these areas of education. Could the Minister inform the House whether all Provincial Governments have made a firm commitment to the Minister that they will publicly account for the funds granted by the Federal Government?

Hon. Serge Joyal (Secretary of State): Madam Speaker, I have had previous meetings with provincial representatives,

and especially with the provincial Ministers of Education, and I have had an opportunity to discuss how Provincial Governments can account for the manner in which funds transferred to them by the Parliament of Canada are spent. One of the essential conditions for renewal of the agreements is that the Provinces undertake not only to demonstrate that the funds are indeed spent for the purpose for which they are given, but also to indicate the Government of Canada's participation to all fund users, so that all Canadians are aware that the funds are made available to them by the Parliament of Canada.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF MEMBERS OF LAW COMMISSION OF NATIONAL ASSEMBLY OF FRANCE

Madam Speaker: I would like to draw the attention of the House to the distinguished presence in our gallery of a delegation of Members of the Law Commission of the National Assembly of France headed by Mr. Pierre Bourguignon.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF PRESIDENTS OF GENERAL COUNCILS OF FRANCE

Madam Speaker: I also have the honour of drawing the attention of the House to the presence of a delegation of Presidents of General Councils of France, headed by Mr. Maurice Pourchon.

Some Hon. Members: Hear, hear!

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[*English*]

OFFICIAL LANGUAGES

USE OF FEDERAL FUNDS BY PROVINCES

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I have a question for the Secretary of State. There is implicit in the previous question and answer that some provincial Governments in Canada have not been using the funds allocated to them for second language training for that purpose.

Is the Minister in a position today to identify the Provinces that have not so complied with the purposes for which the funds were given, and to what extent they have not complied? Would he be able to table a document in the House of Commons which would indicate the extent to which Provinces have not complied with the purposes for which those funds were given?

[*Translation*]

Hon. Serge Joyal (Secretary of State): Madam Speaker, it is impossible to determine exactly how or on which part of the program these funds were spent. This requirement did not exist in the past. The Government was unable to ask the provinces to account for the way they used these funds. We simply gave them a certain amount and generally identified the purposes for which it should be used. This is why, since 1979, all my predecessors have tried to develop a formula which would give us more information about the way these funds are used. I was indeed happy to be able to report to the House that we have now come to an agreement with the provinces about a formula which will provide real guarantees that the funds are in fact spent for the purposes for which they were allocated. However, at the present time, it is impossible to trace back the funds since we have no legal power to force the provinces to provide detailed information about how they spent this money in the past.

[*English*]

INQUIRY RESPECTING GOVERNMENT'S KNOWLEDGE

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, there must have been some concern in the mind of the Government about the accountability for these funds, and there must have been some evidence that the Government relied on to come to the conclusion that the funds were not being used for the intended purposes. I happen to support the proposition that the funds be specifically earmarked, I want to tell the Minister that. What evidence does the Government have that heretofore they were not being used, beyond suspicion, gossip, and so on? What concrete evidence, if any, does it have that they were not being so used?

• (1440)

[*Translation*]

Hon. Serge Joyal (Secretary of State): Madam Speaker, the Hon. Member has given part of the answer himself. It is a fact that many Members on both sides of this House have tried to obtain better guarantees about the use of these funds. In addition, many representatives of linguistic minority associations, both French-speaking and English-speaking associations, especially in Quebec, have asked that much more accurate information be given concerning the use of these funds. It was to satisfy the Members of Parliament and the users of these funds or those for whom these funds were meant that we have tried to obtain the agreement which has now been reached. I am happy to be able to report to the House that our negotiations have been successful.

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[*English*]

UNEMPLOYMENT INSURANCE

DETERMINATION OF BENEFITS BASED ON RESIDENCE FACTOR

Mr. Bill Kempling (Burlington): Madam Speaker, my question is for the Minister of Employment and Immigration. On December 22 last I asked the Minister a question about

discrimination regarding the payment of unemployment benefits by reason of the place of residence of an unemployed person. In Hamilton you need ten weeks of employment to be eligible for benefits, and in Burlington, right next door, you need 16 weeks. At a recent seminar of Stats Canada officials in Hamilton, they stated that they could not separate the economic statistics, of Hamilton and Burlington—that they consider it all one region for their purposes. When will the Minister move to do something about this inequity?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, as I explained to the Hon. Member at the time, we have divided the country into 40 regions under the unemployment insurance system. When you do that division, you have to draw the boundaries somewhere. Usually they are drawn according to the longer term historical pattern of the unemployment rate because, as the Hon. Member knows, we have to gauge the various entrants requirements and other qualifying requirements according to those longer term trends. It is quite true that, during this time of recession, the area of Burlington has experienced more severe unemployment, but generally it has been a high employment area with a very stable workforce.

As I indicated at that time, all of the boundaries are under review. We cannot make one boundary change because, once you make one, it has a domino effect and affects every other boundary in a region. Therefore, they have to be balanced out. We are trying to look at what the longer term trends will be and adjust them, if adjustments are necessary, according to those trends, not simply responding to the short term circumstances that we are now experiencing.

TREATMENT OF HAMILTON AND BURLINGTON AREAS

Mr. Bill Kempling (Burlington): Madam Speaker, I guess it depends on where you live in Canada. The Minister of Finance, speaking at a meeting in Rivière-du-Loup some time ago, announced changes of the boundaries of unemployment insurance regions so that the claimants of that region need to have a minimum of ten weeks of insurable employment in order to collect unemployment benefits.

The Hamilton-Burlington-Niagara area is a disaster area as far as employment is concerned. The process is silly. If you call Burlington information, you get the Hamilton office. It is all monitored through Hamilton. The statistical information gathered says it is all one region. Why does the Minister continue to do this, and when is he going to do something about it?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I want to dismiss any suggestion that the Hon. Member left that there was some preference given from one region to another. That is simply not the case. The determination of boundaries is set upon very clearly defined statistical indices that are developed by Stats Canada which represent the labour supply and labour surplus figures over a period of three to five years. The circumstance in the Burlington area is something that has emerged only within the last year during a time of recession. We, along with the Hon. Member, hope that that situation will turn around and that that area, which has provided such a very strong focus of economic growth in the past, will continue to do so in the future.

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RAILWAYS

CROWSNEST PASS RATE—SASKATCHEWAN DELEGATION OPPOSED TO CHANGE

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question is directed to the Minister of Transport. Sometime ago in this House the Prime Minister said that he would not fiddle with the Crow rate as long as there was not a consensus on the Prairies. We have with us today a group of farm men and women who have travelled from Saskatchewan to present to this House a petition containing over 15,000 names, asking us to keep the Crow rate for the Prairie Provinces. There is a consensus. The consensus is to keep the Crow. In light of that, and in light of the Prime Minister's promise that he would not fiddle with the Crow rate if there was such a consensus, will the Minister now listen to the people and abandon his promise to abolish the Crow rate?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have already explained my view on the subject. There are people who will not agree with everything that is in the Bill on the western rail initiative. It will usually be for different reasons. I will have many occasions in future months to explain the policy. I will demonstrate that it is not a black and white situation.

The increase in the cost of transportation is a reasonable one; two times the Crow in three or four years, five times the Crow by the end of the decade. It is reasonable. Some months ago the pools were willing to accept two times the Crow now. It still remains at a very low level in terms of the cost of transportation with respect to the price of grain internationally. I will demonstrate that often.

In return, the western farmer will be the only one in Canada to be guaranteed a less than 6 per cent inflation rate, a privilege second to none in society today.

In return, the western grain grower will get the best railways in the world. Consequently, he will be in a position to grow more and pay less for storage, demurrage and so forth. It will be a very interesting debate.

REQUEST THAT REFERENDUM BE HELD

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, the Minister has been to western Canada. He knows what the people think. Sometimes he is a fair minded man. I want to know whether he will consult the people. For example, is he willing to have a referendum held among permit book holders so that the farmers can decide whether they want to go with the Hall Commission recommendations or with his recommendations? If he is a fair minded Minister, he will not be afraid

of going to the people. Will the Minister go to the farmers in a referendum and listen to what the farmers want to do with the Crow rate?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have been in the West many times this past two or three years. I will be there very often in the next two or three years. I remember vividly the reaction of people to whom I was saying that we needed a task force or a commission. They told me that that transportation problem had been studied enough. Enough was enough. Now is the time to make a decision on the subject, and my hon. friend will have to go with it like everybody else.

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INCOME TAX

PROVISION AFFECTING MINERS IN ISOLATED AREAS

Mr. Jack Shields (Athabasca): Madam Speaker, I have a question for the Minister of State for Mines. I am sure the Minister is aware of the deemed income provision in the last two budgets which is attacking mining companies and, in particular, employees in isolated or semi isolated communities. At the present time they are receiving interest free and low interest loans and, indeed, subsidized housing. What has the Minister done to assist these people as a result of this very negative tax that is being imposed?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I am sure the Hon. Member is very much aware of the work that has been conducted by myself with the officials of the Department of Finance to look into this matter. It has received a great deal of consideration. These benefit provisions are being phased in so as not to affect the employees adversely and in order that they will have a chance to build these costs into their future contracts. It is being done very equitably.

Mr. Shields: For our benefit, the Minister is doing nothing and has done nothing. She is too interested in attacking the spousal income deductions.

TAXATION OF NORTHERN ALLOWANCES

Mr. Jack Shields (Athabasca): Madam Speaker, my question is directed to the Minister of Finance. Is the Minister taking into consideration the representations made by myself and the resource mining industry as to the very important provision usually provided to attract key employees to isolated communities for the development of our North? Is the Minister looking at that in his new budget?

• (1450)

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I always consider seriously every suggestion made to me, even those made by the Hon. Member, in spite of his lack of elementary courtesy for the Minister of State for Mines.

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HOUSING

NEW HOME BUYERS GRANT OF $3,000—RECOMMENDATION THAT CMHC ACCEPT APPLICATION MADE BEFORE DEADLINE

Hon. Roch La Salle (Joliette): Madam Speaker, I have a question for the Minister of Public Works, who is also responsible for the Canada Mortgage and Housing Corporation. As he is aware, we have nearly reached the expiration date for the $3,000 grant on the purchase of new housing. The Minister also knows that certain provincial statutes concerning the environment or agricultural zoning could prevent a purchaser from beginning to build his house before the expiry date. In view of these circumstances, would the Minister be willing to recommend to the Canada Mortgage and Housing Corporation that it accept as valid the applications made by people who cannot begin construction because of a provincial statute, on condition, of course, that the application is made before the final date? Will such people at least have the guarantee that they can benefit from this very useful grant?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, we have tried to be as open as possible and to interpret the rules as flexibly as we can, regarding housing construction. I am aware that there are some difficulties in this regard because Members on this side of the House have also raised the specific problem of zoning permits in Quebec. We are trying to develop a formula to solve the problem. I hope that the provincial authorities will also be a bit more flexible in this regard.

Mr. La Salle: Madam Speaker, I have already made representations to the Quebec authorities. I have been told that when it comes to their own files, they are not certain that they will be able to process all the applications they have received. This is why I am very objectively asking the Minister whether the CMHC could at least relax its rules and ensure that Canadians will not be penalized because of a provincial statute which, without any lack of good will being involved, might prevent building permits from being issued. I hope that all Canadians who obey the legislation introduced and implemented by the Federal Government will be eligible for this grant.

Mr. LeBlanc: Madam Speaker, I have already indicated that we are trying to interpret the rules concerning this program as broadly as possible and that we shall continue to do so. I hope to be able to give a more detailed answer to the Hon. Member within a few days.

[*English*]

ABORIGINAL RIGHTS

EQUALITY OF NATIVE WOMEN

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, my question is directed to the Minister responsible for the status of women. As the Minister knows, the Inuit, the Native Council of Canada and the Native Women's Association of Canada all agree that the equality clause in Section 35 should read:

Notwithstanding anything in this Part, the rights of the aboriginal peoples of Canada are guaranteed equally to male and female persons.

Since the equality clause now included in Section 35 is quite different from the above, and in fact denies to non-status Indian women and their children their rights to equality, will the Minister assure the House that she will make every effort to see that a genuine equality clause is included in Section 35 of the Constitution?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, the Hon. Member is aware that we went to considerable trouble to see that the equality clause was included in Section 35. It was negotiated with the Provinces, and she has heard the answer the Minister of Justice has offered. However, I would like to add further that, as far as I am concerned, all of the women in this country are protected by the original Charter.

POSITION OF NON-STATUS INDIAN WOMEN

Miss Pauline Jewett (New Westminster-Coquitlam): Madam Speaker, I would like to remind the Minister that, unfortunately, the rights of the aboriginal peoples Section is outside the Charter and, therefore, I am afraid Clause 28 will not apply.

An Hon. Member: Yes, it does.

Miss Jewett: Well, I hope it does apply, but Clause 28 applies only to all the rights in the Charter. Section 35 is outside the Charter and, therefore, I would like to pursue with the Minister her point that equality rights are guaranteed in Section 35. They are not. Therefore, I would repeat to the Minister that only existing rights are going to be protected, and ask her again: since non-status Indian women and children do not have existing rights, will the Minister work to ensure the changing of the equality clause in Section 35 in such a way as to make it a genuine, full equality clause?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, we have made it absolutely clear that the clause as it stands now must stay because it has been supported by the Provinces and the Government. I would like to state further, however, that this Government is looking at changing the Indian Act, as the Hon. Member knows, and that is in the preparation stage now and the problem the Hon. Member is referring to will be addressed. Again, I repeat, the Indian women of this country are not outside the general Charter. I repeat that. That is why the Indian Act must be changed and come into effect before the three-year moratorium closes.

PRIVATE MEMBER'S BILL TO AMEND INDIAN ACT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have a supplementary question directed to the same Minister. Since she, herself, has stated that the Government must begin by amending the Indian Act, and since there is a Bill standing on the Order Paper in the name of the Hon. Member for Kingston and the Islands, which would remove Section 12(1)(b), a highly discriminatory clause in that legislation, will the Government bring forward that private Member's legislation upon the assurance that it will get immediate passage through all stages?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, we will be bringing in our own more comprehensive legislation.

Some Hon. Members: Hear, hear!

OFFER TO PASS PRIVATE MEMBER'S BILL

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, the Minister has the opportunity, if she and the Government are acting in good faith when they say they want to remove discrimination from the Act, to agree to our suggestion that they bring on that private Member's legislation immediately and pass it through all three stages forthwith in order to remove one of the most invidious Sections which ever saw the light of day from this Parliament.

Some Hon. Members: Hear, hear!

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, we will be bringing our own Bill forward, and I trust we can count on the unanimous approval of the Hon. Members opposite.

Some Hon. Members: Hear, hear!

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BANKS AND BANKING

PENALTIES IMPOSED FOR RENEGOTIATION OF MORTGAGES

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, my question is directed to the Minister of Finance. Several of my constituents have found themselves in a closed mortgage situation where they are paying 18¼ per cent, and I believe all Hon. Members will find this is a typical situation. When they try to open these mortgages they are told they have to pay a three-month penalty. I believe most right thinking Canadians are prepared to accept that. Unfortunately, the trust companies and the banks are now saying that they want something in addition to that amount, as much as $7,000 on a $40,000 mortgage. Is the Minister of Finance prepared to direct the

presidents of the trust companies and the banks, or meet with them and ask them if they could accept their social responsibility? They have made 18¼ per cent for two years on these mortgages. That is a handsome profit. It is time they limited themselves to a three-month interest penalty.

Some Hon. Members: Hear, hear!

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Indeed, Madam Speaker, the point raised by the Hon. Member seems very worthwhile to me, and a three-month penalty would seem reasonable to me under the circumstances. In addition, I would suggest that, if there are other cases such as those mentioned by the Hon. Member, they should be brought to my attention, and I undertake to have them submitted to the institutions involved, either by the Inspector General of Banks or any other appropriate agency, so that they will be closely scrutinized, in an effort to prevent financial institutions from being unfair to some citizens.

[*English*]

Madam Speaker: The Hon. Member for Central Nova.

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Minister of State for Economic Development. I believe the Minister was here earlier. May I wait until he returns to his seat?

Madam Speaker: The Hon. Member for Esquimalt-Saanich.

* * *

EXTERNAL AFFAIRS

FRENCH ISLANDS—NEGOTIATION OF MARITIME BOUNDARIES

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is directed to the Secretary of State for External Affairs and has to do with the relations between Canada and France. Can the Minister give us any indication of the progress being made, if there is any progress, in negotiations relating to the maritime boundaries around Saint-Pierre-et-Miquelon?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Yes, Madam Speaker, several weeks ago there was a further meeting between Canadian and French officials at which both the boundaries and the fishing problems were discussed. The Canadian side has asked for a period of further examination before resuming these negotiations. Just recently there was a communication from the Government of France, which we are presently considering. It is not apparent to us at the moment that Canadian interests would be advanced by an immediate resumption of negotiations, but we are considering the matter.

• (1500)

STATUS OF NEGOTIATIONS

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, is the Minister suggesting there is a linkage between the fishing rights of the French fishermen in the area and the 200 mile limit territorial boundary negotiations? If he is, can he say now whether he feels it can be done on a bilateral basis or whether it is going to have to go to the International Court the way our boundary disputes with the United States have gone?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I am not drawing a link between the nature of the settlement of the international boundary and, for example, the ability or willingness of Canada to provide quotas to the French fleet now or in the future, especially when the moment comes that the French fleet loses its fishing possibilities in the Gulf. There is a link, however, operationally in how enforcement might be undertaken. There has been an understanding between the two Governments as to how enforcement will take place in disputed areas.

Finally, with regard to the last question, it would not be my desire to search for a way to bring this matter to the International Court. As the Hon. Member knows, we have a very massive case there presently, affecting the Atlantic coast, and it would not be my wish to add to that.

ROUTINE PROCEEDINGS

[*English*]

FINANCIAL ADMINISTRATION ACT

TABLING OF ORDERS IN COUNCIL AUTHORIZING BORROWING OF FUNDS

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, in accordance with Standing Order 46(2), and as requested by the Leader of the Opposition (Mr. Nielsen) last Friday, I am tabling on behalf of the Minister of Finance (Mr. Lalonde), in both official languages, copies of four Orders in Council authorizing borrowing of funds pursuant to Section 39 of the Financial Administration Act.

* * *

PETITIONS

MR. NYSTROM—RETENTION OF CROWSNEST PASS RATE

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, I have the honour today to present a petition on the Crow rate. I have had a chance—

Madam Speaker: Order, please.

Some Hon. Members: Order.

Madam Speaker: Order, please.

Some Hon. Members: Out!

Madam Speaker: Order, please. Hon. Members know that it is not allowed to make displays in the House. Would they please immediately remove those displays and will the guards please help to remove them.

Some Hon. Members: Shame.

Madam Speaker: Order, please. Would the guards please remove the displays?

Mr. Nystrom: A point of order, Madam Speaker.

An Hon. Member: Remove the Member, too.

Mr. Nystrom: I have a point of order.

Mr. Nielsen: A point of order? I should not think so.

Madam Speaker: Hon. Members who have been sitting in the House for such a long time should know that this kind of display is specifically prohibited by our rules. I would appreciate it if Hon. Members would not try to smuggle in these displays for publicity purposes. The House of Commons is not a place for publicity, it is a place for debate.

Some Hon. Members: Hear, hear!

Mr. Nystrom: Madam Speaker, I have had a chance to read very carefully the Standing Orders of the House and also Beauchesne. I have read very carefully the section on exhibits, and I have also read very carefully the section on petitions. What I have tried to introduce in the House today on behalf of some 15,000 farmers in Saskatchewan is a petition written in the proper form.

Madam Speaker: Order, please. Is the Hon. Member rising on a point of order or is he presenting a petition?

Mr. Nystrom: Madam Speaker, I was rising on a point of order.

Madam Speaker: I will listen to a point of order.

Mr. Nystrom: I was rising on a point of order to put forth the point of view that I have had a chance to read Beauchesne and what it says about exhibits. What it says on page 117, citation—

Madam Speaker: Order, please. What it says about exhibits is pretty clear and I will read it to the Hon. Member:

> Speakers have consistently ruled that it is improper to produce exhibits of any sort in the Chamber.

That is quite clear and I do not see what the Hon. Member can add to what I have already said.

Mr. Nystrom: That citation, if I may, Madam Speaker, goes on to read:

> Thus during the flag debate—

Mr. Nielsen: Shame.

Madam Speaker: Order. I have ruled on the point of order and I have also ruled on the fact that exhibits were brought into the House. If the Hon. Member has a petition to present, the Chair will be very pleased to hear that petition, but nothing else.

Mr. Nystrom: Madam Speaker, I think that constitutes a point of privilege. I did not have a chance to put forth my argument—

Madam Speaker: Order, please. The Hon. Member is now invoking a point of privilege. There was a point of order raised, which the Chair ruled on and that is final. If the Hon. Member wants to challenge that ruling he can, but there are other ways of doing it, not through a question of privilege.

Mr. Nystrom: Madam Speaker, I would like to ask your advice as to how I can do it if I cannot do it through a point of privilege. I did not have the chance under my point of order to make my argument.

Madam Speaker: My advice to the Hon. Member is to present his petition right away because his point of order has been addressed. He does not have a question of privilege, or in any event he has not raised one, and the only thing he can do now is present his petition if he has one.

Mr. Nystrom: Madam Speaker, in that respect I have had a chance to get a photocopy of parts of the petition which we wanted to present this afternoon. I do not have all the 15,000 or 16,000 names here, but I have most of them. I have examined it very carefully and it is in the proper form. I want to present it to you on behalf of some 15,000 to 16,000 people in the Provinces of Saskatchewan, Manitoba and Alberta who have signed it in a fight to save the Crow rate.

The petition calls upon the federal Government to keep the Crow rate as it is. It says that western Canadian farmers have paid some $131 million to move export grain under the Crow rate in the 1981-82 crop year and this grain in turn has contributed some $6.3 billion to the balance of trade. The undersigned, Madam Speaker, believe that this is the farmers' fair contribution to the Canadian economy. The final sentence in this petition is that western farmers will pay one times Crow; in other words, no change.

Madam Speaker, I present to you the photocopies of the names taken from the original petition, which many people went to great expense to present to the House of Commons.

MR. BLENKARN—LAW RESPECTING CRIMES OF VIOLENCE

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I have the honour and privilege to rise today on behalf of 172,075 Canadians from across Canada who have petitioned the Government. The Government has not given this matter any consideration so they have asked me today to present to the House of Commons their petition demanding immediate

withdrawal of the automatic early release program; that people convicted of violent crimes be imprisoned for a maximum period; and that there be an immediate change in the law with respect to violent crime.

They respectfully submit that this petition be addressed to the House of Commons and its committees, and on that basis I am honoured to present their petition to you. It is rather cumbersome. It is not a display or anything, but it does contain the names of 172,075 Canadian citizens.

MR. REID (ST. CATHARINES)—TESTING OF CRUISE MISSILE ON CANADIAN SOIL

Mr. Joe Reid (St. Catharines): Madam Speaker, in a very much less dramatic way I have the privilege, as the Member of Parliament representing St. Catharines, to present a petition signed by some 203 citizens, representing different church and concerned citizen groups, submitting their objection to the testing of the Cruise missile in Canada.

• (1510)

MR. ANGUISH—RETENTION OF CROWSNEST PASS RATE

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, we would like to present to this House 16 sheets with signatures from many farmers and concerned people in western Canada, mainly from Saskatchewan, protesting any change in the Crow rate. Those sheets happen to be cut in the form of a crow, which you have ruled this afternoon as being an exhibit.

We would like to table those 16 crows in the House of Commons, if you find them acceptable, as a petition against any change to the statutory Crow rate.

* * *

NUCLEAR WEAPONS FREE ZONE

MEASURE TO ESTABLISH

Mr. Doug Anguish (The Battlefords-Meadow Lake) moved for leave to introduce Bill C-678, an Act to declare Canada a Nuclear Weapons Free Zone.

He said: Madam Speaker, this Bill is entitled "An Act to Declare Canada a Nuclear Weapons Free Zone". I hope to receive unanimous consent to have the Bill brought up on Wednesday under Private Members' Bills when I hope it will be traded for the position of another Bill on the Order Paper in the name of the Hon. Member for Mission-Port Moody (Mr. Rose), who has so agreed.

The Bill would do two things, Madam Speaker. First, it would declare Canada a nuclear weapons free zone, which would effectively stop the Cruise missile from being tested over or on Canadian territory. We hope there will be a free vote of the House of Commons on this, so that those Members who wish to air their concerns about nuclear weapons can do so without being tied to a vote of confidence in the Government. It would not be viewed this way under Private Members' Bills.

Second, the Bill would ask the Secretary of State for External Affairs (Mr. MacEachen) to go to the United Nations at some future date and put forth a resolution asking the United Nations to conduct a world referendum on nuclear disarmament and to work toward some sort of multilateral agreement on the elimination of and freeze on nuclear weapons.

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

Madam Speaker: When shall the Bill be read a second time? At the next sitting of the House?

[*Translation*]

Mr. Pinard: Madam Speaker, the Hon. Member who just introduced his bill is one of the jokers who showed disrespect to Parliament just now by bringing all kinds of items on the floor of the House. He implied that he would ask the unanimous consent of the House to obtain a favour. I can inform the House right away that we shall not give in to this kind of blackmail, since that would be conferring our seal of approval on his disgraceful behaviour. On behalf of the Government and my colleagues, I can inform the Hon. Member that we do not intend to accede to his request for having the bill he just tabled considered before it is his turn.

[*English*]

Mr. Deans: Madam Speaker, I rise on a point of order. I regret the way in which the Government House Leader leapt to his feet on this matter. He is not making it easy for us to deal with Government business if he interferes with Private Members' time on a Wednesday. I should like to suggest to him that he reconsider, in light of other agreements that he will be seeking in the future.

Mr. Kempling: Blackmail!

Mr. Pinard: Madam Speaker, my hon. colleague knows very well that I was speaking as a Private Member who will not consent to support the lack of respect shown by his colleagues. It is a lack of respect that he seems to have tolerated and that is unacceptable in such an institution.

Mr. Anguish: Madam Speaker, I feel I must respond to this. I did not participate in the events this afternoon concerning the statutory Crow rate as any matter of disrespect to this House, and I mean that sincerely. The farmers of western Canada, particularly in the Province of Saskatchewan, drew up what they thought would be a petition to impress upon the Government their concern—

Madam Speaker: Order, order. The Hon. Member has made his point about the comments made by the Hon. Minister but I cannot allow him to debate the question.

Mr. Lewycky: Madam Speaker, I am sure that the Hon. Government House Leader will want to withdraw his comments. I participated with total decorum this afternoon, as I usually do. For the Government House Leader to make that

type of statement in the House and attack me in that way is not conducive to the operation of this House. I am sure the Hon. Member will want to withdraw that remark. I seconded that particular motion.

[*Translation*]

Mr. Pinard: Madam Speaker, I am most aggrieved to see that the Hon. Member took part in this inappropriate bit of fun. I know him very well and I am rather disappointed. I know he does not intend to do it again. In any case, I do not intend to withdraw what I said about the Members of the New Democratic Party who showed disrespect to Parliament by taking part in actions that are prohibited by our Standing Orders.

The Hon. Member cannot expect me to approve such thoughtless and irresponsible action. On the contrary, I repeat what I said. I deplore not only the attitude of his other colleagues who acted in this way, but also the fact that he took part in action which, once again, constitutes a total lack of respect for this institution, and I am sure that the people in the gallery who watched this tasteless display were not impressed with the tactics used by the New Democratic Party to debate the issue or improve the debate and the policy. I am sure that the people who witnessed these disgraceful goings-on were not impressed, and I think I would be accused of being soft if I were to withdraw what I said since it was not unparliamentary and was entirely appropriate as far as parliamentary procedure and the Standing Orders are concerned.

[*English*]

Mr. Deans: Madam Speaker, I rise on a point of order. I must say that I resent the inference contained in the statement of the Government House Leader. There was no tactic involved. The people of Saskatchewan presented—

Some Hon. Members: Oh, oh!

Mr. Deans: —what they considered to be a petition on a matter of some considerable importance. They did so—

Madam Speaker: Order, please. Order, order.

Mr. Deans: —in a form that might well be acceptable to the House of Commons—

Madam Speaker: Order, order.

Mr. Deans: If you had not interfered this would not have happened.

Madam Speaker: The manner in which the petition has been presented has been dealt with. I will have no more debate on that particular question. I warn Hon. Members, it must not be on the manner in which the petition was presented. I have ruled on that. I have told the House what I felt about the situation and that is over.

Mr. Deans: What did you do with the Tory petition on metric?

Mr. Anguish: Madam Speaker, I do not rise to speak about the way the petition was presented. I rise to speak on the conduct of the President of the Privy Council (Mr. Pinard). He got up a second time and referred to this as being a joke and a matter of disrespect for the House. I assure you, there was no matter of disrespect meant to this House. It is a very important issue. The fact is there was no disrespect because we immediately removed—

Madam Speaker: Order. Order, please.

Mr. Smith: You knew they were out of order when you brought them in.

Madam Speaker: Hon. Members know that the only way to conduct debate in the House is to do so according to the rules. Petitions may be presented to the House with a very short statement, but no display should accompany those petitions.

Mr. Deans: Those were the petitions.

Madam Speaker: That is not the form in which petitions are presented.

Mr. Deans: You do not decide the form.

Mr. Lewycky: I rise on a question of privilege. The Government House Leader made the accusation that I participated in the presentation of that petition when I did not. I tried to make that clear to him but he seems to be deaf to that, and he seemed to be blind when it was being presented.

I said that I seconded this motion about having this Bill presented in the House. The Hon. Minister ought to withdraw his comments because they certainly do not apply. He should open his eyes and ears next time, because that is a slur on my actions. No such thing occurred.

• (1520)

Mr. Anguish: Madam Speaker, I do not see how the President of the Privy Council—

Madam Speaker: Order, please. Is the Hon. Member rising on a point of order? Hon. Members should tell the Chair why they are rising at this particular point. If it is on a point of order, I can hear it, but there is to be no more debate on this question.

Mr. Anguish: Madam Speaker, it concerns the introduction of the Bill that I brought into the House this afternoon. How can the President of the Privy Council tie one activity to another very important activity in this House and act like a child in not giving his unanimous consent for something like this?

Madam Speaker: Order, please. The Chair will hear no more comments on this particular incident. The President of the Privy Council (Mr. Pinard) rose and commented on a certain situation. He is allowed to do that but we cannot debate it indefinitely.

Motions.

Order Paper Questions

Mr. Lewycky: Madam Speaker, I rise on a question of privilege.

Madam Speaker: The Hon. Member for Dauphin (Mr. Lewycky) is rising on a question of privilege.

Mr. Lewycky: Madam Speaker, I ask the Government House Leader to withdraw his comment that I did something in the House when I did not.

Madam Speaker: That is not a question of privilege. I regret to tell the Hon. Member that he does not have a question of privilege.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,905, 3,908, 3,914 to 3,920 inclusive; 3,927, 3,928, 3,930, 3,931, 3,933 and 4,719.

[*Text*]

SPRINGHILL INSTITUTION, SPRINGHILL

Question No. 3,905—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Springhill Institution, Springhill and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Springhill Institution is Allan Stevenson. (a) Date of appointment to present position: August 1, 1980. *(b) Position held prior to present appointment: Assistant Warden, Security, Warkworth Institution, Campbellford, Ontario. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Springhill Institution but the Assistant Warden, Security, Weldon Rideout, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to seven other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Security: March 12, 1979. *(b) Position held prior to present appointment: Senior Keeper at Springhill Institution. (c) Salary range: $30,567 to $34,090. *(d) Same as part A(d).

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

DORCHESTER PENITENTIARY

Question No. 3,908—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Dorchester Penitentiary, Dorchester and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Dorchester Penitentiary is Eugene Niles. (a) Date of appointment to present position: June 16, 1981. *(b) Position held prior to present appointment: Regional Manager, Technical Services, Correctional Service Canada, Regional Headquarters, Moncton, New Brunswick. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Dorchester Penitentiary but the Assistant Warden, Education and Employment, Neil Corcoran, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to seven other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Education and Employment: December 3, 1979. *(b) Position held prior to present appointment: Nil. (c) Salary range: $15,211 to $39,104 plus appropriate allowance paid for added responsibilities as per ED EST contract. *(d) This position requires graduation with an acceptable degree from a recognized university and an acceptable teaching certificate from a Province or Territory in Canada.

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COWANSVILLE INSTITUTION

Question No. 3,914—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Cowansville Institution, Cowansville and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Cowansville Institution is Jean-Paul Lupien. (a) Date of appointment to present position: March 1, 1976. *(b) Position held prior to present appointment: Director of Social Development, Correctional Service Canada, National

Headquarters, Ottawa, Ontario. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Cowansville Institution but the Assistant Warden, Security, Jean-Paul Trudeau, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to one other Assistant Warden.

(a) Date of appointment as Assistant Warden, Security: May 1, 1978. *(b) Position held prior to present appointment: Keeper at the Federal Training Centre, City of Laval, Quebec. (c) Salary range: $30,567 to $34,090. *(d) Same as part A(d).

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FEDERAL TRAINING CENTRE, LAVAL

Question No. 3,915—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Federal Training Centre, Laval and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at the Federal Training Centre is Marc André Lafleur. (a) Date of appointment to present position: September 19, 1975. *(b) Position held prior to present appointment: Regional Co-ordinator, Transfers, Correctional Service Canada, Regional Headquarters, Laval, Quebec. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at the Federal Training Centre, but the Assistant Warden, Socialization, Yvon Deschênes, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to one other Assistant Warden.

(a) Date of appointment as Assistant Warden, Socialization: March 31, 1978. *(b) Position held prior to present appointment: Executive Assistant to the Director, Federal Training Centre, City of Laval, Quebec. (c) Salary range: $33,689 to $37,913. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

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LECLERC INSTITUTION, LAVAL

Question No. 3,916—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Leclerc Institution, Laval and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Leclerc Institution is René Rousseau. (a) Date of appointment to present position: January 1, 1982. *(b) Position held prior to present appointment: Assistant Warden, Education and Training, Federal Training Centre, City of Laval, Quebec. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Leclerc Institution, but the Assistant Warden, Socialization, Jean Marc Lavoie, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Socialization: February 25, 1976. *(b) Position held prior to present appointment: Co-ordinator of Operations, National Parole Service, Regional Headquarters, Laval, Quebec. (c) Salary range: $33,689 to $37,913. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualification for the position.

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ARCHAMBAULT INSTITUTION, SAINTE-ANNE-DES-PLAINES

Question No. 3,917—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Archambault Institution, Sainte-Anne-des-Plaines and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Order Paper Questions

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Archambault Institution is André Lemarier. (a) Date of appointment to present position: August 10, 1976. *(b) Position held prior to present appointment: Assistant Warden, Security, Archambault Institution. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Archambault Institution, but the Assistant Warden, Socialization, Michel Gilbert, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to six other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Socialization: February 14, 1977. *(b) Position held prior to present appointment: Head, Living Unit, Correctional Development Centre, City of Laval, Quebec. (c) Salary range: $33,689 to $37,913. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

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CORRECTIONAL DEVELOPMENT CENTRE, LAVAL

Question No. 3,918—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Correctional Development Centre, Laval and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at the Correctional Development Centre, Laval is Pierre Goulem. (a) Date of appointment to present position: April 1, 1972. *(b) Position held prior to present appointment: Assistant Warden, Socialization, Federal Training Centre, City of Laval, Quebec. (c) Salary range: $38,020 to $42,919. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at the Correctional Development Centre, Laval but the Assistant Warden, Security, Robert Caron, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Security: March 21, 1977. *(b) Position held prior to present appointment: Preventive Security Officer, Correctional Service Canada, National Headquarters, Ottawa, Ontario. (c) Salary range: $35,546 to $39,685. *(d) Same as part A(d).

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REGIONAL RECEPTION CENTRE, SAINTE-ANNE-DES-PLAINES

Question No. 3,919—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Regional Reception Centre, Sainte-Anne-des-Plaines and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at the Regional Reception Centre, Sainte-Anne-des-Plaines is Roger Jourdain. (a) Date of appointment to present position: May 2, 1977. *(b) Position held prior to present appointment: Deputy Regional Director, Inmate Programs, Correctional Service Canada, Regional Headquarters, Laval, Quebec. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at the Regional Reception Centre, Sainte-Anne-des-Plaines, but the Assistant Warden, Security, Gaston Langelier, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to three other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Security: April 23, 1979. *(b) Position held prior to present appointment: Assistant Warden, Security, Laval Institution, City of Laval, Quebec. (c) Salary range: $35,546 to $39,685. *(d) Same as part A(d).

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PORTSMOUTH CENTRE, KINGSTON

Question No. 3,920—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Portsmouth Centre, Kingston and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Portsmouth Centre but there is a Superintendent, whose name is James Murdoch. (a) Date of appointment to present position: March 8, 1982. *(b) Position held prior to present appointment: Section Supervisor, National Parole Service, Eastern Ontario District Office, Kingston, Ontario. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at Portsmouth Centre but one of the two Parole Officers, Randall Glenn Grooms, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to both Parole Officers.

(a) Date of appointment as Parole Officer: October 22, 1976. *(b) Position held prior to present appointment: Parole Officer, National Parole Service, Eastern Ontario District Office, Kingston, Ontario. (c) Salary range: $24,892 to $27,998. *(d) Same as part A(d).

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WARKWORTH INSTITUTION, CAMPBELLFORD

Question No. 3,927—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Warkworth Institution, Campbellford and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Warkworth Institution is Mary Dawson. (a) Date of appointment to present position: May 20, 1980. *(b) Position held prior to present appointment: Assistant Warden, Administration, Warkworth Institution, Campbellford, Ontario. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Warkworth Institution but the Assistant Warden, Security, Samuel Brazeau, is presently designated by the Warden to act in her absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to seven other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Security: September 22, 1980. *(b) Position held prior to present appointment: Acting Chief, Security, Equipment Resources, Correctional Service Canada, National Headquarters, Ottawa, Ontario. (c) Salary range: $30,567 to $34,090. *(d) Same as part A(d).

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JOYCEVILLE INSTITUTION

Question No. 3,928—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Joyceville Institution, Joyceville and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Joyceville Institution is Kenneth Payne. (a) Date of appointment to present position: July 16, 1979. *(b) Position held prior to present appointment: Assistant Warden, Education and Training, Collins Bay Institution, Kingston, Ontario. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Joyceville Institution but the Assistant Warden, Socialization, Clement McQuaide, is presently designated by the Superintendent to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to six other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Socialization: March 25, 1974. *(b) Position held prior to present appointment: Chief of Vocational Training, Correctional Service Canada, National Headquarters, Ottawa, Ontario. (c) Salary range: $33,689 to $37,913.

*(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination,

"General Intelligence Test 310" and possess the experience qualifications for the position.

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MILLHAVEN INSTITUTION, BATH

Question No. 3,930—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Millhaven Institution, Bath and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Millhaven Institution is John Ryan. (a) Date of appointment to present position: March 7, 1980. *(b) Position held prior to present appointment: Warden, Collins Bay Institution, Kingston, Ontario. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Millhaven Institution but the Assistant Warden, Security, Frederick Sisson, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to six other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Security: March 6, 1979. *(b) Position held prior to present appointment: Senior Security Officer at Millhaven Institution. (c) Salary range: $35,546 to $39,685. *(d) Same as part A(d).

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PRISON FOR WOMEN, KINGSTON

Question No. 3,931—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Prison For Women, Kingston and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at the Prison for Women is George Caron. (a) Date of appointment to present position: January 19, 1981. *(b) Position held prior to present appointment: Assistant Warden, Socialization, Prison for Women. (c) Salary range: $38,020 to $42,919. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at the Prison for Women but the Assistant Warden, Security, Theresa Decaire, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to three other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Security: May 26, 1980. *(b) Position held prior to present appointment: Senior Keeper at the Prison for Women. (c) Salary range: $30,567 to $34,090. *(d) Same as part A(d).

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KINGSTON PENITENTIARY

Question No. 3,933—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Regional Reception Centre, Kingston and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned: The Regional Reception Centre, Kingston has been re-named Kingston Penitentiary.

A. The Warden at the Kingston Penitentiary is Andrew Graham. (a) Date of appointment to present position: May 29, 1981. *(b) Position held prior to present appointment: Assistant Warden, Security, Kingston Penitentiary. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Kingston Penitentiary but the Assistant Warden, Security, Donald McBroom, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to six other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Security: October 5, 1981. *(b) Position held prior to present appointment: Regional Co-ordinator, security Standards, Correctional Service Canada, Regional Headquarters, Kingston, Ontario. (c) Salary range: $30,567 to $34,090. *(d) Same as part A(d).

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educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

BUREAU OF MANAGEMENT CONSULTING

Question No. 4,719—**Mr. Kilgour:**

1. How many professional persons does the Bureau of Management Services employ in Ottawa?

2. Has the Bureau participated in foreign projects during each of the past three years and, if so (a) how many (b) what was the total dollar value (c) how many man-years were involved by the Bureau (d) in how many of the projects were management consultants from the private sector eligible to compete with the Bureau for the work?

Hon. J.-J. Blais (Minister of Supply and Services): 1 and 2. The Bureau of Management Consulting employs 110 professional persons in Ottawa. The Bureau's participating in foreign projects during the past three years is as follows:

Year	Number of Projects	Dollar Value	Person Years
FY 80/81	5	$176,150	1.2
FY 81/82	10	$425,500	4.6
FY 82/83	9	$471,000	4.7

The Bureau offers an optional service to Canadian Government Departments and, through External Affairs and the Canadian Commercial Corporation, to foreign governments and international agencies. Since the service is optional, clients always have the freedom to offer their consulting assignments to private sector consultants. If the Canadian private sector is invited to bid, the Bureau, as a matter of policy, will either not compete or will withdraw if a proposal has already been made.

In the foreign projects noted above, the Bureau was approached by the various agencies on the basis of their perception that the Bureau had the expertise to solve the problem. They had already decided not to use the Canadian private sector and to negotiate a government/international agency to government contract. In fact, on the 24 foreign assignments during the years 1980/81 to 1982/83, the Bureau used, on a sub-contract basis, 15 consultants from the Canadian private sector.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of Bill C-143, to provide supplementary borrowing authority, as reported (with an amendment) from the Standing Committee on Finance, Trade and Economic Affairs; and the motion of Mr. Blenkarn (p. 24001).

Mr. Bruce Halliday (Oxford): Madam Speaker, I shall try to give you less trouble than you had in the last five or ten minutes.

Mr. Anguish: Hypocrite.

Mr. Halliday: I do, however, feel constrained to make an observation on the petition raised by the Hon. Member for Mississauga South (Mr. Blenkarn). He had 172,000—

Mr. Deputy Speaker: Order, please. The Hon. Member for Brampton-Georgetown (Mr. McDermid) is rising on a point of order.

Mr. McDermid: Mr. Speaker, I hesitate to interrupt my colleague, but I believe the Hon. Member for The Battlefords-Meadow Lake (Mr. Anguish) just called my colleague the Hon. Member for Oxford (Mr. Halliday) a hypocrite. I ask him to withdraw that remark.

Mr. Deputy Speaker: The Chair did not hear the remark.

Mr. Smith: We heard it, Mr. Speaker.

Mr. Deputy Speaker: Did the Hon. Member for The Battlefords-Meadow Lake make the remark to which reference was just made? If he did, I invite him to withdraw it because the language is unparliamentary.

Mr. Anguish: Mr. Speaker, I did say that. However, I believe what I stated was incorrect. I should have said the statement which the Hon. Member was making was hypocritical in light of the fact his Party kept the House of Commons bells ringing—

Mr. Deputy Speaker: Order, please. The Hon. Member has indicated that he has withdrawn the unparliamentary remark. The Hon. Member for Oxford has the floor.

Mr. Halliday: Mr. Speaker, I will not pursue that. I did not hear what the Hon. Member for The Battlefords-Meadow Lake (Mr. Anguish) said, and as my friend across the way said, it is a waste of time.

The Hon. Member for Mississauga South presented a petition containing 172,000 names and in the preface to his presentation of the petition he indicated people were showing their dissatisfaction with the refusal of the present Govern-

ment to listen to what they, the people of Canada, are saying. I notice my friend the Hon. Member for Kitchener (Mr. Lang) is about ready to leave the House. I have watched him and he has looked very sad all morning. He is now smiling for the first time today.

Mr. Deputy Speaker: The President of the Privy Council (Mr. Pinard).

Mr. Pinard: Mr. Speaker, I am sorry to interrupt the Hon. Member for Oxford (Mr. Halliday), but I would like to correct something I have just said. It is important that I do so while the Hon. Member for Dauphin (Mr. Lewycky) is in the House.

The Hon. Member for Dauphin has just told me that he did not support the demonstration but was supporting the Bill. Therefore, what I said about his colleagues who participated in that sad demonstration does not apply to him. I want to be fair to the Hon. Member for Dauphin. I appreciate that he did not support the demonstration and I understand that he can support the Bill.

Mr. Deputy Speaker: The Hon. Member for Oxford.

Mr. Halliday: Mr. Speaker, I am glad to have another chance to make my speech.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Halliday: Returning to the concern of the Hon. Member for Mississauga South regarding the attitude of the present Government toward the wishes of the Canadian people, it is quite clear that Canadians are feeling more and more that the present Government has not shown a willingness to listen to them. As we debate Bill C-143 today, I note that this Wednesday marks the sixth week that the Bill has been before the House. Many of us in the Opposition have spoken more than once on this Bill precisely because we feel the Canadian people, and ourselves, need to be listened to by this Government.

This Government is asking for a sum of money that we think is unreasonable: it is asking for $19 billion. Most of us accept the fact that it may be necessary to give the Government $5 billion, which is needed for this present fiscal year; but most of us have reservations about the need for us to give the Government authority to borrow another $14 billion on top of that.

I had occasion to speak on this Bill some three and a half weeks ago. At that time I chose to comment mainly about some of my perceptions and views regarding the present Government. I was concerned about some of the characteristics that have been exhibited over the last several years in this House. I mentioned the deplorable characteristic of this Government's untrustworthiness. As I mentioned, that applies to the attitude concerning Bill C-143.

We had been told previously by two cabinet Ministers that we would not be given this kind of borrowing Bill until we were told more about how the money would be spent. In the Government's untrustworthy manner, this has not taken place and it is most regrettable. In spite of the many demands from this side of the House, we are still not being given any information as to how this $14 billion will be spent.

When I spoke on March 4, I indicated that I was concerned about the characteristics of arrogance and secrecy and the general contempt the Government has shown for Parliament in general. That observation could be a speech in itself. There are many ways in which we can see how this present Government really does not trust Parliament and does not want to see Parliament functioning.

That brings me to a point on which I want to elaborate today. I do not pretend to be a student of parliamentary government although I am very fascinated and interested in it. If what I say is wrong, I would like to be corrected by some Hon. Member. My perception of the parliamentary system is that the Government is there to govern. There is a real role for the Opposition as well, particularly the Official Opposition. The Opposition is given certain defined terms of reference, one might say. The Opposition is there to protect the public from the tyranny of a majority Government, and to protect the public in particular against the unwise use of their money. I sense more and more that the present Government is showing that kind of disrespect to which I have just alluded. This Government is refusing to accept the fact that the Opposition Party has a real role to play in holding up this kind of unnecessary and costly type of legislation to spend the taxpayers's dollars. Since the Government has known for the last six weeks that Members on this side of the House were concerned about how the Government would spend the taxpayers' money, there is no reason why it could not have made an amendment or change to the borrowing authority Bill.

● (1530)

Let us review what the Government actually said when it presented the Bill on February 16. We received a press release from the Department of Finance which explained that the first part of the Bill asked for authorization to borrow $5 billion for the immediate fiscal year, and the second part of the Bill asked for $14 billion for the next fiscal year beginning in April, at the end of this week.

The reason given for asking for this borrowing authority was that the Government was unable to anticipate the drop in revenues which occurred and the increased debt charges. It said that those two phenomena, the decrease of revenue and the increase in debt charges, accounted for 72 per cent of its problems. The other 28 per cent accounted for "recession related expenditures". It referred to the rising cost of Unemployment Insurance. While that increase is understandable, the press release did not mention the other increases involved in that 28 per cent. I did not mention spending $1.5 billion for Petro-Canada to buy Petrofina. It did not mention the $800 a day being paid to Donald Macdonald which we have heard so much about. We were not told about those shady deals, in my

view, for which they have to borrow money from the Canadian people.

Before I discuss the details of the Government's request for the extra $14 billion, let me talk about the Government's inability to predict what its needs will be. On November 18, 16 months ago, the official prediction for our deficit was $10.5 billion. In June of last year, which is less than a year ago, the Government predicted that deficit would be up to $19.6 billion, which has almost doubled in seven months. As of October of last year the prediction had gone up to $23.6 billion. As recently as last month the prediction went up to $27.2 billion. In approximately 16 months, the deficit had risen by at least two and one-half times from what the Government had anticipated. That is the incompetence Canadians are faced with from the Government.

When such lack of competence in a Government is evident, it is no wonder that the Opposition becomes worried and feels the responsibility to put pressure on the Government to give a better explanation of its operations.

I would like to take a couple of more moments to elaborate on the statement made by the office of the Minister of Finance (Mr. Lalonde). The press release stated that one reason the Government had to bring in this borrowing authority Bill was in order to permit the Government to continue with an orderly debt program. I become concerned when the Government talks about an orderly debt program because I am not in favour of debt programs at all. I believe that we should avoid having some of these debt programs. If this is an orderly debt program, I would hate to see what a disorderly debt program would be like if we did hot have this particular Bill.

Another interesting fact which evolved from the Minister's news release was that this interim authority was meant to give Parliament adequate time to consider a new borrowing Bill based on the financial requirements for 1983-84 that would be set out in the forthcoming budget. We have heard much about the forthcoming budget and are given to understand that it will be introduced at the end of next month. The last sentence of the news release states:

> It is the intention of the Government to introduce such a Bill shortly after the next budget.

If the budget is to come down in April, the Bill would likely be introduced some time in May, which is reasonable. If we are to see the next borrowing authority Bill introduced shortly after the budget in April, surely it would be reasonable for the House to authorize borrowing for the months of April, May and possibly June, which would represent about a quarter of the year's deficit. We are being asked, instead, to authorize $14 billion which is more than half the deficit for this current fiscal year.

There is a reason why we seem to be holding this legislation up. We see no reason why the Government should be asking for more than $5 billion or $6 billion for the next fiscal year since it is promising to bring down a budget and introduce another borrowing authority Bill soon after the budget which we can debate more thoroughly at that time, we are told. If the Government House Leader (Mr. Pinard) were here I would ask him how much time he intends to give us to debate the next borrowing authority Bill. I doubt the time would be adequate when compared to what we think would be necessary.

On this final day of debate at report stage of Bill C-143, I suggest that the House should accept the amendment before it now to reduce the borrowing authority. Before we finish debate on this Bill I hope that the Government will see fit to reduce its demand from $14 billion to a more reasonable amount such as $5 billion or $6 billion.

Hon. Bud Cullen (Sarnia-Lambton): Mr. Speaker, it is not only a matter of concern to Members of the Opposition but to those on the Government side as well when borrowing becomes necessary at any time. During a time of recession when there are so many unknown factors in the economy, one must almost be gifted with ESP to be able to make a prediction beyond three months or four months. It is unfortunate that while Opposite Members recognize this fact, they do not accept it and, instead, espouse so much of what is political rhetoric in their speeches. The Opposition is aware that borrowing is necessary in order for the Government to meet its cash requirements.

The Hon. Member who preceded me indicated that the Opposition did not have information, that the Government was being arrogant in asking for the money, and that we will spend it as we see fit. He said that although he knows that this is not the case at all. If anything, there is a surfeit of information on the subject. Estimates were tabled recently, there are some 10 or 12 explanatory booklets from the various Departments, and we understand that that will be doubled in the future. Those Members of Parliament who have a sincere and honest interest in knowing where the Government will spend the money and why the borrowing is necessary will have the information at their fingertips if they are prepared to do some homework.

It would be pleasant, particularly for the Government, if we knew that the revenues we secure from income and other taxes meet the Government's spending requirements. However, knowing the facts, which the Opposition Parties should know if they have done their homework, we have seen the Government revenues dropping off.

The Opposition Parties must recognize, and they do so, that the Government can meet this particular requirement for spending by proceeding in two ways. One would be to raise taxes significantly, and the other would be to borrow in the short term to meet its cash requirements. Since the Opposition is arguing so vehemently against the approach of short term borrowing, which is absolutely necessary at a time of recession, surely the opposite is true, namely, that they advocate higher taxes. The Liberals find this approach particularly inappropriate at a time of recession. It is not the best method to follow if we are to consider the interest of average and low income Canadians. Raising income taxes is a very easy administrative way of doing things, but I think it would be inappropriate at this particular time to say to people who are hard-pressed as a result of the depression that we are going to increase their

taxes by a significant amount in order to meet the requirements of the Government and the requirements of the ordinary Canadian. The benefits under the Canada Pension Plan or the Unemployment Insurance Program are designed to meet the needs of people by way of a form of safety net. That is why these programs were put in place and that is why we need the money at this time to prove the worth of the programs that we have in place.

• (1540)

I have had the privilege of being the Minister of Employment and Immigration and had to take a long, hard look at the Unemployment Insurance coverage. At that time we found that the UIC program was in a small surplus position, that later it dropped to a small deficit, and then back to a surplus again. But it was, by and large, in balance. The feeling of the contributors was that we should keep the payments at a particular level, not to have a large deficit but not to benefit too much from a large surplus which the legislation makes impossible in any event.

Now we have the situation where people are benefiting this year to the extent of approximately $8 billion. That is not money that is going into a sock or a bank account. It is money that is going into the economy. "Thank heavens", say the barbers and the retailers and the butchers and the bakers of this country, because it is not only supporting the unemployed worker, it is supporting the people who are in the business community. This money is going back into the community and is being used by Canadians to help them at this most difficult time.

I would say that Canadians, by and large, are kilometres ahead of the Opposition Parties because they recognize that we are in a recession, that we are in difficult times and that we simply cannot go out to the Canadian public at this time and say that we need more money and therefore we are going to increase their taxes right across the board. We cannot say that in order to meet our short-term requirements we will have to increase those taxes in a significant way. I just cannot believe that the Opposition Parties are advocating that kind of an approach.

Now we have the Opposition Members saying that there is another way of doing it, and that is, to cut Government spending, but every single time that the Government takes a measure that in a significant way reduces its cash requirements, it meets opposition from the Opposition Parties. When we brought in the block system for the transfer payments to Provinces, as a sweetener to that, because the Provinces were somewhat apprehensive that the amount of money that they were going to receive would not be as much as on a per capita or per person basis, the Government said that, on a one shot deal, it would put $5 billion into the program so the Provinces would not only have the increase but would have this $5 billion to distribute, so that they would know that they were not being short-changed. That was explained at the time as a one shot deal, as a sweetener to convince the Provinces that no one was trying to short-change them on the transfer payments. When the second round of payments came about and the Minister indicated that the increases would still be a significant amount of money, not only did the Opposition Parties say that we were paying less money, which of course was incorrect, but they were basing their case on this $5 billion payment, indicating that the Government should, out of hand in a transfer payment way, make another $5 billion available to the Provinces, which was clearly inappropriate.

When one looks at the way that my own Province, for example, spends the money that it receives on the transfer payment and does not use it for education, and when the federal Government finds itself at the post-secondary level paying something between 60 per cent and 70 per cent of the cost of post-secondary education, my question is, is my Province really spending the money the way it should be spending it and where it was meant to be spent, that is, on the educating of our young people, particularly those at the post-secondary level? So a tough decision was made not to put this further $5 billion into the kitty. That was a way of cutting spending, admittedly, but we did not get any support at all from the Opposition Parties.

Now, we said we should make Canada Post self-supporting, to the extent that it can be. It has to meet needs across the country where it obviously is uneconomic to do so. On that basis we established a Crown corporation, of which everyone approved, I believe. We asked them to operate in a businesslike way, recognizing that there are significant deficits, somewhere between $500 billion and $700 billion. Then it was necessary to increase the cost of postage stamps in order to meet some of this indebtedness. That in fact was done. That was another means of cutting Government spending in a significant way, but the Government received nothing but castigation from the Opposition Parties, who said that this was inappropriate.

When the Minister of Transport (Mr. Pepin) had the guts and the determination to make the changes with the VIA Rail passenger service so that we could have a viable passenger service in Canada, there was nothing but criticism from the Opposition Parties, notwithstanding the fact that this particular railway probably would have gone significantly in the red, and maybe to the point of having to be cancelled because these particular changes were not made when it was necessary.

So I ask you, Mr. Speaker, where really does the Opposition Party stand? They are not in favour of borrowing of money; they are not in favour of cutting Government expenditures. They only have one alternative left, and that is to say to Canadians that in order to meet these particular programs like Unemployment Insurance, like the Canada Pension Plan, like payments to old age pensioners, that are helping out at this time, the only way the Government can get its money is by raising taxes, because they have eliminated the other two possibilities.

The Canadian public knows this reality and they accept it, but they also know the reality of the Official Opposition, that they really have no policy. Can you imagine having a policy conference, called specifically to talk about policy, but not having any votes on policy or making any determination

whatsoever? Where do they stand on this particular issue? Where do they stand on any of the issues, except negatively? When tough, hard-nosed, positive decisions must be made, they have been found lacking.

Hon. Bill Jarvis (Perth): Mr. Speaker, I am particularly pleased to speak, not for the first time in this debate, but to follow a very good friend and respected colleague, the Hon. Member for Sarnia-Lambton (Mr. Cullen), who was a great disappointment to me today. This is one of the few times that he has disappointed me in any debate in this House in the last ten years.

I think the Hon. Member heard, during Question Period, when I, ill-advisedly and in the heat of debate, and I make no pretence or apology for saying things sometimes on which I have second thoughts, suggested to the current Minister of Employment and Immigration (Mr. Axworthy) that the Government would be much better served were the Hon. Member for Sarnia-Lambton in the position that he had held and, I though, discharged very, very well. I do not take that back, even though it was said in the heat of debate because I thought that when the Hon. Member for Sarnia-Lambton fulfilled that particular onerous responsibility he did so, first of all, with integrity, and I think with a sincere desire to fulfill a very, very difficult responsibility indeed, even in those days. I think he will be the first to agree that the pressures of that particular portfolio today exceed those that existed during his tenure.

I had intended to develop another theme in this debate, but I hope the Hon. Member will find it somewhat complimentary if I put aside my notes and deal first at least with some of the things that he said. I had never perceived that Member as having a snapshot view of Government. However, when he focused his attention on an issue that existed today, he did so to the exclusion of either the past and, more important, the future, because he talked about needing the gift of ESP when forecasting necessary borrowing, and he spoke about money going back into the community because we are paying Unemployment Insurance benefits. That is not the perception I perceived the Hon. Member as having when he was in Cabinet.

If I had to take him to task for his Cabinet responsibilities, I would remind him that he sat in that room when John Turner brought in those budgets. He is shaking his head no. If I am wrong, he is excused, because I would have found it very hard to believe that, without having an electronic bug in that Cabinet room, of all Members of Government that Member would have accepted the philosophy that existed in at least two budgets during my earlier years in this House, that commenced a spending spree for which now the Hon. Member is put in the embarrassing position of having to defend an enormous borrowing Bill. I do not think it is consistent with his philosophy, that of his constituents, or of any of us who share that geographic area in southwestern Ontario.

• (1550)

Mr. Cullen: Mr. Speaker, I rise on a point of order. The Hon. Member placed me in the Cabinet when the Hon. John Turner was Minister of Finance. I must say that I was proud to have served as his Parliamentary Secretary when he introduced the de-indexing which saved Canadian taxpayers billions of dollars.

Mr. Jarvis: Mr. Speaker, I am delighted that the Hon. Member is sufficiently defensive to rise on a point of order. It certainly discloses what I believe to be his true character. I say that with great respect.

What troubles me when I accuse the Hon Member of being guilty of a snapshot approach to the problem, is that he is saying that if the Opposition is in favour of borrowing, it must be in favour of increased taxation. If he is going to take that tunnel-vision approach, maybe he can justify that accusation.

Let me talk about something that the Hon. Member and I share. We share constituents with generally the same philosophy, ambitions, fears and possibly prejudices. He talked about money going back into the community in terms of funds paid for Unemployment Insurance. I am sure he will be the first to agree that for every dollar that of necessity goes to our fellow citizens who are so unfortunate as to have to rely on the Unemployment Insurance payments to pay for their heating, light, food and other necessities, there are likely tens or hundreds of other dollars that are not going back into the community. This is simply because his constituents and mine do not have sufficient confidence in themselves, the community and the country to take the risk that has been the tradition and history in our area.

I remember well many constituents, whether they be urban or rural in my riding and, I am sure, in the riding of the Hon. Member for Sarnia-Lambton (Mr. Cullen), who a year ago in October or November would not take a risk because of that lack of confidence. Instead of putting money back into the community, they put it into Canada Savings Bonds at 19.5 per cent interest. That did not create one job. Instead of a new milk house, as improvement to a small business, a renovation to a home or a multitude of other projects that are, traditional and historic in our community, our constituents invested their money in Canada Bonds.

When talking about money going back into the community, let us consider the millions of dollars shared between those two comparable ridings. The Hon. Member did not deal with interest rates specifically. However, I wish to do that. This Government seems to take some perverse pride in or credit for a reduction of interest rates, which was one of the major barriers to investment in the community, that job-creating investment that has been traditional not only in southwestern Ontario, but from Newfoundland to British Columbia.

What has happened with interest rates? I do not think anyone in this House will disagree with the virtually unanimous position of the economists who have commented recently. They have said without reservation, equivocation or qualification that interest rates, even at today's level, are much higher than they should be. They have given three basic reasons to explain the situation. First, the recession created a shortage in

demand. It is as simple as that. People are not borrowing money to expand. In the view of entrepreneurs in this country, there is no demand for increased productivity. Second, there has been a sharp decline in interest rates in the United States. I presume that any increase in that country will be reflected within hours or days in this country. Third, the current economic recession hit Canada much more severely than it has most of our western industrialized trading partners. Those are the three reasons.

For whatever reason, and it is to the everlasting credit of Canadians, there still continues to be a part of our community that we have tagged as the risk-takers who continue to take risks. Unfortunately, the numbers have declined dramatically. It is a simple fact of life. The number of risk-takers has declined, but there is still that constituency that says, despite every economic argument to the contrary, that they are going to take a risk and start a new venture.

Given the extraordinary diminished number, once you have a risk-taker, what is that risk-taker, doing? I know quite a few of them. There is one in my family about whom I worry pretty well every day. That risk-taker is going to defy every prediction, rule and economic fact, take the risk and try to make a living.

Therein lie two factors. First, we must complement and support the person who intends to open up a small business and make a living on his own. The other side of that coin is that is it not consistent with Canadian risk-takers. Canadian risk-takers not only say they are going to make a living—I see you are getting nervous, Mr. Speaker. My time is up. I am sorry the Hon. Member for Sarnia-Lambton provoked me and I had to use most of my time trying to set the record straight. I believe there is another stage in this debate in which I can participate.

Mr. Cyril Keeper (Winnipeg-St. James): Mr. Speaker, I welcome the opportunity to speak to this Bill today. The legislation before the House consists of two flimsy pages with few words on them. It is not a heck of a lot to present to the House of Commons when seeking to borrow $19 billion. That is why Members on this side of the House have demanded from the Government a rational explanation of what it intends to do with these borrowed funds. That is a legitimate request. The Government should have responded to it before coming to the House asking for this borrowing authority. We should have had a budget for a request for this vast sum of money.

The important point in the debate is why the Government is in need of such a large sum of money. Fundamentally, it comes down to the fact that the Government has been mismanaging the economy, putting its economic focus in the wrong place. Therefore, we have an economic slowdown and record high levels of unemployment, which obviously means the Government revenues drop and the need of the Government to borrow increases dramatically. That is why the Government is seeking unheard levels of borrowing on such flimsy information.

When it comes to economic policies, the priorities of this Government are out of whack. Government emphasis has been on inflation. The six and five program was intended to bring down inflation. What it did was to reduce the amount of money in people's pockets, and, therefore, reduce their purchasing power. It reduced the demand in the economy and served as a further break on economic activity. It contributed to the drop in revenues from which the Government is presently suffering. It added to the need to borrow the large sum of money for which the Government is now seeking authority. The request of the Government to borrow $19 billion is really an admission of the failure of its economic policies. It is a clear indication of the need for an alternative set of economic priorities and economic policies. This includes not only the whole question of how the Government should intervene in the economy, but also includes the whole matter of tax reform, in other words, how the Government would raise revenue. Obviously, if a Government is running a deficit, it must have something to do with how it is raising its funds as well.

• (1600)

I would like to make a few central points, Mr. Speaker. The first point is the fact that the present recession in terms of economic activity in this country, and, certainly, depression in terms of unemployment, really points to a long overdue need for a real industrial strategy, some intelligent thinking and action about where private and public investment in this country is going to go. We need an industrial strategy in order to ensure that we have a strong economy and one that can produce jobs, which in turn would produce revenue for the Government, thereby reducing the need for the large kinds of borrowing which the Government is proposing today. We need an industrial strategy which is based on the principle that the public has a right to have some say about what kind of investments are going to be made within the country and what kind of economic activity is going to make sense, not only in terms of profit, but also in terms of employment, and it is through the Government that the general citizenry of the country has a chance to have some say about the economic direction of the country.

In spite of this obvious need for an industrial strategy, the Government has been backing away from Government intervention in the economy. It is starting to echo the Conservatives in terms of their "hands-off" economic philosophy, in other words, to leave the direction of the economy to the private sector in the hope that somehow the private businessmen all by themselves will know better how to manage the economy, how to create wealth and how to provide employment.

The experience which we have had in this country with that philosophy and that approach has been dismal, Mr. Speaker. It is really on the basis of that philosophy of leaving the fundamental management of the economy to the private sector that we have arrived at the present economic morass in which we find ourselves today. Also it is as a result of the application of this philosophy in the United States that we are suffering from our present economic difficulties. President Reagan was elected on the basis of a philosophy which said there was really no place in economic matters for the Government or for the public, and with this philosophy he reduced public spending and Government intervention in the economy which resulted in

the predictable world-wide recession from which we are suffering today.

I must remind the House, Mr. Speaker, of the extent of our economic suffering. We cannot forget the fact that we have some 1.5 million people officially unemployed in this country and, obviously, every unemployed person reduces the revenues which can go to the Government because they are no longer in a position to pay taxes. We have 1.5 million people unemployed, but we have to add to that number those people who have just given up looking for work because they just cannot find any. They have become discouraged and given up. On top of that we have to add those people working part-time and those who are not working at full capacity because they cannot find the kind of employment they are qualified for. When you add those people in, you find the real level of unemployment in this country to be over a couple of million people. It has been reported that the real unemployment rate in this country is actually something like 19 per cent rather than the official rate of around 12 per cent.

The fact that the Government is before us today, Mr. Speaker, asking for record borrowing authority of $19 million should not be any surprise because the Government has been putting emphasis on bringing down inflation—at least, has been taking credit for bringing down inflation—and has been ignoring the need for job creation in any significant way. It has not put the necessary priority on employment. And when I say "priority on employment", what I am talking about is the fact that a humane society, as was pointed out by the Bishops not too long ago, really has to adopt the objective of full employment. In other words, every person who is capable of working and desires to work has the right to work. It is just not good enough to run the economy in a way that leaves a couple of million people out of work. By running the economy in that way, the Government is left with reduced revenues and, therefore, with a larger deficit. What the Government is saying by its actions is that it prefers to have people on welfare and on unemployment insurance benefits, rather than employed, creating wealth and engaging in productive and fulfilling activities.

It is a well-known fact in this country, Mr. Speaker, that over the last few decades the burden of taxes in this country has fallen more and more heavily on the individual rather than the corporation, and that the income tax in this country is no longer progressive; for example, those who earn more do not necessarily pay more taxes. In order to supply revenue to the Government so that it can do those things it needs to have done such as job-creation programs, there must be a decent and fair corporate and income tax system.

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, it is now pretty obvious that this House must, in fact, pass the borrowing Bill. I believe that the debate which has characterized this consideration so far has been a good one. I believe the last three speeches have contributed matters of substance, and I certainly enjoyed them. However, in my opinion, the very fact that the Government is in such desperate financial straits that it must exhibit the desperation which is so apparent in order to get this money shows its lack of long-term planning and financial expertise. Did you know, Sir, for example, that some of the RCMP "A" Division members in Ottawa had their pay cheques retrieved last Thursday? Some of these cheques were passed out in advance for administrative convenience, then had to be retrieved ostensibly, I suppose, because it was feared they might present these cheques inadvertently, or otherwise, a little early for deposit or payment. This kind of financial precariousness illustrates, I believe, the lack of foresight which the Government has exhibited in managing the affairs of the nation.

The last time I spoke, Mr. Speaker, I indicated that there had been a veritable parade of Ministers of National Revenue and Finance since 1979, four in each Department, as I recall. On the other hand, despite the feckless disregard for good financial spending which has characterized some of the past Ministers, and indeed much of the Prime Minister's own personal technique when it comes to looking after our country, I would like to say something in a positive way this afternoon. I believe many Hon. Members are heartened by the fact that beneath this musical chairs act of Ministers there have been various Presidents of the Treasury Board in recent years, and Auditors General, such as the late Mr. Macdonell to whom I would like to pay tribute this afternoon as I know many Hon. Members would and have already done, who have in fact finally grasped the enormity of the fiscal and financial mistakes which were made in the 1970s.

I believe perhaps the turning point came with Mr. Macdonell in 1976, when he made the statement that the Government's finances were out of control. This even attracted the attention of the Prime Minister (Mr. Trudeau) and, to his credit, as I recall, the Lambert Commission was then instituted to look into the fiscal and financial acceptability of Government.

About this time Hon. Members will recall the Prime Minister had another small period of educational bliss thrust upon him by Chancellor Helmut Schmidt of Germany, to whom he was paying a visit. He then came back and made some Hilltop declarations on fiscal responsibility to the then Minister of Finance, now the Minister of Energy (Mr. Chrétien). This provoked a brief flurry, mostly counterproductive because of lack of planning, and the Departments which were most in need of money did not get any. The Departments which were sloppy and over-allocated did not mind losing some. In any event, we then saw another progression toward accountability when we had the Comptroller General, Mr. Harry Rogers, appointed upon the presentation of the report of Mr. Lambert's commission. I think our late colleague, Bob Andras, subscribed to this kind of fiscal and financial accountability. The Hon. Member for Capilano (Mr. Huntington) has certainly contributed a great deal toward bringing forward in the public consciousness the sort of value for money, special procedures and cost effectiveness concepts, which finally, I believe, are bringing some financial accountability to this Chamber.

• (1610)

So at a second level, Mr. Speaker, beneath the apparent futility of some of the Ministers who have occupied these portfolios which are so sensitive and where, as the Hon. Member for Perth (Mr. Jarvis) indicated, the reversal of policies and confusion have contributed to the lack of business confidence, at another level there has been progress made in the House toward fiscal and financial accountability. I think, in fairness, the Government has to be given some credit for doing this. As well, the Hon. Member for York-Peel (Mr. Stevens), when he was President of the Treasury Board, also subscribed to this kind of improved financial accountability.

Now, the former Minister of Employment and Immigration, in his remarks this afternoon, which inspired some very appropriate comments from the Hon. Member for Perth, indicated that the Opposition has no policies. Well, of course, we all know that this is largely rhetoric. The obvious thing to do in a period of falling revenues, when the Government may be caught by as much as a $6 billion shortfall because of a miscalculation of revenues from the National Energy Program, which I think itself has contributed to this situation because of that program's retrogressive effect, the Government obviously has to spend less and spend more intelligenty. As well, it has to look for alternate sources of revenue.

I do not know why, for example, the Government does not simply abandon the Macdonald Commission. It is not going to report for some years, has already cost $1 million, and it follows right on the heels of another McDonald Commission which cost the taxpayers of this country $10 million and which has produced very little if any benefit so far, except uncertainty for the Security Service, and which was almost a duplicate of the Mackenzie Royal Commission. The Maritimes Pollution Claims Fund, Mr. Speaker, is another source of potential revenue for the Atlantic region, provided the statutory changes were made to allow this $50 million fund to be used for purposes relating to marine stimulation, perhaps for the fishing industry or for shipbuilding subsidies. There are other indications as well that if the Government would simply manage its long-term commitments in a more astute way, it would not always be caught short to the point where it is constantly harassing Members of this House to pass legislation and today give them $19 billion so we can pay the Members of "A" Division of the RCMP here in Ottawa. Surely it is almost an absurdity that the Government is reduced to this kind of short-term and obvious hand-to-mouth financing when it comes to running the affairs of our country.

Now, Sir, there is obviously a great responsibility on all Members of Parliament to make sure that the Government, when it is considering accountability and the spending of such vast amounts of money, pay greater attention to ongoing programs. Right now in the Department of Public Works the Minister has to grapple with the effects of the mortgage management portfolio system which has turned out to be a horror show, but which he inherited. It has wasted tens of millions of dollars of taxpayers' money. There are also indications that the Auditor General, Mr. Dye, is going to take another extraordinarily practical step in combating this kind of waste, as well as the item like the $100 million or $200 million, I forget which, overspending in the Montreal postal terminal debacle, which the Minister of the day denied even existed when I asked him about it. Obviously the Auditor General will have to institute an ongoing audit for large capital projects so that when he sees these kinds of excesses, based on political or other reasons, which are causing taxpayers to be ripped off for millions, he will have the authority to step in and give a little bit of guidance, or at least demand some explanations. In the past, Auditors General have had to wait until literally the horse was stolen before they went into the barn and announced the bad news to the taxpayers. Now, perhaps, if these trends can be carried on which the late Mr. Macdonell instituted and which Mr. Dye appears to be consolidating and expanding, we can get a more selective, astute and efficient spending of the hundreds of millions of dollars that many Departments waste each year.

Just to show you, Mr. Speaker, how the Government has grown, I think it was Peter Newman in Maclean's Magazine last summer who indicated that Sir John A. Macdonald had approximately 12 or 13 Cabinet Ministers and about 300 civil servants. Today each of the 36 Ministers in this administration, if you average it out, have approximately 17,000 civil servants under their administration. That is a tremendous increase. While it is unrealistic to advocate wholesale cuts in the Public Service, and I certainly do not, I think it is realistic to advocate a more selective approach to the use of consultants, a practice which costs the country hundreds of millions of dollars every year and in many cases only supplements or bolsters the expertise of many civil servants whom we are already paying very well for doing the same job which apparently has to be sanctioned again by consultants who are usually more notable for what they have done in the past for the Party in power than any great expertise they bring to the job.

I for one, Mr. Speaker, would not advocate delaying this measure any more. For the reasons mentioned, I think the Government needs the money. I hope that in the future it will use it more judiciously than it has in the past. I hope we can expect the same degree of conscientiousness from the President of the Treasury Board (Mr. Gray) we now have, that has existed in some of the recent Ministers in the job. I hope the Government will seriously consider searching for some new sources of revenue, such as the Maritimes Pollution Claims Fund, and as well will consider changing some of the tax provisions which are counterproductive. Certainly nothing so stultified the industry, ingenuity and ambition of Canadians as the imposition of the capital gains tax which this Government brought it in years ago. At the present time the continuing existence of this tax, unindexed, only fosters confiscation by the state of property that people have accumulated and which has only increased in value because of inflation, but is taxed, none the less. I see you are indicating my time has expired, Mr. Speaker.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, on February 28, I spoke on this Bill and one of the amendments before us at that time. Now, a month later, I come back to the same subject again. Like the Hon. Member who has just spoken, I am going to try to be constructive, if I can, in helping the Government consider different ways of getting out of the trouble it is in. I suspect the Government already knows these ideas are worthy of consideration. For instance, in my speech a month ago I suggested two ideas they could look at to be put into committee. One was that we should use the Bank of Canada to help us get over this pressure we are under now with this present Bill which calls for the borrowing of a total of $19 billion. Now, I did not hear any comments in the press about these proposals, and I am used to that, so I am going to make them again. What did I mean by using the Bank of Canada? Well, if you read the Bank of Canada Act, which is 50 years old, you will realize that it was put in at a time when Canada was in terrible trouble on fiscal and monetary policy. We were at the beginning of what turned out to be a Depression of nearly ten years. The Government set up the Bank of Canada, took away from the commercial banks the power to control the money supply and gave it to the central Bank. For long periods in the Depression the Governments under Bennett and Mackenzie King, quietly used the Bank of Canada to pay the costs of operating the Government because they were not collecting the taxes. At that time there were so many people unemployed and there was so much unused plant capacity that there was no inflation. In the view of many people, we are not far from that situation today, Mr. Speaker.

• (1620)

A month ago I suggested that we use the Bank of Canada, and then just last week I heard that the Government is using emergency power. I assume that these emergency powers are the Governor General's warrants approach. I do not know the final answer, although I will eventually find it, but I wonder if the Government is not using the key to this type of approach. Certainly, the purpose of the Governor General's warrants is to carry the Government in an emergency such as when an election is called before the money has been voted. That is almost the situation today. The Act makes it very clear that no interest is paid to the Bank of Canada in that case. One of the heaviest loads that any Government carries today is the cost of interest at the present high rates.

I put that forward at this late stage of the debate and ask Members of the Government who are present to find out if the Bank of Canada is being used. If that is the case and there have been no evil results, then perhaps we should follow the precedents of Bennett and King and use it more. I do not think that would cause inflation if there is a labour supply, unused plant capacity and, above all, a not too fast circulation of money. The velocity of money flow is not included in our monetary activities at the present time, although I think it should be.

Perhaps the Government has stumbled on something that is in harmony with what I said a month ago. It certainly should consider this matter again because it may do a great deal of harm if it tries to borrow $19 billion on the market in the next few months. That could create the impression in the minds of business people and investors that we are about to enter another inflationary period. In that case, interest rates would rise immediately and undo the achievement of the declining interest rates of the last six months.

I should like to suggest that the Government ask those who have the power to inquire, whether this technique of using the Bank of Canada is being followed. The trick is to do it quietly and get over the situation of having to borrow $19 billion at high rates.

The other proposal that I made a month ago was that the Government not borrow at rates of 10, 11 or 12 per cent but at about 3 per cent. That is all that money is worth. People will lend it at that rate if they have a guarantee that if there is inflation this year—and there will be some—the interest at the end of the year will be indexed for the year. But the principal will also be indexed, to keep its real value. If an investor of the type who puts his money in Government bonds as a rule, wants to lend money at 3 per cent, he just wants to be sure that he will get it back without any loss in value. This idea probably sounds kooky, but it should be tried to see what happens.

I suggest it would not give the impression that a lot of inflation is expected. If $19 billion is borrowed at an interest rate of 10, 11 or 12 per cent for three or four months, then the country may be forced back into the recession from which we are just emerging.

In the last two or three years, the basic problem of any government in any country has been getting interest rates down. I repudiate those monetarists who suggest that interest rates are the tool to control the economy of the country and the external value of our dollar. Let the markets decide those things. We should quit fooling around with fine tuning. I think that getting interest rates down would be accepted by everyone. Even the lenders of money know that if they destroy their customers they destroy themselves.

There are several things the Government could move on, Mr. Speaker. Let us put the old Farm Credit Corporation back to the terms that existed in 1933. In statutory form, the maximum interest rate under the Farm Credit Corporation was 5 per cent, and it was given power to lend 20 times the amount of capital. The same thing could apply to small business, to export business, and so on. We could move on that.

There are other ways of achieving this, such as through the principle of the Small Business Development Bond, as suggested in the Crosbie budget. This could be applied without cost but would give a tremendous impetus to business without altering the ways and means of the budget.

Finally, the mining industry, the energy industry and the forest industry have taken a terrible beating in the last few years. We must face the fact that what is set out in the Government's reports is correct. There will never be another low-grade mine developed in Canada, the reports say, under our present tax structure where two Governments are gouging the

industry. I think we must revert to the way things were done in the mining industry years ago. Because it was a capital intensive, high-risk operation, no taxes were paid until the debts were paid off. There was a three-year holiday. Today, instead of the three-year proviso, I would stipulate no taxes until the debts are paid off. There would be enough money left for both levels of Government and to give a return on capital and make the risk worthwhile to the mining entrepreneurs.

The same principle should be applied to energy companies. They are highly capitalized and have a long pay-out period so they cannot operate at present interest rates. They were not even operating very well when interest rates were 4 or 6 per cent. High-risk, low grade propositions such as natural gas, heavy oils, tar sands and so on, should be subject to the same rule as is applied to the mining industry—the Government gets off their backs until debts are paid off. The volume of business would mean that there would be something for everyone even at a low rate of tax.

That is all I wanted to say, Mr. Speaker. These are some simple proposals that can be considered although some of them may be thought to be kooky. At times like this, however, we had better consider every type of scenario.

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, I rise to participate in report stage debate of Bill C-143, the borrowing authority Bill. I have only been in the House of Commons for four years but in the last year I feel that all we have debated is borrowing Bills. This is the fourth one this year, and there have been seven or eight in the whole session, so we have spent a considerable amount of time talking about borrowing money.

This year the Government will borrow $26.2 billion, and I am sure it will be back next year asking for authority to borrow more money, even though the $14 billion requested in this Bill will take it into next year.

This is the largest borrowing Bill in the history of Canada. The figures do not mean too much to the Canadian people because no one can relate to $19 billion. Take a look at the remarks which the Minister of Finance (Mr. Lalonde) made in the debate on second reading of this Bill. He said:

• (1630)

This Bill is one in a series of necessary steps being taken to deal with the extremely difficult economic situation facing this country.

When you take a look at a statement like that and you realize who has been running the country for the last number of years, and you realize that not only has there been deficit financing every year, in good times and bad, but also increases in the deficit from time to time, then you understand the hollowness of that statement. Another statement of the Minister's is as follows:

—I want to emphasize that financial requirements have risen because of unexpectedly harsh cyclical forces. The Government of Canada remains committed to its longer term goal of systematic restraint of its expenditures as a proportion of the GNP, and to systematic reduction of the deficit as well.

Let me read that last little phrase again:

—and to systematic reduction of the deficit as well.

We have seen no evidence of that in the last decade and prior to that. There has, however, been one exception. That exception was the budget brought in by the Clark Government in 1979. It laid out very clearly the method of reducing the deficit over a period of five years and beyond. The one and only time this was done over the last number of years was done by a Progressive Conservative Government. For the Minister of Finance to say that he is dedicated "to systematic reduction of the deficit as well" is a very hollow statement indeed. We can take those words, I think, very lightly, because there has been no proof of it from the other side.

The spending of this Government over the last 15 years is staggering. It is very difficult even for a Member of Parliament to grasp the tremendous increase in spending around here. The Liberals do very interesting things. I can give an example of what has been done right in my own constituency of Brampton-Georgetown. This Government in its wisdom has decided to move the Citizenship Court from the regional seat of Brampton where it has been located since 1976 to Mississauga. Prior to 1976, everyone in our area had to go to Toronto. But the Government has decided to take an established court, which has been in Brampton going on eight years, and establish a brand new court in Mississauga in the riding of Mississauga North. This is a high rent district. It will cost the Government a tremendous amount of money, more than was spent in Brampton. I believe the problem is numbers, because this court services close to 400 applicants every month. It is an extremely busy court. There is room in the building in Brampton to expand and this would cost much less than it is costing in Mississauga. Yet the Government made this decision to move the court. It will cost the Government a tremendous additional amount of money. The location of this court in Brampton is central to the areas it services. This court is now being moved to the south end of the area that it serves.

Mr. Blais: It is consolidation.

Mr. McDermid: It is not consolidation at all. The Minister of Supply and Services (Mr. Blais) said it is consolidation, but it is not. The court in Mississauga was established some six years later, as a matter of fact, last year. Incidentally, it is still not in full operation. Therefore, this is not consolidation at all. It is the transfer of a court from one area to another within the same region. As I said, it will cost a tremendous amount of additional money to establish this new court which is being located in a high rent district. It does not have to be there. There is no sense to this move at all. I might add that the Secretary of State (Mr. Joyal) who is responsible for the courts promised two months ago to give me an answer, but to date I have not received one. This move is a waste of money and it is completely unnecessary. But the Government went ahead just the same.

I am sure there are examples after examples of this type of misspending of funds. I know my colleagues can cite many more.

In the limited time I have I want to talk about the Department of National Revenue for a moment. I guess this Department is known in Canada, quite rightly, as the most effective collection agency in the country. I do not think there is any doubt about that. It is, "You are found guilty and you must prove your innocence later on." These people from Revenue Canada just come in and grab the money.

There is a very disturbing procedure going on in our country today. I am very concerned, as I know a number of my colleagues are. The auditing force of this Department is—and I will use the term advisedly—harassing the farming community in Canada. We hear the auditors are in British Columbia now auditing farmers. They have been into Ontario. I can give an example of an individual who was setting up an operation which would eventually have turned into a full-time one. He had received funding from the Federal Business Development Bank. He set up what I and many consider to be a very fine operation. The Department of Revenue did its audit, checking back five years. It forced the individual into bankruptcy. The Department completely destroyed this individual and his operation. The Department forced him to sell his farm at a much lower rate than it was worth, and it forced him to sell good top breeding stock at bankrupt sale prices. This forced him to the wall, and now we have an individual, who was preparing to go into a full-time operation and was deriving some of his revenue elsewhere, who is now completely defeated. He is disspirited. The Department of National Revenue did a real number on this individual, instead of trying to cooperate and help him. That situation is being repeated time and time again.

In *Farm and Country*, for Tuesday, March 22, 1983, the headline on page 3 reads, "Farmers battle tax grab." This article is about farmers being put upon by the Department of National Revenue. Because this Government is so hungry for tax money, this is what is going on today in our country, and it is a sin.

Mr. Girve Fretz (Erie): Mr. Speaker, I am glad to have an opportunity today to express a few thoughts regarding the supplementary borrowing authority which the Government is seeking through Bill C-143.

I believe the proper allocation of authority is vital to the survival of Parliament. By whose authority then are expenditures to be approved and laws made? Is it to be done according to the traditions of this country and of other representative democracies throughout the free world? Or is it to be done through Orders in Council in the lofty ivory tower of the Finance Minister? No, Mr. Speaker I think not. It is to be discussed here in the House of Commons before people elected by the citizens of this country where decisions should be made to safeguard the best interests of the populace in mind. These decisions are not—I repeat—not to be made with the narrow, partisan interests of the governing Party in mind. Yet, time and time again in the House, we see gross examples of political engineering and maneuvering instead of face-to-face negotiating on these very important points of borrowing authority and expenditure approval. Would any self-respecting bank manager lend money without having a fair idea of where that money is going and how it would be paid back? Of course not. Yet the Finance Minister (Mr. Lalonde) hides behind his friendly smile and assures the House that this budget will be coming soon.

• (1640)

We are getting rather tired of being assured. Why not do things in the proper order and let us know how these moneys will be spent before requesting capital for, as the Minister of State for Finance (Mr. Cosgrove) puts it, "prudent financial housekeeping". Any of our nation's homemakers would say that they would never stay afloat with this kind of financial housekeeping.

I want to focus on a few more remarks made by the Minister of State for Finance in defence of the Government's request for additional borrowing authority. The Minister's remarks on Thursday of last week seemed to indicate that he is satisfied with the amount of time which has been taken in debate and in committee on Bill C-143. We on this side are not because too many questions remain.

The Minister of State appears deeply concerned that he will not have the necessary capital to handle, as he puts it, "heavy tax refunds". This is rather interesting. Let me remind my hon. colleague that income tax refunds are funds which have already been paid to the Government. Where have they disappeared to? We do not even receive interest on the millions of dollars that are deducted at source during the previous year. This is a financial bonanza for the Government and one of the few sources of income on which its borrowing costs are nil. Yet it cannot even put aside for future reimbursement the small percentage of income tax received which is earmarked for refunds. No, it takes those funds as well and throws them into the trough for any and all Government enterprises to dip into.

It is rather like a lawyer who takes his client's cash to the racetrack. He throws it down on PetroCan in the fifth, Dome in the ninth, and loses his shirt. The only difference is that lawyers can be disbarred. Governments can carry on until their mandate is up, sinking more and more into the comfortable ooze of authority. Hopefully, the client—the citizens of Canada—will call a halt to the game-playing in the very next election. In any case, we in the Opposition are still wondering how the money requested will be spent. It is true that we do have the Estimates. We see the requirements for funding for the Small Business Investment Grant Program and the NEED Program which should ensure a few more Liberal votes. But these programs fail to come to the heart of the problem.

Why are such programs needed? A healthy economy would cure unemployment problems and ensure the development of a prosperous small business sector. However, band-aid programs aside, we are still awaiting the bag of tricks forthcoming from the Minister of Finance. After all, it is in the budget that we see not only the proposed expenditures but how that money will be raised. We shall see what new and devious schemes will be proposed to squeeze yet more funds from the depleted pockets of Canadians from coast to coast.

If we see wonderful and equitable programs emerging from this budget, if creative means are revealed therein which point the way toward economic recovery and a loosening of the

regulatory stranglehold on free enterprise, then we shall wholeheartedly approve such expenditures as will be required to meet the needs of these programs. But we will definitely not give voluntary blanket authority to patchwork, stop-gap, finger-in-the-dyke borrowing. We will not do so when one out of every four dollars raised is used to service the national debt.

Any business which operates in this fashion would be long out of business, with padlocks on the doors and plywood on the windows. The Government cannot operate indefinitely on such a huge deficit. Where does it stop? There are too many handouts and too many golden handshakes. Until it stops, the deficit will continue to grow, until eventually our citizens are taxed to death, the nation goes bankrupt and our dollars will become worthless souvenirs, like the deutschemark of bygone days when a wheelbarrelful would buy a loaf of bread.

As was indicated last week, supposedly in defence of Government monetary policy, Cabinet committees are taking responsibility for expenditure management, following guidelines set out by the Lambert Commission. Glowing words were spoken about checks and balances on spending. If these checks and balances are in place and functioning, why did the Auditor General have so much to say in his recent report?

There was more than one indictment of overspending in Government Departments, thus making a mockery of such statements by the Minister of State for Finance as:

> The Treasury Board rigorously examines all requests for spending authority by Government departments and agencies. It is constantly on the lookout for inefficiency or impropriety and screens the submissions it receives very carefully.

If such were the case, would the deficit be what it is today?

In the past few weeks, we have heard abundant eloquence from the Government benches justifying the supplemental borrowing authority on the grounds that it is inevitable spending, and that they have somehow done their best and we should accept it. Well, their best is certainly not good enough.

Figures abound to confirm the fact that Government spending has risen much faster than the Consumer Price Index or the Gross National Product. There can be no arguing there. Therefore, why will the Government not give clear and honest answers about why these funds are needed instead of generating vague responses about new programs and seasonal needs? The citizens of Canada are entitled to a fair debate on this issue. Were we elected in order to sit here and watch while their best interests are continually shoved in the background for the purposes of expediency? Is not the whole purpose of Parliament to have such discussion? Without responsible debate we might just as well shut this place down. Without input from elected representatives, our country will eventually be run by a Cabinet committee advising a Prime Minister (Mr. Trudeau) with his emperor-like powers. How close are we to getting to that stage right now?

It was pointed out last week by my hon. colleague, the Member for York-Peel (Mr. Stevens), that the reasoning for deficit spending is a fallacious one and that going deeper and deeper into debt will not help bring about economic prosperity. To that opinion, I add my overwhelming support.

We hear about finance companies which consolidate one's debts by substituting several small payments into one, huge crippling one. Any way one looks at it, one is still in debt. Similarly, adding to the deficit is economic suicide, yet in seeking this supplemental borrowing authority, the Government is doing just that.

Deficits are only short-term and meant to provide funds for programs to stimulate industry and commerce. That is the platform of my friends to the left, and increasingly of my hon. colleagues across the floor who seek to imitate them. However, that is not my Party's policy. We endeavour to cut spending, cut borrowing and cut the deficit because it is a Canadian tradition. That is how our forefathers operated. They built this country up by the free enterprise system and the cash payment system. It worked for them.

Let us not turn this country into another Sweden where free enterprise is virtually dead and where the tax burden is indeed unbearable. That is where we are headed with a Government that borrows increasingly and expects carte blanche to do so.

In conclusion, it is my belief that the Government must exercise more responsibility in dealing with the financial affairs of this nation. One way for it to do so is to determine now that it will make an effort to cut down on the deficit, first, by cleaning house and following the recommendations of the Auditor General. The second way is to encourage participation of Parliament in fiscal affairs and by declining to muzzle dissident voices through premature closure on Bills such as C-143. After all, the welfare of Canadians is at stake.

Mr. Jack Shields (Athabasca): Mr. Speaker, it is indeed a privilege to stand today to speak to Bill C-143, and particularly the amendment which has been proposed by my colleague, the Hon. Member for Mississauga South (Mr. Blenkarn). Bill C-143, an interim borrowing Bill, comes in two parts. There is $5 billion for the ongoing expenses to cover the shortfall in federal revenue until the end of this fiscal year. Then we are being asked by the present Minister of Finance (Mr. Lalonde) to do an unprecedented thing, and that is, to provide through this borrowing authority $14 billion which is really, if one looks at the Estimates in the Blue Book, the shortfall in Government revenue for the first seven months of the fiscal year, from the month of April through to the end of October. The Minister comes in blatantly asking for this kind of borrowing authority from the House of Commons, from the people who are representing, or supposed to be representing, their constituents at home, when he is probably two weeks away from a budget that will tell the people what the $14 billion is going to be spent on.

• (1650)

My colleague, the Hon. Member for Mississauga South has clearly stated in the amendment that we will authorize borrowing authority for $1 to the Government, forcing the Government to be accountable to the people so that when they do need the money and they are prepared to tell us what this money is going to be spent on, they will then come back to the

House of Commons and to the elected representatives of the people across the country, and say, "This is what we need the money for and this is how we are going to spend it."

Mr. Speaker, it is becoming increasingly frustrating to sit in this House and to have a Government so callous and so brazen that it would come in with this Bill C-143. It does not even shock people anymore that a Minister of Finance would ask this House to willy-nilly pass a borrowing authority Bill that will give him $14 billion for the next fiscal year. This in essence gives him carte blanche to spend the money the way he wants to until the end of October, with no accountability to the taxpayer or to the people of this country. Imagine asking for this sum of money two weeks before he brings down a budget that will tell us how he is going to spend the money!

I had the pleasure of speaking a little while ago to one of my constituents in Fort McMurray who is a true pioneer, Clare Peden, who settled the northern country, who has worked with his hands, who drove a CAT 400 miles through the bush breaking trail so that he could go up and start a construction firm in Fort McMurray years ago, years before there was an oil-sands plant. He has slowly seen his tax dollar, his way of life and his confidence in the Government absolutely and totally destroyed because of actions like this.

I urge all Members, from the New Democratic Party and the Liberal Party, to listen to what your constituents are saying to you. They are saying: "Enough is enough!" The waste of spending millions and millions of dollars in advertising across the country saying our energy dollars are working and we are only that far from energy self-sufficiency in this country is beyond belief.

The Government is wasting millions and millions of dollars doing studies to find out why the economy is stagnating. The economy is stagnating in Canada because the present Liberal Government has an attitude similar to that of the present Minister of Finance who says: "Hey, we can borrow $14 billion. We will not even tell the people of Canada. We will not even tell the taxpayer in Canada where that money is going to be spent. They do not need to know. We will tell them when we are good and ready." That is what the present Government is saying, and all Members should recognize that. That is what the Minister is saying when he requests from this House the authority to go out and borrow $14 billion.

I know, and all Members of this House know, that to operate a Government or to operate a business, there are times when you have to borrow money. Of course you have to borrow on your assets, you have to borrow on your projected revenues, you have to borrow to run the Government. We recognize that. But it is discourteous and it is totally ignorant for a Minister of Finance to come forward and say that the Government wants to borrow $14 billion, and when asked what it is going to use the $14 billion for, to intimate that it is none of our business.

My colleague who spoke just before me asked how one could go to a bank and expect to borrow money and not tell the bank manager what it was needed for. It is the bank's money. The bank manager represents the bank. The bank represents shareholders, it is their money and they want to know what the borrower is going to use the money for. I recently made a loan at the bank. They wanted detailed copy of how the money was going to be used and how I was going to pay it back, where the revenue was coming from. They wanted to know the cashflow.

The people of Canada want to know where the $14 billion is going to go. They do not want the Members who are sitting in this House to give the Minister of Finance carte blanche authority to spend $14 billion on the kinds of things that he has spent it on in the past. They want to know if he has an oil company in mind that the Government wants to buy. They want to know if he wants to buy a pulp and paper mill. They want to know if the money is going to be used to bail out a Massey-Ferguson or a Ford or a GM. They want to know if the money is going to be used to assist the farmer, to assist the unemployed, and they have a right to know because you and I as Members of Parliament representing constituents are accountable to those constituents. We have to go home and say to our constituents, yes or no, this is why it is being spent and this is why it was authorized.

We in this House know that this Bill is going to pass. We know that it is going to go through because there is a majority Government. I have yet to see a Member from the Government benches stand up, give us an analysis and tell us where this $14 billion that is being requested is going to go. All we are asking in this amendment is that the Hon. Members on all sides of the House vote yes to the first part, the $5 billion, which has to be allocated to finish off this fiscal year, but that the $14 billion be denied that Minister of Finance with an insatiable appetite for spending money. We ask that it be denied now, and when it is required, that a Bill be brought before this House detailing exactly where this money is going to be spent so that we can then go back to our constituents and be able to account for it.

It is paramount that this amendment go through, and it should go through with all Hon. Members' blessings because, in the final analysis, our duty is to our country, our duty is to our constituency, and then our duty is to our Party, and it is not the other way around.

Mr. Fred King (Okanagan-Similkameen): Mr. Speaker, I would like to read briefly from a letter received from a valued constituent, Mr. Reed Naylor of Okanagan Falls. He says in part:

• (1700)

There are obvious areas of out-and-out waste and it is rapidly ruining us. I still hope that someone will organize a blacklist of Government waste to which anyone who sees examples may contribute. If such a program could be made to snowball, it might develop sufficient credence to indicate to Government some of the flagrant absurdities of their wasteful policies. It beats me to see my taxes spent on repeated advertising on CTV by federal Departments such as Environment, Metric Commission, Parks Canada, etc. etc. I counted five in one 60-minute period a few days ago.

It is no wonder the subject of waste in constantly raised. No wonder the subject of Government advertising often occupies the attention of Members. Spending by the Metric Commission on a program that practically no one in Canada wants is repeatedly raised. We are becoming a nation of cynics. The

Government is asking for an unreasonable blank cheque so that it can continue its extravagance. It is creating an image, and people no longer believe in the integrity of Government.

Last Friday afternoon I flew from Vancouver to Penticton. A young lady sat beside me. She was from New Brunswick, now living in Coquitlam where she is working for the provincial Government as a dietician. This lady supports her parents who still live in New Brunswick. She made a remark that I believe is the typical reaction of the majority of Canadians. She said she was willing to make sacrifices for her country and was prepared to accept a salary freeze if necessary, but that she was offended by what was going on in Ottawa where restraint is spoken about but the Government is not prepared to restrain its own spending.

That is a common reaction in Canada today. People are prepared to sacrifice for their country, but they are offended by a Government that carries on a practice of waste, extravagance and patronage. It looks after its interests and those of its friends, to the disadvantage of those not so classified. This is why we are becoming a nation of cynics.

Just last week in Penticton, which is in my riding, Greenwood Forest Products was put into receivership. This was a busy milling operation, the largest employer in the area. It had a record of innovation. It was a productive enterprise, one that had developed a lucrative European market for lodge-pole pine panelling, competing with Scandinavian products.

That company had too much debt at too high an interest rate. The shutdown threw 250 employees out of work, placing them on the unemployment roll. This will have a domino effect on logging contractors, suppliers, engineering firms, in fact, the whole community. This is the most catastrophic incident to happen in the area.

Why did it happen? One reason over and above what I have mentioned was that the assistance offered to Greenwood Forest Products by the federal Government through its Enterprise Development Program was too slow in coming and imposed conditions just not acceptable to the parties.

This is in comparison to what the Government of Canada did for Maislin Trucking of Montreal. It guaranteed a $34 million loan with almost no strings attached. The treatment of Greenwood Forest Products has been unworthy and discriminatory. No wonder people are becoming cynical with this uneven treatment by Government, a Government that looks after its friends to the exclusion of those not in that category. Maislin had friends in Government. Greenwood Forest Products did not have friends of equal influence. It is this type of situation which offends Canadians and makes them cynical about Government.

The Canadian Federation of Independent Businesses disclosed that close to half of Canada's unemployed are former employees of small and medium-size businesses. It conducted a survey which showed that 51 per cent of responding businesses had reduced the number of their employees since early 1981. It is significant that most businesses that responded had reduced salary demands, below 6 per cent; 38 per cent gave no salary increase to their employees; and 6 per cent had actually reduced wages. Compare that to the federal Government's six and five approach for which it takes credit for all kinds of miraculous happenings in the economy. It has killed the economy. It makes it impossible for economic activity to take place. The Government says the six and five programs has broken the back of inflation. The other day I said it was like a farmer going into his chicken house, killing all his chickens and then taking credit for the fact that the weasels are no longer getting his eggs.

Mr. Bulloch says the private sector is leading the Government in restraint and wages. He points the finger at the Government in other ways. He said and I quote from the newspaper account:

> Mr. Bulloch did say that while the recession was worldwide, "much of the cause has also been the result of a combination of damaging federal policies and intergovernmental bickering." He condemned the "collection of ill-conceived and ill-timed tax proposals" ... and the malignant growth of the federal budget deficit.

It has an impact on people in many different ways. A widow telephoned me the other day to say that she is receiving phonecalls from a collection agency about her son's student loan. Her son made payments as long as he was working, but he is now out of work. He advised the bank that he could not make further payments until he resumed work. The bank sent the official letter, after which it can call on the Government to pay the loan under the Government guarantee. The Government then proceeds to put the matter in the hands of a collection agency. This collection agency is saying to this recently widowed friend of mine who is living on a widow's allowance, "You have a responsibility. Mortgage your house so you can pay off your son's loan. It is your responsibility to look after this." I suppose none of us likes the fact that there are 100,000 student loans in default. That represents something like $200 million. However, I do not believe that the Government should be so cruel and so insensitive to the realities of life that it will put a collection agency onto a widow who is a responsible person, and suggest that she has an obligation to pay her son's indebtedness.

• (1710)

I think that is symptomatic of something which is happening in the country, that we have a Government which is out of control and which is putting the squeeze on everyone but itself. In so doing it is making, as I said before, cynics of Canadians.

Mr. Gordon Towers (Red Deer): Mr. Speaker, the blanket which the federal Government is placing over Canadians is going to smother a society which we have known for 100 years. It is a great misfortune that Members on the Government side are not prepared to rise and take a stand on issues which are going to destroy our country if something is not done about it. When this Prime Minister took office, Mr. Speaker, 15 per cent of the GNP was all that was required to finance Government's operations. This year the expenditure will take 23 per cent of the GNP. The increased costs of financing Government since 1968 have multiplied 12 times. Canadians, I believe, are now starting to realize just exactly what is happening. For a

long time a lot of Canadians would tell politicians they would far rather have a Government going broke than their businesses being broke. Now, Mr. Speaker, we are finding out they are both broke. The total debt for which the federal Government is responsible is approximately $250 billion. People are now starting to realize what the consequences of that may be.

A few months ago the Government deficit was supposed to be $10.6 billion. Then the Minister of Finance said it would be $18 billion. Then it got to be $23 billion. Now at the end of this fiscal year we are finding it is well over $27 billion. Never in the history of Canada have Estimates been so far out of kilter. We must hold the Government responsible for this and we must hold the Minister of Finance responsible. This kind of attitude toward inappropriate action on the part of any governing body will ensure that we are going to enter into a disastrous situation.

Who is going to pull Canada out of the problems with which we have to deal? Government expenditures have outgrown and outstripped the growth in GNP. Let me impress upon you, Mr. Speaker, that deficit spending is just deferred taxation. What we are really doing is shoving a debt load onto our children and our grandchildren. They are going to have a great deal of difficulty trying to deal with it, and I am sure that they are going to be very unforgiving when they find out exactly what is being done to them. We have this rapid escalation of debt, yet the Government wants to borrow $14 billion more. My goodness gracious, Mr. Speaker, $1.5 billion in 1968 paid the cost of financing our national debt. Today it is $18.6 billion. That amount does not include any of the costs of our Crown corporations. In 1968, our debt cost 13 cents of every dollar which the Government spent. Today it is 20 cents. This is money which the Government is spending, not just taxation dollars which are taken in.

We must realize, Mr. Speaker, that we are in a terrible situation as far as our balance of finances are concerned and we must be cognizant of that. The Canadian people are now starting to realize just exactly what the situation is. The total debt, as I said earlier, for which the federal Government is responsible, is in the area of $250 billion. If we work that out among our Canadian people, it is $10,000 for every man, woman and child. A family of four, which is the average family in Canada, is facing $40,000 debt because of the position that their federal Government put them into.

The problem, Mr. Speaker, with the taxation policies of the Government, is that it is trying to grab more and more. Just the other day I asked the Minister of Finance (Mr. Lalonde) if he would not consider cutting the excise tax on fuel and energy which is required in the production of our food. The Minister retorted, "Well, the Government has to get some money from some place." Far better, Mr. Speaker, for the Government to cut the cloth to fit the pattern. The Government should cut some of the expenditures which are not required. My colleague, from British Columbia mentioned one of them, the Metric Commission, still doling millions and millions of dollars out. There are many other programs over which the Government seems to have no control, or does not seem to have the desire to exercise control. My colleague, the Hon. Member for Central Nova (Mr. MacKay), mentioned earlier today the former Auditor General, Mr. Macdonell, who did a tremendous job when he was Auditor General, and he told the Government at that time that to all intents and purposes expenditures were out of control. Nothing has changed since that time. Government expenditure is still out of control. The only difference is that it is worsening, and Government has less control today than it has ever had in Canadian history.

I believe we are falling further and further behind in competition with other nations because of the fact that we are allowing our nation to drift further and further into debt. This national debt is being placed on our businesses, and our businesses are being forced out of business. I fear that if we stay on our present course we will continue to be hewers of wood and drawers of water. It is the responsibility of any Government to establish a climate in which our business community can progress and develop and in turn develop business. Small businesses supply 60 per cent of our jobs in Canada today. If we allow the Government to put the small businesses into bankruptcy, then we are all going to suffer the consequences. What happens when you put small business out of operation? They lay off people. Those people, instead of paying income tax, are then drawing Unemployment Insurance. What a lot of the Government's programs are actually doing is taking people who have been on welfare for a while or have exhausted their UIC benefits, and giving them a job for long enough to qualify for UIC. This is not very productive, Mr. Speaker, and it can be done in a better way. The Government should realize that this is its responsibility, and this is why this Government is being so irresponsible in not recognizing the benefits which can accrue when all Canadians are working together.

• (1720)

I do not think the Government should be asking the Canadian people for another $14 billion because it cannot afford the finance its present debt.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I appreciate the opportunity to speak to this Bill for a few minutes. This borrowing Bill is the fourth of its kind in the past eight months. Since $14 billion of the amount requested is to keep us going for the rest of the year, this Bill amounts to the Government's asking for a blank cheque to keep it going. The Government is asking us for money for programs which it has not even placed before the House, programs which have probably not even been thought of yet. In addition, a large percentage of this money goes to service existing Government debt, a good portion of which was brought about because the Government proceeded for the last 12 or 13 years with very little planning. It has approached government on a kind of day-to-day, session-by-session basis without any long-term planning. So what this Bill is actually doing, Mr. Speaker, is asking the people of Canada to pay for the lack of planning by this Government.

There are other examples of bad planning by Government which I could give this House, Mr. Speaker. One year after the present Government of Saskatchewan came into power, it had established a deficit of $220 million, considerably more in one year than all the previous Governments of Saskatchewan had managed to accumulate in the previous 77 years. But without planning, Government expenditures get out of hand. This Government's spending record is like a snowball going downhill. We have all seen those comic strips where a snowmobile starts small at the tope of the hill and as it goes down it picks up increasing amounts of snow, until at the bottom of the hill it ends up looking like a very large snowball. This snowball analogy is very apt, Mr. Speaker, because the big spending started back in 1970. That is when it started to snowball down the hill. The present administration had regular expenditures with very little planning until we got to the point, the bottom of the hill, that it had a huge deficit.

Just as a matter of interest, Mr. Speaker, back in 1973 the accumulated deficit of this Government was $51 billion; in 1976, $59 billion; in 1979, $98 billion; in 1982, $134 billion. But that does not include all those other debts the Government has run up, the debts of Crown corporations for which the Government is responsible, the letters of credit for which the Government is responsible, or letters of comfort as they are sometimes called. If you added all those together, the deficit would be well over $200 billion, Mr. Speaker. In 1970 we had an accumulated deficit of $900 per capita. By 1982 it reached $3,883 per capita. In other words, this particular Government has increased the per capita debt four times.

Now, Mr. Speaker, there are times when deficits have a value. But what was the value of a deficit in the period from 1970-71 to 1974? There was no reason for deficits at that time. Right now deficit spending has a possibility of increasing the number of jobs. But basically we should use deficits only when they are of direct value to the economy, and that is the only time.

I know our Party is often called the spending Party. Well, as an example of what good spenders we are, I would point again to Saskatchewan and the 30 years of CCF and NDP Government. In that period of time it established an outstanding record of social services and expenditures that were good for the Province and for the country. It made those expenditures without once establishing a deficit. That is a good use of money, Mr. Speaker.

• (1730)

In the same period of time the federal Government increased the per capita deficit of the people of Canada fourfold from under $1,000 to approximately $4,000.

I should like to return to the reasons for the borrowing request, Mr. Speaker. It is required for programs that have not been placed before the House. An increased amount of money is to be expended on the railways, and I agree that there is a need for that but not at the expense of the farmers. The Government plans to ask farmers to pay for part of that rail expansion. It has already committed a lot of money to the railway, but has not come before Parliament with this proposition. That is one reason it is asking for more money, and there are other reasons such as Mirabel and Pickering and other bad expenditures made in the past. If the Government planned its spending better, then there would be no need for these borrowing Bills.

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I am pleased to take part in this debate on Bill C-143, the supplemental borrowing authority Bill to authorize the Government to borrow up to an additional $5 billion in new money for the current 1982-83 fiscal year. It will also provide further authority to the Government to borrow up to $14 billion for fiscal year 1983-84, for a total, Mr. Speaker of some $19 billion.

Without question, Mr. Speaker, the total borrowing authority of $19 billion granted in this Bill is the largest borrowing in our country's 116 year history. To add fuel to the fire, Mr. Speaker, this is the second time this year that the Government has sought to increase authority by more than the requirements that had been projected in its most recent financial forecast. The deficit today Mr. Speaker, is 28 per cent of all expenditures. In other words, for every $4 the Government spends, it must borrow a little more than $1.

Mr. Speaker, the Government keeps telling us that the federal debt is $134 billion. However, as the Hon. Member for Red Deer (Mr. Towers) and I have stated on earlier occasions, and when one adds in the total debt of the Crown corporations of $55 billion and the $49 billion in pension funds that the Government has appropriated, the total debt is closer to $240 billion.

The June and October budgets of 1982 failed to provide economic and fiscal projections for the current fiscal year. Experts tell us that that is dangerous because it creates uncertainty and leads to unwarranted speculation and disruptive speculation in the financial markets as to the state of the federal Government's finances.

No banker, Mr. Speaker, would grant a line of credit to a financially crippled business that refused to provide cash flow projections. Indeed, Mr. Speaker, a private industry or enterprise with revenue that equalled only 70 per cent of expenditures and a gross debt that was more than triple the value of its assets, would be forced into bankruptcy. The federal Government, Mr. Speaker, cannot declare bankruptcy because it has no place to file.

There is no question that the poor economic performance will continue to have a negative impact on the finances of the Government, as the cost of social assistance rises and revenues stagnate or fall. Any recovery that may occur, Mr. Speaker, is likely to be a weak recovery, and as such will only have a moderate impact on the current fiscal dilemma. Even if we have a moderate recovery it may not be enough to bring the federal books into balance.

Unless measures are taken to control spending and to create economic growth, it can be expected that the present situation will not readily improve. By controlling spending, Mr. Speaker, I realize that the Government is committed to carrying out

its obligations in financing our important social programs, such as Old Age Security, Spouse's Allowance, medicare, and many other worthwhile programs. These are obligations and duties that must not be reneged upon. But, Mr. Speaker, there are many, many other areas of spending that should be seriously looked at, that should either be curtailed or should be eliminated entirely.

One only has to go through the Auditor General's annual Report to see areas of unproductive spending, areas of mismanagement, areas of unaccountability and cost over-runs which, when totalled, amount to millions and billions of taxpayers' dollars wasted and gone down the drain.

I am not here to castigate and chastise individuals or Department officials, Mr. Speaker. I believe that most of them are dedicated people and are trying their best to do the best job possible. However, Mr. Speaker, because the money that they handle and the money that is their responsibility to spend wisely is not really their own, I do not believe there is the same judicial care exercised to spend the taxpayers' money more prudently.

I have in my possession a document that really spells out this problem in detail, but in the brief time at my disposal in this debate, it will not be possible for me to read this document into the record because of its length. However, perhaps I could draw the attention of the Chair and the Members to a couple of examples. One has to do with over-runs—spending over budget.

Environment Canada, experienced cost over-runs on 153 out of the total 223 projects to the amount of $283 million. This is a glaring example of poor budget planning, which would have resulted in wholesale firings if it had happened in private industry. But we all know that public servants rarely get fired. If something goes wrong, the punishment is usually a promotion to get him or her out of the Department.

In the other extreme, Mr. Speaker, on July 1, 1982, two days after announcing the need for more restraint, the Government paid $430,000 to provide 16 cities with fireworks. Really, Mr. Speaker, where is the common sense?

Common sense should tell us that we are heading for rocky shoals if this trend in spending continues. It is a case, Mr. Speaker of this Government's continuing to flounder around, pulling the wrong levers and greasing the wrong skids. The Government must readjust its priorities to get our economy rolling again. Money must be spent wisely to get our economy back on track. We must regain our strong economic base. Our industry must modernize in order to grow and expand. The Government should be encouraging such undertakings, not penalizing businesses with disincentives and by drowning incentive by the myriads of discouraging regulations that private enterprise is forced to contend with.

There must be a dovetailing and equity and partnership between business and Government. Harmony will bring about better economic results while, on the other hand, working at loggerheads with each other only ends in chaos and bankruptcy.

Over the years we have heard common arguments used by the Liberals to defend the Government's record on spending, debt and the deficit. One of these is, "Deficit spending is good for economic growth". Common sense should tell them that deficits do not necessarily occur as a consequence of measures to promote economic growth. The truth is that most of the existing deficit is the result of the failure to achieve economic growth. For example, in November of 1981 economic growth was projected by the then Minister of Finance to be 2.2 per cent. The projected deficit was $10.5 billion. In June of 1982 the Government predicted a negative growth of 2 per cent, and the projected deficit was forecast to be $19.6 billion. For the fiscal year 1982-83 the Government is forecasting a decline of 4.4 per cent, and the expected deficit will likely be around $30 billion.

It can be readily seen, Mr. Speaker, as the deficit has grown from year to year, that Canadians have become more and more aware of the damage that continuous deficits inflict upon the economy. We must be aware as well, Mr. Speaker, that our excessive borrowing is one of the reasons for the weak dollar and for the recent very high interest rates that have been necessary to support the dollar.

Another fallacy, Mr. Speaker, that we hear from the Government is, and I quote, "There is a deficit because of the positive initiatives the Liberals have taken over the years to assist Canadians." The truth is, Mr. Speaker, that the many examples of unnecessary spending by the Liberals have been an unnecessary drain on the Treasury. That red herring, Mirabel Airport, has cost the taxpayers of Canada $700 million. As I mentioned earlier in my speech, the Government has consistently failed to exercise adequate cost control on projects and programs. It was discovered in October, 1979 that cost over-runs for ongoing projects initiated by the Liberals totalled $1.1 billion.

• (1740)

In 1978, the Unemployment Insurance Commission paid $290 million to those not legally entitled to receive benefits. Another fallacy projected by this Government is: "There is nothing wrong with having a large national debt. We only owe the money to ourselves, and there are assets to offset the debt."

The major problem with the Government's debt is that it must be serviced. One tax dollar in four is used to pay interest on the debt. Interest on the public debt will cost the taxpayers of Canada $16.7 billion in the fiscal year 1982-1983. That represents $700 per capita or $1,800 per taxpayer. The assets of the Government are dwarfed by its debt. In March, 1982, the Government had $40 billion in assets, compared to a total official gross national debt of $134 billion, which we know is not quite right, it is closer to $200 billion to $250 billion.

Another fallacy enunciated by the Government is: "There's nothing wrong with a short-term deficit." The federal Government has not balanced its books since 1970, and it will not do so in the next five years. The Liberals have maintained since 1970 that the deficit is only a short-term problem. There is nothing short-term about 17 years.

I could go on and on but I think the Government has to take account of itself. I am sure Canadian taxpayers have been very patient with this Government for a good many years, but I am afraid their patience has run out. I think the time has come to place a new sign on Parliament Hill reading, "Under New Management."

Mr. Gordon Taylor (Bow River): Mr. Speaker, the Canadian people are paying for the sins of the Liberal Government. During the good years the Liberal Government had all kinds of chances to put money aside. Revenues were good. We had good returns from the country. But the Government spent wildly. It lived high off the hog. The Government did not prepare for the day when there would be a shortage. Today we are paying for that. The Government has brought in a Bill to borrow $14 billion. The Progressive Conservative amendment is to cut that borrowing down to $1.

I want to tell you today, Mr. Speaker, that the Canadian people have to begin to realize that when one borrows $14 billion today, one pays far more than $14 billion in taxes tomorrow. We will not get by with $14 billion. Interest rates will go up and down. It will be $16 billion, $18 billion or $20 billion which the Canadian people will have to repay. That shows the kind of irresponsible Government we have in this country today. It is irresponsible because it did not put money aside when it had the chance to do so.

Mr. Blais: Question.

Mr. Taylor: The Government did not provide for the future. It did not put any grain in the granary. The government spent everything. It lived high off the hog. Now the Government is expecting the people of Canada to pay. I want to tell Members on the other side who are supporting this Bill that you cannot borrow yourself out of debt. That cannot be done. Liberal Members are just as silly as the man who stood on the street corner who tried to raise himself by pulling on his shoe straps. He pulled and pulled but he could not raise himself. The Government cannot borrow itself out of debt. I say to the Liberal Members that you are propelling the nation further and further toward bankruptcy. This Government has done that to the small business, the farmers, and even to some of the big businesses. Just the other day, a business had an opportunity to provide farm machinery to be exported all over the world. The company went into receivership because of this Government's policies, including its high interest rates and the refusal to assist with guarantees to help unemployment.

The Government is taking money out of the pockets of the farmers by introducing a new type of Bill whereby the farmers cannot even hire a casual labourer as they have been able to do for years. Now farmers have to pay an additional amount if they want to hire the neighbour's boy or an Indian. Yes, you cannot borrow yourself out of debt. The Liberals have ruined this country. The Liberals have ruined our industry. I say to the Liberals, you should recognize what you have done and resign.

[*Translation*]

The Acting Speaker (Mr. Blaker): Order. It being 5.45 p.m., pursuant to order made on Thursday, March 24, 1983, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the report stage of the Bill.

[*English*]

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Blaker): All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Blaker): Call in the Members.

The House divided on the motion (Mr. Blenkarn) which was negatived on the following division:

(*Division No. 315*)

YEAS

Messrs.

Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Blackburn
Blaikie
Blenkarn
Bosley
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Corbett
Crosby (Halifax West)
Darling
Deans
de Jong
Ellis
Fennell
Forrestall
Fretz
Friesen
Fulton
Gass
Greenaway
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hawkes
Heap
Hovdebo
Jarvis
Jewett (Miss)
Keeper
Kempling
King
Knowles
Korchinski
Lambert
Lawrence
Lewis
Lewycky
MacDonald (Miss) (Kingston and the Islands)
MacKay
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McGrath
McKinnon
McLean
McMillan
Mitchell (Mrs.)
Mitges
Munro (Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Nystrom
Parker
Patterson
Reid (St. Catharines)
Riis
Roche
Sargeant
Schellenberger
Shields
Siddon
Skelly
Stevens
Taylor
Thacker
Towers
Vankoughnet
Wenman
Young—78.

NAYS

Messrs.

Appolloni (Mrs.)
Axworthy
Bachand
Baker
(Gander-Twillingate)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bussières
Caccia
Campbell (Miss)
(South West Nova)
Campbell
(Cardigan)
Chrétien
Collenette
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
De Bané
de Corneille
Demers
Desmarais
Dingwall
Dion
Dionne
(Chicoutimi)
Dubois
Duclos
Dupras
Erola (Mrs.)
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Guilbault
Harquail
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Isabelle
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
MacLaren
MacLellan
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro
(Hamilton East)
Nicholson (Miss)
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tousignant
Trudeau
Veillette
Watson
Weatherhead—113.

● (1810)

[*Translation*]

Madam Speaker: The motion is lost.

Motion (Mr. Blenkarn) negatived.

Madam Speaker: The question is now on the motion of the Hon. Minister of Finance (Mr. Lalonde).

Hon. Marc Lalonde (Minister of Finance) moved that the Bill, as amended, be concurred in.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Madam Speaker: All those in favour will please say yea.

Some Hon. Members: Yea.

Madam Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Madam Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Madam Speaker: If the House agrees, let us dispense with the bell to call in the Members.

The House divided on the motion which was agreed to on the following division:

(*Division No. 316*)

YEAS

Messrs.

Appolloni (Mrs.)
Axworthy
Bachand
Baker
(Gander-Twillingate)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Breau
Bussières
Caccia
Campbell (Miss)
(South West Nova)
Campbell
(Cardigan)
Chrétien
Collenette
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
De Bané
de Corneille
Demers
Desmarais
Dingwall
Dion
Dionne
(Chicoutimi)
Dubois
Duclos
Dupras
Erola (Mrs.)
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Guilbault
Harquail
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Isabelle
Johnston
Joyal
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
MacLaren
MacLellan
Maltais
Marceau
Massé
Masters
McCauley
McRae
Munro
(Hamilton East)
Nicholson (Miss)
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Smith
Tardif
Tessier
Tousignant
Trudeau
Veillette
Watson
Weatherhead—113.

NAYS

Messrs.

Andre
Anguish
Baker
(Nepean-Carleton)
Beatty
Blackburn
Blaikie
Blenkarn
Bosley
Clark
(Yellowhead)
Clarke
(Vancouver Quadra)
Cook
Cooper
Corbett
Crosby
(Halifax West)
Darling
Deans
de Jong
Ellis
Fennell
Forrestall
Fretz
Friesen
Fulton
Gass
Greenaway
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Hawkes
Heap
Hovdebo
Jarvis
Jewett (Miss)
Keeper
Kempling
King
Knowles
Korchinski
Lambert
Lawrence
Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
MacKay
Mazankowski
McCain
McCuish

Messrs.

McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McGrath
McKinnon
McLean
McMillan
Mitchell (Mrs.)
Mitges
Munro
(Esquimalt-Saanich)
Murta
Neil
Nickerson
Nielsen
Nystrom
Parker
Patterson
Reid
(St. Catharines)
Riis
Roche
Sargeant
Schellenberger
Shields
Siddon
Skelly
Stevens
Taylor
Thacker
Towers
Vankoughnet
Wenman
Young—78.

Madam Speaker: I declare the motion carried.

Motion agreed to.

Madam Speaker: It being almost 6.30 p.m. I do now leave the Chair until tomorrow at 11 a.m.

At 6.22 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, March 29, 1983

The House met at 11 a.m.

• (1110)

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

Hon. Paul J. Cosgrove (for the Minister of Finance) moved that Bill C-143, to provide supplementary borrowing authority, be read the third time and do pass.

He said: Mr. Speaker, I want to conclude my comments on this legislation by addressing three areas under the following headings: Why is the Government requesting authority to borrow at this time? What will the money be used for? How does the Government control these expenditures, and indeed expenditures generally?

I remind Hon. Members of the financial statement of October 27 by the Minister of Finance (Mr. Lalonde) wherein he made the following comments:

> I have also made it clear from the estimates I have presented that further borrowing authority will be required before the end of this fiscal year. In the budget I intend to present early in 1983, I will review again the fiscal situation for the current fiscal year, set out estimates for 1983-1984 and future fiscal years, and then seek additional borrowing authority as required.

The Minister of Finance has indicated that he will set the date for the upcoming budget within the next few days. Addressing the first part of the Bill, in the interim and, second, in the immediate period of the budget and post-budget, interim borrowing authority is sought. That is the purpose of the legislation before us.

What about the funds which are sought under this request for authority to borrow? We know that the President of the Treasury Board (Mr. Gray) tabled in this House some 6,000 pages of Main Estimates. This is an indication of the expenditure program of the Government, which is an annual event for programs established under authority of legislation of Parliament. In tabling the estimates, the President of the Treasury Board signalled that two-thirds of these budgetary estimates are slated for statutory expenditures based on continuing authority by Acts of Parliament. These estimates show in great detail the wide variety of programs being carried out by the Government, living up to its responsibilities under the legislation I have just indicated, and assisting Canadians during this very significant downturn in the economy.

The estimates reflect a 21 per cent rise in cash payments under the Established Programs Financing Act whereby the federal Government contributes to the financing of hospital insurance, medicare, extended health care and post-secondary education. They indicate a $2.9 billion allocation to Unemployment Insurance in order to assist in this recessionary time in the economy. The estimates demonstrate a 21 per cent increase in federal contributions to the Provinces, for example, and to the Canada Assistance Plan.

The federal Government pays for 50 per cent of eligible provincial-municipal expenditures for assistance payments, welfare payments and a number of health programs. We also cover 50 per cent of the cost of child support services such as foster care, daycare, and a broad array of family and social support services. I do not have to remind Hon. Members of the continuing and pressing need for funding in this area. That is what the Government intends to address through the funds sought by the authority in the legislation before us today.

• (1115)

More than that, scarcely a day goes by, Mr. Speaker, but that we are reminded of the initiatives taken by the Government, again signalled in the October 27 statement of the Minister of Finance, for example through the NEED Program, job-generation programs which are designed to assist people whose Unemployment Insurance benefits are terminating. The funding for that program is assisted by the request for authority presently before the House and in the legislation for which we seek approval today.

With respect to the comments which have been made that the expenditures are not wisely or efficiently accounted for—and this is the third point I wish to draw to the attention of Hon. Members—I remind them again that this Government accepted the recommendations of the Royal Commission on Financial Management and Accountability, the Lambert Commission. This Government, together with the former Conservative Government, has accepted the procedure whereby expenditures of the Government are split, in terms of Cabinet responsibilities, into a number of envelopes. Within these envelopes, Ministers of kin responsibilities are obliged to set priorities and to set off against one another claims for expenditures in their areas of responsibility.

There are other controls as well, Mr. Speaker. All budgetary appropriations of funds, of course, must be approved by Parliament, and we have the system of a very detailed examination of the estimates through the Standing Committees of the House. For example, on two occasions I have been before the Standing Committee on Finance, Trade and Economic Affairs to account for, explain and give detailed responses to

detailed questions of Hon. Members as to the expenditure in the Department of Insurance. Therefore, each Minister of the Government is called before Standing Committees of the House to answer and to account for the expenditures of the Government, not only for the funds which are sought today in this legislation, but all other operations of the Government.

We know as well, Mr. Speaker, some of us only too dearly, that Treasury Board is a mechanism of the Government, this Government and the preceding Conservative Government, which guards jealously the actual implementation and expenditure of funds under general programs. We know as well that the Auditor General examines the Government's financial statements and carefully reports to Parliament on his findings. I would like to repeat again what I said earlier in our deliberations on this legislation, that so much good work was done by the former Auditor General, Mr. Macdonell. He showed such leadership in strengthening the controls and the overview of Government expenditures in that part of Government operations through the exercise of the office of the Auditor General.

Finally, Mr. Speaker, in a broader policy range, in 1975 the Government announced that it would hold the trend growth of its expenditures to no more than the general trend growth of the economy. I remind Hon. Members that over the period from 1975 to 1980 the Government successfully met that objective. In 1981, of course, with the deterioration of the economy, expenditures rose more rapidly and that was witnessed by the Government's response, for example, in increasing its commitment to Unemployment Insurance payments and, unfortunately, as well, calling for a similar increase in contributions by the private sector in order to meet a situation which, as I have indicated, was caused by the downturn in the economy.

• (1120)

In conclusion, Mr. Speaker, I have attempted very briefly, under three headings, to address what I believe to be three important points that Hon. Members will take into account when considering the request by the Government for the borrowing authority in the legislation before us this morning.

I have attempted to explain, first, that the Government requires this authority to meet pressing needs of Canadians. That, I think, in normal times would have been explanation enough; it is to meet the ongoing expenditures of the Government particularly at this time of year.

Second, I have indicated that the Government through the estimates, in thousands and thousands of items, has detailed the expenditures.

Finally, I have attempted to outline the controls and safeguards that guide the Government in its attempt, efficiently and in a businesslike way, to manage the expenditure of funds, not only in this authority to borrow but in all Government expenditures. I urge Hon. Members to conclude this debate and to vote, enabling the Government to proceed with this authority as quickly as possible.

Hon. Erik Nielsen (Leader of the Opposition): Mr. Speaker, there can be no doubt that the Government has so mismanaged the economy of the country that it is now broke. It is utterly broke. It has exercised emergency powers under Section 39 of the Financial Administration Act for the first time in our history.

Last Friday when I raised the matter with the Minister of Finance (Mr. Lalonde) in the House, he tried to draw a parallel between what he was doing in exercising the powers granted to him under Section 39 of the Financial Administration Act and circumstances which occurred in 1962. There is no relationship whatsoever. This is the first time in our history that the Government has gone to emergency borrowing powers, once a week, and has borrowed in excess of $2.5 billion according to orders in council tabled in the House yesterday. That is a shameful situation, Mr. Speaker.

We find statements of the Minister of Finance such as those which appeared in *The Globe and Mail* recently, when he said that the federal Government deficit is like an accordion, to be a very curious view of the deficit. He should learn to play better than he sings. In his hands the deficit has been more like a balloon which is constantly being inflated by the Government and which, at some point, must burst.

The Minister's role as an accordion player is very appropriate. It conjures up the image of the organ grinder. And what does that make the Minister of State for Finance (Mr. Cosgrove)? Is he the one who carries the tin cup? The problem between the Minister of Finance and the Minister of State for Finance is that it is difficult to know, from time to time, who is playing and who is dancing. I can tell the Minister of State for Finance where the majority of Canadians would like to see him and his colleagues on the Treasury benches these days, and it is not where they presently are.

We confront this Bill among gathering clouds of uncertainty and the highest unemployment rate since the great Depression. It is in this context that the Government seeks authority to borrow $19 billion to meet its cash requirements, in the meantime exercising emergency powers to stay afloat. As has been pointed out time after time in the House, of the total amount, $14 billion relates to the coming fiscal year, to budgetary demands, to fiscal and monetary policies of which the House has not yet been given an inkling. We are being asked to finance policies that we have not yet seen and to underwrite programs which we know nothing about.

• (1125)

The most serious issue in this country today, sir, is the two million Canadians who cannot find jobs. Another 600,000 students and young people are coming on to the labour market in the next month or two with no hope that there is going to be employment in this land which used to be a land of plenty before these rascals did it in. There is no indication, sir, that this Bill will in any way address the problems of those two million unemployed Canadians and the 600,000 young people coming on to the job market this summer. This Government, sir, has shown itself to be totally unconcerned about the

unemployed. It has taken an utterly cavalier attitude towards unemployment.

This, sir, is the Government that turned off the tap, that froze out foreign investment, that obstructed the oil and gas industry, that fumbled the megaprojects. This is the Government that accorded special treatment to its friends. It put one former assistant of the Prime Minister (Mr. Trudeau) at the head of the Canada Development Investment Corporation with powers of life and death over a multitude of companies and corporations, and another Minister to whom the first must report. The Prime Minister showed his concern for the unemployed when he relegated the discussions on the economy to a dinnertime chat with the Premiers and then put it back to the evening prior to the opening of the constitutional meeting in mid-March. He had an in depth discussion of the unemployment problem in this country, an in depth discussion of the serious economic problems facing the country, and in depth, detailed discussion between the vichyssoise and the filet mignon. To hundreds of thousands of unemployed Canadians, the signal is clear: beware the Ides of March. That, sir, is not good enough.

The Conservative Party, in the face of the enveloping crisis rending this country on the jobless issue, would call a national conference lasting from two to three days and bring in the Premiers with representatives of business and industry to organize a concerted attack on the problem of unemployment. The Minister has said he needs the borrowing Bill to pay Unemployment Insurance claims which are speculated to be in the order of $12 billion and to pay welfare and create jobs. If the Government had not turned off jobs in the first place with negative and destructive policies like FIRA and the NEP, we would not have these enormous cash requirements.

Mr. Fisher: Are you against those, Erik?

Mr. Nielsen: I trust that the Member who opens his mouth from his seat more than he does when he is standing will participate in this debate.

Mr. Fisher: More than happy to. Are you against these—

Mr. Nielsen: I am saying to the Hon. Member that those buffoons that he supports have adopted policies which have created two million unemployed in this country, with another 600,000 students coming on the job market this summer with no hope whatsoever. That is what those people on the Treasury Board benches have done. I cannot understand why he, among other backbenchers, continues to support these rascals.

Mr. Fisher: Are you against FIRA?

Mr. Nielsen: Obviously, they are supporting policies of unemployment.

Mr. Fisher: Are you against FIRA? You just attacked it; have the courage to answer the question.

Mr. Nielsen: I join the millions of Canadians who say that this Government is doing a rotten job, and the sooner they get off those Treasury benches, the better.

Some Hon. Members: Hear, hear!

Mr. Nielsen: The Minister knows very well that one of the major reasons for this unusual demand of $14 billion in the coming fiscal year is to service the huge borrowing already undertaken by this Government. Sir, they are borrowing to pay their debts. The Government's debt charges now represent nearly a fifth of all its expenditures. When a Government reaches that point, insolvency is no longer just a word. I emphasize again that the Government's cash requirements in the coming fiscal year should be outlined in budgetary form. That is the practice of this place; that is the tradition of this place; that is the history of this place.

• (1130)

This Bill should be accompanied by a budget in which the Government sets out the specific purposes of the expenditures, the reasons for these huge cash requirements, and outlines the fiscal and monetary positions which it intends to take in order to restore the country's economy. A few moments ago the Minister of State for Finance was lauding the Committee system and the number of times that he and other Ministers appeared before Committees to examine these expenditures. I see him nodding his head in the affirmative. What time do Members of Parliament get in this great Committee system to question in detail about expenditures of this nature? Five minutes for $14 billion!

Mr. Fisher: One of them was five hours.

Mr. Nielsen: Then Members, like that yappy one over there, dragged red herrings throughout the whole process of the Committee system, taking up time and making excuses for a Government which does not know where it is going or where it has been.

The House and the country are also entitled, as a concomitant of this Bill, to an outline of the taxation policies which the Government intends to impose in order to raise funds to meet these pyramiding debt charges. That is why we need a budget. The country is entitled to know where we are going. The reason we do not know where we are going is that the Government does not know where it is going. This House is entitled to have full information and we get the least.

The reason the Government has not seen fit to fill in the budgetary blanks in its fiscal and monetary position is very simple. The Government cannot tell the House where it is going because it does not have the least idea. There is another reason that it does not tell us. It is because it does not want Canadians to know the deep trouble into which it has plunged the country. It is quite obvious that the Government, in coming here with its hand out for a blank cheque covering the coming fiscal period, without the usual explanations and with no true

indication of the present state of the economy, is desperately trying to keep from Canadians the raw truth about the serious difficulties in which we find ourselves.

We are entitled to a full budgetary background to this Bill. We do not have it because the Government does not dare to give it. To do so would be to let the cat of fiscal mismanagement out of the bag. The Government does not dare let Canadians know how close to the edge of economic insolvency it is now hovering.

The Minister talks glibly of letting the deficit grow and of spending to stimulate the economy. This is another example of that peculiar irresponsibility by which Members of the Government are afflicted. How could any Government in this country spend more than this Government has spent? They are heading for total expenditures, I believe, of $90 billion. How could they possibly make the deficit any larger? If anyone could accomplish it, they are the gang who can. It is now moving up to $30 billion. If there was any way of stimulating the economy, would it not have been stimulated by the enormous expenditures of the Government? The economy is certainly not suffering from understimulation: it is suffering from raw, bad management. It is suffering from waste, extravagance, lack of direction, confusion and the application of ideological nostrums to our economic problems.

Without exception, every policy application by the Government in the past three years has had a negative impact. Another wave of reckless spending by the denizens of the Langevin Block will not restore investor confidence one iota. A further demoralization of our fiscal standing will not bring back the megaprojects. The only cure for the condition in which the country finds itself is the removal of this Government and a return to coherent, practical policies directed to the realitites of our economy, which those fellows just choose not to recognize.

Turning to just one area of the Government's stumble-footed approach to the economy, let me point out that in the United States oil companies in the private sector pay substantial fees into the federal treasury for the privilege of undertaking exploration. In this country continuing Government interference has destroyed the confidence of entrepreneurs to the point where those who have not pulled up stakes are now being paid incentives by the Government to undertake exploration. What a topsy-turvy fiscal policy!

This is not a sign of lack of confidence in Canada; this is a sign of a total lack of confidence in the Government. It is clear that foreign investment will not come into the Beaufort Sea, to give one example, in the very large amounts necessary as long as the Government's centralist and interventionist policies continue to operate. Therein lies the tragedy of our situation. That is why unemployment is at an all time high. All this is spite of the fact that expenditures have increased under the Government since 1968-79 by some 630 per cent.

Then you ask, sir, where are the jobs? Where are the jobs that should have resulted from this enormous stimulation of the economy? The Minister of Employment and Immigration (Mr. Axworthy) will tell you, sir, of the thousands and thousands of jobs he has created, paper jobs. The Minister of Finance will talk of the billions he has poured into job creation. Where are the jobs which have resulted from these enormous expenditures? If they had created one-tenth of the jobs they claim, there would not be a single unemployed person in the country.

It is the duty of the House to vote down this Bill until such time as Parliament has full information. Certainly we in the Official Opposition intend to do just that. To do otherwise is an insult to nearly two million unemployed Canadians and a smack in the face for 600,000 young people coming on to the job market this summer.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am not pleased to rise today to speak during time allocation on a Bill which asks Parliament to approve the borrowing of $19 billion. In fact, $19 billion is the largest borrowing authority the House of Commons has ever witnessed. We are debating this matter today under time allocation, which is a euphemism for closure, for muzzling Parliament, for cutting off debate and for stopping the Opposition from raising critical points. That is what closure or time allocation is all about.

We are seeing a Government which says that it can no longer take the heat, that it can no longer stand the points raised by Opposition Members; so it muzzles the Opposition and makes a mockery out of the House of Commons. The people of this country have felt very strongly about this institution of the House of Commons. We have come to respect the Mother of Parliament in the United Kingdom and Canadians have respected the House of Commons for many generations. Recently, however, the Government of Canada has made a mockery of the House of Commons.

• (1140)

The role of Parliament is to collect taxes wisely and spend them wisely. We have just witnessed the spectacle of Bill C-139 being introduced in the House. Once again, Parliament was muzzled and debate terminated by the Government's closure motion because the Opposition was criticizing the tax system. We said that we did not believe that 139 changes in tax legislation were appropriate at this time and that grabbing more taxes was not an appropriate step. We said that we did not believe that raising taxes for low and middle income Canadians in this country while giving tax breaks to the rich was the approach to take. We were speaking against that Bill until the Government muzzled us in Parliament and eliminated our criticisms by its closure motion.

Today we are once again asked enthusiastically to endorse the borrowing of $19 billion without knowing precisely how the money will be spent. I suggest that if any individual Canadian or Member of Parliament were to go to a bank, credit union or caisse populaire and ask the manager for $2,000, $20,000 or $200,000, we would then be expected to explain how we would use that money. That is not an unreasonable request. A prudent bank manager would expect to be told how that money would be used and repaid.

That is all that Members of the Opposition are asking the Government. We simply want to know how it will use the $19 billion because past experience does not give us much confidence in simply writing the Government a blank cheque. However, many Members on the Government side have stood up to say that they will not tell us how the money will be spent. They either do not know or have any faith in what they will do, but they will not tell us. It is unrealistic for the Government of Canada to ask us, as concerned Members of Parliament, to endorse a borrowing authority of $19 billion without illustrating very clearly how that money will be used.

Two million people have lost their jobs in this country. Many of those jobs will not be reinstated when the recovery eventually occurs. As well, there are hundreds of thousands of Canadians living daily under the threat of job loss and wondering whether they will be receiving termination or lay-off notices at the end of each week or whether they will be cut back to three or four working days a week. An increasing proportion of our population live in an atmosphere of uncertainty and fear.

One of the most disgraceful acts that I have recently witnessed occurred when the chief financial adviser to the Government, the Governor of the Bank of Canada, Gerald Bouey, said that the question asked by the two million unemployed Canadians and the some 600,000 young Canadians who will be graduating from vocational schools, universities and colleges without prospects of employment about what the Government will do about unemployment was the wrong question. His response was that the question should not concern what the Government will do about it or how it will put these people back to work but how soon will the inflation rate be reduced.

Can you imagine anything more ridiculous in your life than to go to an unemployed person who has worked for many years of his or her life in a plant, factory, office or shop, only to find themselves unemployed through no fault of their own and with likely no prospect for work in the future, and say that he or she should not be asking why they are unemployed and how the Government will assist them, but should be asking how the Government will reduce the rate of inflation.

Since he is the one who is giving advice to the Government, it is little wonder it is stumbling, fumbling, and falling all over itself in terms of its fiscal and monetary policies. Obviously, the Government does not know what to do. It is afraid to venture out boldly and show that now is the time to invest in the productive capacity that will not only create jobs today but result in revenues coming to the senior levels of Government in the years ahead.

Let me give two examples. Every industrialized nation but two has launched an aggressive policy of railroad electrification. Those two exceptions are Canada and the United States. For all intents and purposes Canada is not interested in actively pursuing railroads electrification. Our hydro-electric potential in most regions of Canada is so extensive that there is export potential for generations into the future. It is a renewable and clean resource and one which Canada should be developing as part of its railroad system. Sweden has 99 per cent of its railroads electrified and countries like Switzerland, Austria and West Germany have 70 per cent of their railroads electrified. The Soviet Union, which is comparable to Canada, has recently electrified approximately 100,000 kilometres of its rail lines.

I must give the Minister of Transport (Mr. Pepin) credit since he has recently taken the initiative to provide some millions of dollars to assist the Province of British Columbia in electrifying the railway which moves coal from the northeast deposit sites down to the railroad systems.

Mr. Parker: And destroys southeastern British Columbia.

Mr. Riis: As my colleague indicates, there will be some problems in terms of coal in the southwest, but the point is that I give the Government some credit for giving an indication that railroad electrification is a matter which should be considered. But what better time than now to launch a program of railroad electrification in this country? If such a program were started now, it would put people back to work in the manufacturing sector and on the railways. Since all the tunnels in western Canada will have to be increased in height, hundreds of thousands of steelworkers and miners will be put back to work for up to three years. That is the type of investment the Government should be considering now. That would not be wild Government spending but an investment in the future of the country. It will be done in the future but it will never be cheaper than it is today, and the employment is needed immediately.

Let me make another proposal, since Government Members opposite often accuse Members on this side of criticising the Government and not offering suggestions. I have just made one suggestion and I will make another one. Now is the time to launch a bold, imaginative and creative program in municipal public works across the country. Every municipality in the villages, towns, cities or metropolitan areas have plans on their books for new sewer systems, water systems, streets, sidewalks, parks, recreation centres, cultural centres, docks and marinas. Those plans exist and the implementation of those projects will put people to work immediately. They are not frivolous make-work projects since those projects will have to be undertaken eventually. They will not be any cheaper than they are now and the need for work will never be greater. They will result in returns to local, provincial and federal Governments in the future.

These projects represent investments in Canada's future. Members of Parliament, particularly from the NDP, have stated that the stimulation of our economy is the route the Government should follow. Let us see some serious and thoughtful stimulation not only in terms of short-term job creation but long-term job creation as well.

• (1150)

I want to say that we are not calling for the kind of make-work projects to which too often the Minister of Employment and Immigration relates and we are not talking about a project

simply to cut a trail for six months or to clean up a beach for six weeks. Those things can continue. We are talking about investment in Canada's future, investment in sound economic development proposals. One could go on and on with a litany of things. We have day after day laid out various proposals, but what do we hear from the Government and Members opposite? Are they concerned about the two million unemployed in this country? If they are, they ought to demonstrate what they are going to do about their plight. They ought to identify as a goal, in this budget that is coming in the next two weeks, full employment.

Canada is a country with 24 million people. It is the second largest land mass of any sovereign nation in the world and we have more resources per capita than any country in the world. If we cannot have a legitimate goal for employment, then no one can. Yet I do not hear Members opposite talking about a full employment option for Canada. Quite frankly, with all due respect to my Conservative colleagues, I do not hear them calling for a full employment option, a goal or an objective for this country. It is time to send a very clear signal to Canadians that full employment is our goal and outline the strategies to accomplish that goal.

However, we become rather disappointed when we hear time and time again that we cannot stimulate our economy, that we cannot take aggressive and bold measures to get Canadians working and to develop our economy in a serious way. We hear about restraint instead. It is interesting, Mr. Speaker, when you look at those folks advocating restraint and who say "Don't stimulate the economy; don't get Canadians back to work", that almost inevitably they are some of the most highly paid in Canada who are very secure in their jobs. One example is the head of Bell Canada, who said recently that Canadians are living with an unrealistic expectation syndrome. It sounds as though he has been coaching Governor Bouey of the Bank of Canada. Governor Bouey also spoke recently about Canadians having too high expectations.

However, two million Canadians simply want a job. Six hundred thousand young Canadians simply want to find a decent job for the first time in their life. Small businesses simply want to expand their operations. Farmers with small farms and ranches simply want to expand their operations or, as some of my colleagues say, they simply want to survive. Is this an unrealistic expectation? But notice that the man who says that Canadians should not be striving for these kinds of things makes only $600,000 a year as head of Bell Canada. Governor Bouey, the man who says "Hold off, bite the bullet, Canadians", tells two million people just to wait it out, that all is fine, and that they are asking the wrong questions anyway. He says to 600,000 young Canadians: "Just relax; eventually things will turn around". Granted, because he is protected by a salary in excess of $104,000 as he is hunkered down in that glass bunker of his protected from the real world, he can say those kinds of things.

It is a sad day when you hear people you should respect, people who ought to know better, suggesting to Canadians that these are the things they have to accept. I say that Canadians do not have to accept these kinds of situations. Canada does not have to accept two million people out of work, a number that will increase as time goes on. Canada does not have to accept increasing personal bankruptcies, business bankruptcies and farm bankruptcies.

Back in 1972 the Hon. Member for Mission-Port Moody (Mr. Rose), and more recently the Hon. Member for Cariboo-Chilcotin (Mr. Greenaway), pointed out what the Government of Canada was doing to the small farmer and small rancher. Because of the high interest rate policies of the Government of Canada, these people have been forced to leave their farms and seek employment elsewhere on a full or part-time basis. Perhaps a person has a small ranch in Central British Columbia, a family operation. The family consists of a husband, wife and two or three children. Perhaps they have 80, 90 or 100 head of cattle. They are trying to provide Canada with foodstuffs from one of the most critical sectors of the economy. They are trying to provide Canada with a vibrant, realistic and creative operation. Yet because of high interest rates, people like this have to leave the farm and find work in municipal work programs, in logging camps, on railroads, on highway crews, or wherever they can find work to subsidize the banks, to help meet those interest rate payments.

Then along comes Revenue Canada. These tax people who have sat in rabbit warrens in Ottawa for too long are now conducting audits across the country and saying to people: "This is not a full-time farming operation, it is part-time. You make more money off the farm than you do on the farm. Therefore, we have to tax you differently. You cannot have the tax deductions of a full-time ranch operation." Yet nothing has changed in terms of the operation. Just because these people are now seeking work outside, they cannot use the traditional deductions. The auditors tell people: "We are going to cut down your deductions." This will make it impossible for these people to be food producers and it will make it impossible for the family ranch to continue in operation. It will make it impossible for this most critical sector of the agriculture community to survive.

That is happening in western Canada today. I have received dozens and dozens of letters from people. My colleague the Hon. Member for Cariboo-Chilcotin has probably received more because of the number of ranchers in his constituency. The Hon. Member from Mission-Port Moody is experiencing the same thing. He has had letters from people saying they are being audited one, two, three and four years back.

What is the Government of Canada trying to do? The Government is trying to come before Parliament day after day to borrow more money. We are told that the Government is not going to indicate very clearly how the money will be spent. We hear Liberals say that they do not know what to do about the unemployment situation in this country; that they do not know how to build consumer and investor confidence. But it is unrealistic to expect Members of Parliament to support this legislation at this time. It is unrealistic of the Government to

expect Members of Parliament to endorse that kind of a non-policy. We listen to non-speak all the time. Now we have non-policy.

Members of the Opposition will simply refuse to go along with this type of Government during these very critical times. What this country needs is strong leadership, a Government with some vision of what this country should be. The Canadian people know what this country can be and ought to be. It is time the Government took that clue itself and gave Canada a vision. If the Government cannot do that, it should look to political parties with a vision for what this country can and should be, and call an election so we can provide an opportunity for the people of Canada to choose the option they see fit.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, we are today addressing the last phases of a borrowing authority Bill which asks us without a full statement to give this Government, the most incompetent, the most careless and the most wasteful in the history of Canada, the right to borrow $19 billion. This Government wants to borrow $14 billion without even a statement as to how the money is to be raised and without even a statement as to where we are going in a budget.

This is a Government that decided to abandon all formal criteria in connection with coming to the House of Commons for borrowing authority. I remind the Government that it was only on May 31, 1982 that the former Minister of Finance said:

> I would not expect the House to act upon an additional request for borrowing authority without providing it with detailed information on the economic situation and the implications of that situation on the government's fiscal situation. I do not think it would be appropriate to ask the House for additional borrowing authority until I have laid out in some detail an update of both the economic situation and the fiscal situation, and I certainly will be doing that before I would come back to the House for additional borrowing authority.

• (1200)

The information with respect to the situation for this current fiscal year of 1982-1983, the year ending on March 31 next, was finally pried out of Government at Committee. But the Government has not given us one iota of detail with respect to where we are going in 1983-1984. It is with that in mind that I thought I would address the House this morning, because we cannot in all justification, as elected Members of Parliament, properly vote for a Bill where all previous practise indicates that no such Bill should be produced. We cannot in all conscience, fulfilling our oath of requirement to our electors, allow the borrowing of money without accountability. We cannot allow the borrowing of money without a budget. When we do so we break with the whole tradition of parliamentary control over the financing of Government.

I think we should look at where we are going. We must look at the history. This Government has been in office for some 14 years now. Only one year in the past 14 has it managed not to show a deficit. In good years it borrowed and borrowed and borrowed, and when we have a recession in some countries and a depression in this country, it borrows more and more and more.

The Hon. Member for Yukon (Mr. Nielsen), the Leader of the Official Opposition, indicated today that we were, in effect, in bankruptcy. The Government has driven us to the point where perhaps we must look at the fact that our currency may not any longer be sound. In Committee yesterday, the Hon. Member for York-Peel (Mr. Stevens) indicated how, in comparing the credit of Canada with the credit of other sovereign nations in the world, Canada had been reduced by all indicators from fifth in the world to seventh in the world. The OECD did a comparison of our economic strength last year. There are 24 countries in the OECD and we managed to rank 24th.

Mr. Fisher: What is the answer that you heard last night?

Mr. Blenkarn: The Government has done it to us. My friend from Mississauga North (Mr. Fisher) asks what is the answer to that. We could not get an answer from the Governor of the Bank of Canada last night because the Governor of the Bank of Canada has become an apologist for the performance of the Government or incompetent Government.

The Acting Speaker (Mr. Corbin): Order, please. The Chair should remind Hon. Members that it is against procedure to refer to matters before Committees of the House. A matter cannot be before a Committee and in the House at the same time.

Mr. Blenkarn: I want to advise you, sir, that this matter is before the House, but it is sometimes necessary that we get information in the Finance Committee of the House, and the other Parliamentary Standing Committees of the House.

My friend from Mississauga North is trying to defend the impossible. He knows that it is not possible really, but he tries. He is a good Liberal, though I do not know what a good Liberal is. Perhaps a good Liberal is someone who will sell his country out or borrow his country out. That is his purpose. He can face the electors with that purpose and we will see what happens.

Mr. Fisher: I will be happy to face the electors.

Mr. Blenkarn: Mr. Speaker, what we have to do today and through the next month is determine where we are going as a country. What we have to do is determine what obligations there are for a Government to perform. I think we would all agree that it is necessary for Government to defend its people from foreigners, to protect its soil, to protect the integrity of its country, to make sure that law and order are in place. We do not do a very good job of that. I think we would all agree that it is necessary for Government in this world, certainly today, to look after the sick and the weak in our society, to make sure that those who are incapable of really looking after their own affairs in terms of their financial health are able to get by, to have a reasonable standard of living, to be reasonably well cared for, to be reasonably well housed. I think we will agree that it is important that we educate our children so that they will be able to carry on in our place, build our country, make

our country a progressive place and contribute to world society.

Beyond that, I think it is about time we started looking to what other things Government should be doing and to what extent is Government essential beyond that. Is it Government's function to interfere in the means of distribution and the manufacture of products? Is it Government's duty to be involved in the business community? Is it Government's obligation to make grants to transport companies owned by its friends? Is it Government's duty to look after those who could look after themselves but would rather have the taxpayer bail them out? Is it not time that we as a nation, that we as a Parliament, put some priorities on where we spend Government funds and how we allow money that is borrowed at exceedingly high rates, borrowed on the credit of our children and our children's children, to be spent? Is it not fair that we examine where our priorities are, where we should be going and what Government should be doing? What are the limits of Government?

Can we really expect to carry on when the proportion that we as a society allocate to the management of its affairs by Government has now crept up to very close to 50 per cent of the Gross National Product? Can we really justify situations where federally-owned Crown corporations alone control $34 billion worth of business in a year? That is not taking into account provincial Crown corporations such as hydro corporations and the like.

I think it is about time that we as a nation started looking at what our needs are. What are our needs? Some people say they need a holiday. My wife says we need a new dryer. My daughter thinks she needs a new car. Where are needs? We look around at what this Government spends; we go to certain Ministers' offices. I see the Minister of Transport is here; I had an opportunity when we were the Government to go to the top of his high flying office space. He has an office where you could bury your feet in the carpets.

Mr. Pepin: I never use it. I never go there.

Mr. Blenkarn: Is that the kind of needs that we should be financing?

Mr. Pepin: I never use it. It is now offices for my staff.

Mr. Blenkarn: Are those the kinds of needs that we should borrow for?

An Hon. Member: What about his train?

Mr. Blenkarn: Somewhere along the line we must priorize where we are going. What are we doing with this money that the Government wants to borrow? What has happened is that we have gone wrong in the way we manage of our country. We have gone to a situation where somehow Government determines that the needs of Departments are all of a sudden absolute needs that must be financed by taxes and borrowing. If you cannot tax enough you borrow, and it does not really matter because it is a need that must be financed. Therefore it must be borrowed. I suggest that the way we have been operating this country is to get each Department to produce an estimate, wrap those estimates in blue paper and call them the Blue Book, and say that they are the estimates of Government expenditure, they are our needs and they must somehow be financed, no matter what. That is no longer possible, if it ever was possible; but today it has gone beyond reason.

• (1210)

The Minister of Finance (Mr. Lalonde) says that our GNP last year was an estimated $348 billion. There is really no indication of any huge increase in GNP for the 1983 year. Some indicators show we may have growth of 1 per cent, some 0.5 per cent. No one is saying that the economy will break forth and grow by any consequential amount.

What happens to Government estimates of spending? On a budgetary basis, the Blue Book estimates filed by the President of the Treasury Board (Mr. Gray) indicates that we will spend close to $90 billion. We all know that budgetary expenditures are part of the tale. We should be looking at the national accounts expenditures, but we are not given those figures. If we compare national accounts with budgetary accounts in the past year, we note that budgetary accounts understate real expenditures by between 10 and 15 per cent. If budgetary accounts are in the neighbourhood of $90 billion, the real expenditure of Government will be in excess of $105 billion. One does not have to be very bright, grade six or seven, I suppose, to tell that if the Government is going to spend $105 billion and we only have a GNP of $348 billion, Government expenditures will likely be in excess of 30 per cent of the GNP.

What about the Provinces and municipalities? Where are we headed? The Government wraps its needs in blue paper, calls it a Blue Book, says it has done some estimates and budgetary control. The fact is that it has not. When anyone wants their office reupholstered, it is done. When the Government wants a new Challenger jet, it gets one. When Canadair is going South, it gets more money. When a Liberal friend who owns a trucking company gets in trouble, they bail him out. That is the kind of "control" this House can no longer tolerate.

Some say we have developed the British disease. The Brits have all of a sudden awakened. At one point in Great Britain the percentage of GNP devoted to deficit was very close to 10 per cent. Sir Geoffrey Howe's latest budget indicates that the British deficit will now be less than 2.5 per cent of the gross domestic product.

Where is ours going? Last year it was 7.8 per cent. What will it be next year? We do not know, yet we are being asked to finance it. If the trend line continues, it will be 10 or 11 per cent. The British have moved up their status in terms of credit worthiness. They have replaced us and are now fifth. The British have reduced their rate of inflation from 18 or 19 per cent to less than 5 per cent. What have we done? We have six and five, you know! But six and five does not apply to Government expenditures. That would not be possible. At a minimum, it is 9.8 per cent on a budgetary basis. If you look at it year

over year, it is 17.8 per cent. We have six and five, but I think it is six time five in two years. That is the way the Government has increased its expenditures. It does not care and does not get down to things.

Some say we should borrow money to stimulate the economy. Let us look at what stimulation this borrowing has done. In 1968 when the Prime Minister took over, 358,000 Canadians were unemployed. In February, nearly 1.6 million Canadians were unemployed. All we did was borrow more, stimulate more and encourage more; more enterprise development programs, more hand-outs, more grant and loan programs, stimulating housing this way or that. The Government has tried to stimulate by its borrowing.

Do you know what happens when you borrow? When the Government borrows, it raises interest rates for ordinary commercial people because it bids up interest rates. What does the Government do when it bids it up? It squanders it. It does not create any new products, businesses or industries. It does not create anything new. What productivity, product or new creation can the Government show? The British can say that they have a productive Government, one that has reduced the civil service by 65,000 since 1979. This Government boasts of the fact that it has only increased its employment by 1 per cent this year.

This Government has no control over its appetite, its waste or spending. It has no priorizing of any activity it undertakes. Time and again we have asked the Government to form a special committee of this House of Commons with responsible parliamentarians, similar to the committee of the United States Congress which goes over proposed budgets, the proposed totality of spending, so as to priorize those expenditures, cross-examine officials about them, reduce them. In that way we could get our spending down to what we can afford. This Government has refused for the very simple reason that it does not believe in control. It has some idea that all will be well because it can still continue to borrow.

I see, Mr. Speaker, you are signalling that my time is up. Let me conclude by saying that the Bill before us cannot and should not be passed. A responsible Government would not even present it. Responsible Members of Parliament, regardless of Party affiliation, should vote against it. I call upon this House this afternoon to defeat this Bill.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, when I spoke on Bill C-143 on earlier occasions, I indicated that there are two aspects that Canadians find most disturbing. First, they believe that the financial management of this country is out of control. As a result, they firmly believe that as taxpayers they are not getting a fair deal. They are not getting fair value for the money that is spent for them by the Government of Canada. That view is shared not only by an increasing number of Canadians, but it is shared by the current Auditor General and the late former Auditor General.

• (1220)

Those of us in the House share that view because Parliament has lost effective control of the public purse. This is the 21st or 22nd time that closure has been invoked in this House this session, and on most of those occasions it was invoked on a measure having to do with taxation, amendments to the Income Tax Act or the principle of extracting revenue from the Canadian public.

Crown corporations, which the Auditor General described as a form of sub-government, are not accountable to their shareholders, namely the public of Canada. Even though we have modified the Committee structure and reformed parliamentary rules, there does not seem to be adequate provisions to ensure that Crown corporations are made accountable to Parliament and, thereby, to the people of Canada. The result is that there is a perception that the Government goes on its very merry way recklessly spending the hard-earned tax dollars which it collects from Canadian taxpayers. It does this without satisfying those taxpayers that the money it is spending on their behalf is being spent with some consideration and regard to economy and efficiency. Look at its acquisition of a string of service stations! I recall that the former Minister of Energy said in introducing the Bill on Petro-Canada that it would not be Government's intention to get involved in the retail gas business. That, to me, meant we would not be in the retail service station business. Today we probably have more than 3,000 bought and paid for by the taxpayers of Canada. Government has a very glamorous and expensive advertising budget. I am not suggesting that it is not important for the Government to advertise, but I believe there is a prevailing view among the taxpayers of Canada that it can be cut significantly.

There is concern about the double standard which is applied to industry with respect to bail-outs, there is one rule for the Maislins, the Massey-Fergusons and the Domes of the world, but there is another rule applied to the small family farm, the small family business and the other enterprises which have heretofore been productive in generating wealth and jobs.

What all this means, Mr. Speaker, in total, is that the excessive amount of Government spending on a national accounts basis has risen by 67 per cent since this Liberal Government was returned to office in February, 1980. That is why we are being asked to approve the borrowing of some $19 billion in this Bill. That is why today that for every three dollars we spend, one dollar of that expenditure is borrowed money; or 34 per cent of our expenditures by the Government of Canada is borrowed money. That is why as well, Mr. Speaker, that for every five dollars that the Government spends, one dollar goes to pay the interest on the debt. That national debt, on a gross basis, has now risen to somewhere in the vicinity of $160 billion to $165 billion. That compares with a figure of $31 billion when the Prime Minister (Mr. Trudeau) assumed office.

I would like to speak about the deficits which have been chalked up since this Government was returned to office. For the fiscal year 1980-81 there was a deficit of $12.6 billion. In the fiscal year 1981-82 there was a deficit of $13.6 billion. In fiscal year 1982-83 there was a deficit of $27.2 billion. In this

current fiscal year there is a projected deficit of $30 billion. In total that amounts to some $83.5 billion.

My colleague the Hon. Member for Mississauga South (Mr. Blenkarn) referred to the fact that one of the ways of comparing our performance, or our record of financial control, is by comparing ourselves to other industrialized nations, and one way of measuring the depth of our deficit is by measuring it against our gross domestic product. As my colleague pointed out, in 1981 our deficit was equal to something in the order of 3 per cent of the gross domestic product. As a matter of fact, it was 2.8 per cent. In 1982-83 that figure has risen to 8 per cent of the gross domestic product. When I say gross domestic product, I mean all the goods and services which are produced within the boundaries of Canada. So we are at 8 per cent now and with the projection of a $30 billion deficit it could rise to something in the order of 10 per cent. Ten per cent of our gross domestic product will comprise our deficit in this fiscal year.

The United States is seriously worried about its deficit and is making some very heavy expenditures on defence and a whole host of programs for economic recovery. The United States has projected its deficit to equal something in the order of 5 per cent to 6 per cent of its total gross domestic product. Britain, which has had its share of financial difficulties, just recently halved its deficit from 5.5 per cent in 1978-79 to 2.75 per cent of its gross domestic product. Therefore, that indicates, Mr. Speaker, that Canada is following a trend line which is out of step with its industrialized neighbours.

With this kind of a record it is no wonder that we in this country have the second highest rate of unemployment in the industrialized world. It is no wonder that we have the third highest rate of inflation in the industrialized world. It is no wonder that we have higher interest rates than most other industrialized nations of the world, and the highest misery rate of any industrialized nation in the world. We have the lowest generation of growth on a per capita basis. It is now something equal to less than the share which we achieved in 1976.

Another aspect, of course, Mr. Speaker, which disturbs Canadians is the fact that they do not believe that the impact of the recession we are currently expriencing is being shared fairly by all components of society. To Canadians there is little evidence that Government, its bureaucracies, its enterprises, its activities in those areas which are under the control or under the thumb of Government, are feeling the pain of recession which those people in the private sector are. We can take as an example wages and salaries. Notwithstanding the six and five program, we know that 40 per cent of those employed by Government received increases of well in excess of six and five and closer to 10 per cent. Statistics Canada recently reported that public sector wages rose by 15.9 per cent this year over last year versus a figure of 5.8 per cent in the private sector. Another recent study indicated that in the area of small business, one-third of small business managers had no increase in salary last year; one-third had a decrease; the others maintained the status quo. As far as their employees were concerned, two-thirds of them in small business had reductions in salary or their increases postponed. One in five had increases of less than 6 per cent.

When we consider the burden of unemployment and the pain associated with it, as my colleague, the Hon. Member for Mississauga South indicated, in the area of Government employment rose by 1 per cent. But we all know what has happened out there in the real world. Here again, there has been very little impact upon Government enterprises.

• (1230)

Recently the Canadian Federation of Independent Business pointed out that 50 per cent of the unemployed, somewhere in the vicinity of 700,000 to 800,000 people, have been laid off from the small business sector. Of course, I am sure there are many owner-managers who were laid off as a result of their business going down the tube, forced into bankruptcy and liquidation.

Speaking of bankruptcies, well in excess of 10,000 businesses, 91 per cent more than in 1979, were chalked up on the bankruptcy rolls last year in Canada. Over 400 farmers went bankrupt, and that does not tell the whole story because there are many who have gone out of business voluntarily. Look at the prices controlled by Government regulation, Mr. Speaker. They are not subject to the vagaries of the marketplace, so as a result they have increased by something in the order of 16 per cent to 17 per cent while the price component in the real marketplace increased by something in the order of 8 per cent.

What I am saying, Mr. Speaker, is that the burden of the recession is being shared in a very lopsided fashion. The producers, the innovators, the generators of wealth in this country, are suffering while the spenders are being rewarded.

I say to you, sir, that if there was clear evidence coming from the Government that it was seriously attacking waste, extravagance and inefficiency, if it was serious about equalizing this burden, I think there could be some sympathy for this Bill. If there was a clear indication that this Government was moving to reduce the over-all burden of Government in Canada and its cost to the individual taxpayer, there might be some justification for this particular measure. If there was included in these programs, for which the Government wants this money, something to improve the fortunes of the small-business sector, the farmer, the innovator, the entrepreneur, the job creator, I think we could look at this bill in a more positive light.

The small business sector is hurting, Mr. Speaker. So is the agricultural sector, which up to this point is the only industry which could be a bright spot in Canada. When you look at the importance of agriculture, it is absolutely shameful that we make such a trivial effort to support and enhance the industry. While agriculture employs only 5 per cent of the population directly, the agri-food business accounts for 18 per cent of the total labour force in this country and 40 per cent of the total economic activity. The spin-off benefits are enormous. Yet we see the Government bringing in a measure to increase the freight rate for the movement of grain. We see a Government

which has imposed a very heavy burden by way of energy taxes. I see my hon. friend across the way who has been championing the plight of those who are less fortunate. I refer specifically to his initiative with respect to Bill C-653, and I congratulate him for his efforts. Some may disagree with the content of the Bill, but no one can question the sincerity of the Hon. Member. He is clearly trying to do something to help the Canadian farmer, but it is kind of a last resort.

Mr. Ferguson: A first step.

Mr. Mazankowski: A first step. Well, the Member knows we share his view and we certainly are supporting his efforts in that regard. But we need something more to assist our young farmers and those who are facing financial difficulties, those who have been locked into high interest rates. There has to be a mechanism to assist them in extricating themselves from that unfortunate occurrence. There must be some federal Government initiative to provide some help in that regard.

We have also called for the establishment of an agri-bond program which would provide medium-term credit at a lower rate of interest. Time and time again we have called for a massive reduction if not a total elimination of taxes on farm fuels used in the production of food. When I talk about farm fuels, I am not merely talking about diesel fuel and gasoline; I am talking about natural gas which is used in the manufacture of fertilizer and in the operation of greenhouses. It is a crippling burden on the producers of Canada. The Government could provide relief in that area.

We are calling as well for the Government to maintain, in view of current difficulties, the current level of initial grain prices in this country so farmers can plan with some degree of confidence. We have also asked time and again for legislation—we agreed that we would pass a Bill with one day's debate—to double the farm cash advances for grain sold through the Canadian Wheat Board. That would provide some measure of confidence for the future. We have also maintained that the Government should move ahead with its beef stabilization program in conjunction with the Provinces. We believe that is something that could be done to provide some stability and confidence in that very important sector.

So there is much that could be done, Mr. Speaker. There is much that needs to be done. If some of these measures were incorporated into the Government's program, I think we could look at this Bill in a different light. But since the Government is wanting to borrow on the basis of a blank cheque, without telling us what it is going to do and how it is going to do it, and simply continue its wasteful, extravagant and irresponsible expenditures, there is no way that we can support this measure. Therefore, it is for that reason that I have risen today to speak out against this Bill and to speak out against this Government. It has completely lost touch with the reality out there.

[*Translation*]

Mr. Pierre Gimaïel (Lac-Saint-Jean): Mr. Speaker, I see they are starting to warm up a little on the other side. It seems to happen every time I rise in the House. My Progressive Conservative friends get all excited, and of course I do occasionally say things that upset them a little bit. I would not want to hurt the sensitive ears of these poor little Progressive Conservatives who are either against the metric system or for bilingualism but do not want to spend any money on it—they are a mass of inconsistencies. I have asked your permission, Mr. Speaker, to speak again this week because as a good Member of Parliament who represents his riding and who comes to the House to listen to the debate, I have a few comments to make on what is being said about the Government's borrowing authority request.

Mr. Speaker, up to now we have spent exactly fourteen days on this debate. The House has been sitting fourteen days to consider the Government's request for a borrowing authority of $19 billion. The previous speaker gave a typical example of the incoherence that is rife in the Progressive Conservative Party. But first of all, we had the Member for Mississauga South (Mr. Blenkarn) who told us that we had to fire 65,000 public servants, cut Government spending and stop everything. The next Member who spoke told the House that new policies had to be designed to spend even more money, to help farmers borrow money and to help beef and grain producers. The same incoherence is apparent every year. I just wonder because obviously, if the Government is asking for authority to borrow $19 billion, it is because it has made an undertaking, through its policies, to distribute money to Canadians, and we have been saying this all along. Every year, another debate forces the Government to impose closure, and every year we hear the same old speeches. This year, I heard some Hon. Members repeating the speeches they made the week before on the same subject, with basically the same rhetoric and a few variations here and there. It is incredible that the House of Commons should have to spend fourteen days on this question. As far as I am concerned, I would like to hear one Member of the Official Opposition and one Member of the New Democratic Party express clearly and simply the respective positions of their parties for the Canadian public. The Government would then give its position, a vote would be held and that would be the end of it, because in any case, the Members of the Opposition know perfectly well that the Canadian Government must act on the legislation passed by Parliament, no matter whether Parliament was right or wrong in passing the legislation. If legislation is passed requiring the Canadian Government to pay for medical services, the Government must do so.

• (1240)

Every year, they take advantage of the fact that the Government is obliged to ask Parliament for borrowing authority because there are deficits, and hold long drawn out debates for fourteen days, Mr. Speaker. Imagine! I am not going to dwell any longer on the subject, but it has been taking as long as the bells crisis. All this to vote on whether or not the Government will be given the requested borrowing authority, and when Opposition Members tell us that they were willing to have a

quick debate, provided the Government spends more money on agriculture, provided it spends more here and more there—finally, it all ends with the Opposition saying that it does not make sense to let the Government borrow $19 billion, that is just too much money, it does not make sense and it is just giving them a blank cheque. The incoherence of it all is really incredible. It is like a yard full of turkeys who are running back and forth, trying to establish some kind of totally incongruous pecking order. From time to time, we do hear the occasional good speech, which helps to restore a modicum of logic to the debate. However, looking back on what has been achieved during the past four years—my first years in the House—and considering the number of days spent on discussing the issue of the Government's borrowing authority, I wish I could count the number of times a Member of the Official Opposition has said: I refuse to give the Federal Government a blank cheque.

Every time a Member opposite says those words, and they are repeated several times in the course of a single speech—they have been using the same words for four years, and it makes no sense at all, because as Members of Parliament they ought to know how our money is spent. They are supposed to know, unless they are not doing their job, because as Members of this House, we are close to the Canadian people and we are in the best position to know where every cent spent by the Government is going. If my hon. friends in the Official Opposition do not know where that money is going, either they are not doing their job in committee or they never go home to their job in their ridings. Mr. Speaker, it is always the same Members who are asking for more money. Just look at question period. At least half, if not all, of the questions are put by Members asking the Federal Government to spend more money or asking the Government why it did not spend more. The Members of the New Democratic Party are incredible in this respect. All they do is ask for money!

I was listening just now to one of their Members who was asking the Government to electrify all the railways in Canada. Not a bad idea, but, Mr. Speaker, I am taking the position of a Quebecer who has seen Mr. Parizeau making Quebec residents who are further away from the Ontario border pay more than $1 taxes on a gallon of gas, which is blackmail, because they have to go to the gas station. If tomorrow morning, all the railways in Quebec were to be electrified, it would mean that once again, the people of that Province would be liable to be blackmailed by Mr. Parizeau, because electric power is a provincial monopoly across Canada. The Provinces set the prices through their provincial transport commissions, and that is the kind of situation the Hon. Member wants to get us into. I am inclined to be a bit reticent. People have been talking about the Canadian Government's deficit and comparing our country to countries like Great Britain—which is hard-pressed to operate normally three days a week—and we are being compared to our neighbours to the south and to other countries with the same economic system, and people seem to be saying that Canada's performance has been very poor. But there are major differences which they forget to point out to the Canadian people. There is not a single country where the national Government gives a blank cheque to the provinces. Does anyone know that our Progressive Conservative friends never speak about their colleagues who are provincial Premiers? We never hear anything about them, and yet several of them now hold office. Several of those people are provincial Premiers, genuine Tories, including a few who even want to lead the national Party and who are now heading provincial Governments. They never tell the Canadian people that the provinces unilaterally decide what they will spend for health insurance or post-secondary, college and university education without even consulting Ottawa about it, and all we get here at the end are the bills. They forget to mention that all those cash transfers represent this year an expenditure of almost $18 billion for the Canadian Government. They forget to say that Canada is the only country which has shown enough respect for its provincial institutions to give them the power to spend and to implement provincial policies which, by their own admission, are tailored to their own personality and their own requirements. They forget to point out that the Federal Government accounts for nearly 80 per cent of the budget of a province such as Newfoundland. They forget to say that, Mr. Speaker. Why? Because those provinces are led by their own friends.

Let us try the American system since that is what the Progressive Conservative Members want. Let municipalities pay for schools as they do in the United States. Let spokesmen for a city similar to New York tell us: We are going to be near bankruptcy tomorrow, help us. That is the experiment those people want to try. What makes our country so great, Mr. Speaker, is indeed the fact that a Canadian owns a part of Canada, no matter where he lives. His origin, his religion, his culture, his tongue and his colour do not matter at all, as long as he is a resident of a great country called Canada where resources are plentiful. All that makes up a national Government which has the responsibility to support each and every Canadian as well as our Canadian institutions, be they provincial, municipal or otherwise.

As a resident of Quebec, I have a problem on my hands—perhaps my colleagues from the other provinces are in a similar predicament, but I am not sure—in that municipalities in Quebec no longer have the right to speak to the Canadian Government, because they are told that they fall under Quebec City's jurisdiction. We have just had another experience, this time related to the NEED Program under which the Canadian Government will spend $170 million in the province. We have tried to co-operate with the provincial authorities and explain to them that they would contribute $45 million and administer the whole program jointly with us in such fields as non-profit corporations. Normally, we would not need you, we could choose to act unilaterally, but we will administer the program

in co-operation with you and live a common experience. The outcome of the common experience is that after three months of delays we are forced to answer: Very well, give your $45 million to the municipalities by yourselves and we shall invest our $170 million in non-profit-making corporations, private companies and Federal Departments. Why? Because we, in Quebec, also have people with closed minds.

The Progressive Conservatives are not the only people who oppose the metric system and have a closed mind. We also have such people. There are people in Quebec who say: The municipalities belong to Quebec. If a mayor is elected, he must deal with his MLA. He must not speak to the Federal Member of Parliament because he must not deal directly with the Government of Canada. He has no right to do so. This is the type of constraint which we have to deal with in Quebec, with the result that useful policies which normally could be applied in a spirit of co-operation in a well-structured manner by both levels of governments have to be applied unilaterally, that is by us on one side and them on the other. We have about the same experience. I would like to quote a comment by the Right Hon. Prime Minister (Mr. Trudeau) when he was wondering what would become of co-operative federalism which the Liberals under Mr. Pearson had so well promoted by giving the provinces certain taxation powers as well as health insurance and post-secondary education programs for which the Canadian Government guaranteed to pay at least 50 per cent of the cost. Where are we going and why? The provinces have administered these programs in such a way that their purpose is now completely distorted. Look at Quebec! Our hospitals are now completely run down. I shall not tell you what is going on in my own constituency, but it is almost catastrophic. Look at what is happening in education. Recently, all Quebec public servants have been blamed by the Quebec Government. Apparently, they are guilty, but of what? They are guilty of having accepted the wages imposed by their own provincial Government. Now they are guilty. They are being blamed by this same Government. Why? God knows! Why was all this accepted? What is wrong today was good yesterday. Mr. Parizeau himself said so when the last collective agreement was signed: "We signed for peanuts." He is now telling these people: "You are robbing the state; I shall take away 20 per cent of your wages."

Such things are clearly unacceptable and this raises a few questions for the central Government. I want to ask my hon. friends opposite, who have friends among the leaders of provincial parties, and friends who are heading some of our provincial governments, to ask their own parties to think about the kind of administrative powers the Federal Government has given them during the last 20 years and where those powers are taking them. What route do they want to take? Are they trying to prove that a country like Canada should not give more powers to the Provinces or are they perhaps trying to prove the opposite?

Personally, I am all for having the Provinces develop their own powers and preserving their charateristics, but when I see what is happening in Quebec, where the tax burden has become absolutely incredible, and the billions of dollars that are being taken from the Caisse de dépôt du Québec to buy companies, to bring in companies like Péchiney in Bécancour, to take over companies like Alcan in my area and to compete in Quebec with our own companies that are already being forced to lay off workers, I really cannot begin to express my feelings about this. I will never be able to agree with policies that are based solely on Government power, not on the welfare of the people. Coherent policies are absolutely necessary, if we are to run this country the way it should be run. The Provinces will have to discharge their responsibilities, Mr. Speaker, and the Opposition parties will have to stop their little cat-and-mouse game. They will have to stop telling the Federal Government it is spending too much, when the vast majority of federal expenditures goes directly to the Provinces, who are their own political friends, and who are spending the money. There will have to be more consistency, because the party opposite has spent the last four years between two leaders. They will have to choose a leader who will determine their party's political destiny. The Members opposite will have to stop telling us that the price of oil is too low in Canada, as they were saying three years ago, and now the price has gone up, we are killing the oil industry because we have set prices too high.

They will have to clarify their stand on a number of issues. If they want the oil industry to function properly, they will have to ask the Canadian Government to abolish the Provinces' authority to levy taxes on gas, because their own political friends who are heading their own Provincial Governments, as in Ontario, for instance, are levying gas taxes and adding to the taxpayers' burden, while they are also killing the oil industry. They know all this, but our friends opposite are not raising these issues in the House.

Mr. Speaker, I am certainly not afraid to ask my Government to restrain provincial powers with respect to gas taxes. It is really incredible! And when I see the New Democratic Party come up with one of its pipe dreams that we should electrify the railways, when I know perfectly well that when Mr. Parizeau decides to sell power to the Canadian Government to run the trains, those kilowatts are going to be so expensive that not a single train will be running in Quebec, I fail to see any consistency in that. It is unbelievable! As if that were not enough, year in and year out we are forced to waste 10 or 15 days of debate on a borrowing Bill which is required to help needy Canadians.

Mr. Speaker, I said last week and I say again today that I am proud to be a Liberal because the policies which we are now implementing and which cost a bundle to the Canadian Government are designed to help the population. I would be ashamed of myself if I had to return to my riding tomorrow

and admit that some Canadians have to do without bread and butter. I would be ashamed.

A Member opposite said earlier today that 24 million Canadians live in the second largest country in the world where resources and wealth are plentiful. That is true, and that is precisely why we do not have the right to let a single Canadian citizen do without bread, butter, housing, education and health care. However, in case Members of the Opposition are not aware of this, I will point out that it costs money, and money does no grow on trees, it has to come from somewhere. Had the Progressive Conservative Party in particular understood three years ago, when Peter Lougheed cut down the flow of oil to Canadians, that higher oil prices would inevitably be followed by higher provincial levies on petroleum products, thus further damaging the Canadian economy, we would not be in the mess we are in now. They even imposed their will on Parliament, going as far as keeping the bells ringing for 15 days because they did not like a bill and wanted it split in to eight parts. They are the ones who force us to adopt this attitude and who suggested that the Provincial Premiers levy additional taxes and surtaxes on the poor Canadian taxpayer who lives in this large country of ours and who must stop regularly at the gas pump because he has to drive to earn his living.

We are in a predicament as a result of their policies, and today they blame the Canadian Government for wanting to protect the people and give the unemployed the money they need to put food on the table. Mr. Speaker, I cannot stand still before such inconsistencies and I must let my electors know about them. What I ask is that in future years they say unconditionally to the Government: Spend so many millions of dollars more than last year and when you seek authority to borrow there will be one speaker for the Progressive Conservatives, one for the New Democratic Party, and one for the Government, and then we will vote on the borrowing bill before finally talking about some of the other needs of Canadians.

* * *

• (1250)

[*English*]

BUSINESS OF THE HOUSE

Mr. MacGuigan: Mr. Speaker, I rise on a point of order. I understand that there would be consent to sit beyond one o'clock to consider all remaining stages of Bill C-141 and to conclude all stages of this Bill no later than two o'clock, with any divisions required being deferred until immediately after the divisions scheduled for 5.45 p.m. later today.

If this could be put to the House, I believe the House would be prepared to make it an order. I should say as well that I understand there is some disposition to proceed with all of these stages without further debate. If that is the case, the Government would certainly agree.

Mr. Lewis: Mr. Speaker, on behalf of the Progressive Conservative Party, we are prepared to agree to that order.

Mr. Deans: Mr. Speaker, we also agree to it. It is too bad the Government House Leader has not asked for it personally.

The Acting Speaker (Mr. Corbin): The House has heard the proposal put forward by the Minister of Justice. Does the House agree to the proposal as read?

Some Hon. Members: Agreed.

* * *

CANADIAN HUMAN RIGHTS ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-141, an Act to amend the Canadian Human Rights Act and to amend certain other Acts in consequence thereof, as reported (with amendments) from the Standing Committee on Justice and Legal Affairs.

The Acting Speaker (Mr. Corbin): Order. There are six Motions standing on the Order Paper in amendment to Bill C-141, an Act to amend the Canadian Human Rights Act and to amend certain other Acts in consequence thereof. As Motions Nos. 3 to 6 are consequential to Motion No. 1, it is my intention to group motions Nos. 1, 3, 4, 5 and 6 for debate, with a vote on Motion No. 1 disposing of Motions Nos. 3 to 6 inclusive. Motion No. 2 should be debated and voted on separately.

Mr. Doug Lewis (for Mr. Hnatyshyn) moved:

Motion No. 2.

That Bill C-141, An Act to amend the Canadian Human Rights Act and to amend certain other Acts in consequence thereof, be amended in Clause 7 by striking out lines 27 to 39 at page 4.

The Acting Speaker (Mr. Corbin): Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Motion No. 2 agreed to.

• (1300)

Mr. MacGuigan moved that the Bill be concurred in.

Motion agreed to.

The Acting Speaker (Mr. Corbin): When shall the Bill be read a third time?

Some Hon. Members: Now.

Mr. MacGuigan moved that the Bill be read the third time and do pass.

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

The Acting Speaker (Mr. Corbin): It now being one minute past one o'clock, this House stands adjourned until two o'clock p.m. later this day.

At 1:01 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

SHIPBUILDING

ADJUDICATION OF FRIGATE CONSTRUCTION CONTRACT—ECONOMIC BENEFITS FOR QUEBEC

Mr. Gaston Gourde (Lévis): Madam Speaker, within the next few months, Cabinet will decide on the final adjudication of a contract for the construction of six frigates for the Department of National Defence.

On behalf of the people of the Quebec City area and the riding of Lévis, I would like to point out to the Government that this $3 billion contract will have economic spinoffs that are of considerable interest to Quebecers who expect, and rightly so, to benefit quite substantially from the contract. The Quebec City area, which according to the last census has over one million people, has never been very lucky as far as large investment projects are concerned. For instance, not a single contract was or will be awarded for the construction of the latest patrol aircraft. That is understandable, since the area's infrastructure is not suited to aircraft construction. However, the situation is entirely different where shipbuilding is concerned. Davie Shipbuilding Limited in Lauzon is among the leaders in this field in Canada, and failure to acknowledge this fact would be most unfortunate. The people of the Quebec City area are anxious to have a substantial share of the 30,000 jobs involved in the construction of the frigates.

* * *

AGRICULTURE

REQUEST FOR REINSTATEMENT OF SECTION 16 OF UNEMPLOYMENT INSURANCE REGULATIONS

Hon. Roch La Salle (Joliette): Madam Speaker, I wish to raise a question that is of very special interest to farmers and farm workers across Canada. More specifically, on behalf of the Fédération des producteurs maraîchers, the Syndicat des producteurs de fraises et de framboises du Québec, the Fédération des producteurs de pommes du Québec, the Fédération des producteurs de pommes de terre du Québec, the Syndicat des producteurs en serres du Québec, the Fédération des producteurs de bleuets du Québec, and also on behalf of the Fédération des producteurs de fruits et de légumes du Québec,

I want to ask the Minister of Employment and Immigration (Mr. Axworthy) to act on a request sent by telegram, asking the Minister to reinstate Section 16 of the Unemployment Insurance Regulations, since the absence of this section seems to be seriously hurting both farmers and farm workers. In the circumstances, and in view of other representations made by Members of this House, I hope the Minister will realize the importance of this issue and will agree to this request, for the benefit of these workers and producers.

* * *

[*English*]

SOCIAL AFFAIRS

SPONSORSHIP OF PREMARITAL COURSES URGED

Mr. Robert Daudlin (Essex-Kent): Madam Speaker, as reported in today's press, the Chief Justice of the Supreme Court of Ontario suggested that couples should take publicly sponsored premarital courses in an attempt to cut the social and economic cost of divorces. This suggestion, in my view, is something that should be supported by Parliamentarians. The suggestion no doubt emanates from the appalling statistics on the ever-increasing divorce rate in Canada. Recently, as reported by Statistics Canada, 40 per cent of Canadian marriages end up in divorce. These rates have been eroding away at the family as the foundation of our social framework and should be cause for grave concern on the part of this House.

Given this statement and the statistics, I would urge the Government, through the Department of Justice, to take very seriously the recommendation and any others that might be made that would have the effect of bolstering the family as a strong and stable social unit and, through that means, the Canadian social fabric.

In addition to facilitating the dissolution of marriages which are inretrievably damaged, the Government should be leaving no stone unturned to ensure that the strength of the basic building block of our society is supported and encouraged.

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PENITENTIARIES

IMPLEMENTATION OF NEW DUTY ROSTER

Mr. Gordon Taylor (Bow River): Madam Speaker, Canada's prison staff must, day in and day out, maintain a patient and understanding relationship with a shifting and sometimes dangerous population, and must take the brunt of unacceptable conditions such as double bunking and severe overcrowding, as well as suffer frustrations, aggravations, and anxieties beyond most occupations. In a recent meeting with some 90 officers and guards, I was told that 50 per cent of

these worries are caused, created, and aggravated by regional and headquarters staff, many of whom have no idea of what actually goes on inside prison walls.

For example, the staff in the Drumheller Institution have, over the years, worked out an excellent duty roster, with which the staff and the administration are happy. Just recently the Commissioner of Penitentiaries decreed that all institutions must operate on a seven day on and three day off, seven day on and four day off rotation. This system, instead of reducing the abuse and solving problems, is creating aggravation and dissatisfaction among the staff.

The squad system used by the Drumheller Institution has many advantages over the proposed system which I cannot enumerate now because of the time restriction. Suffice it to say that it has worked well and is working well, and there is no need for blanket uniform procedures when this one is doing the job.

I urge the Solicitor General (Mr. Kaplan) to overrule the Commissioner and permit the continued use of the squad system, which will help greatly in dealing with the severe problems this staff is already facing due to overcrowding, and a mixture of medium offenders with dangerous criminals.

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EXTERNAL AFFAIRS

GREECE—DISCUSSIONS WITH VISITING PRIME MINISTER

Ms. Lynn McDonald (Broadview-Greenwood): Madam Speaker, at the meeting of the Senate and Commons Standing Committees on External Affairs and National Defence with the Prime Minister of Greece, a number of concerns of this House were discussed which are of particular concern to many of my constituents who are of Greek origin.

Prime Minister Papandreou raised several problems of security in the eastern Mediterannean, first, Cyprus, where 34.6 per cent of the territory is still occupied by Turkish troops despite United Nations resolutions and bilateral talks. Canada's ongoing role as peacekeeper is crucial until a secure peace is achieved.

Canadians who want Canada to be recognized as a nuclear-free zone will be encouraged by Greece's efforts in the same direction and, indeed, for a broad Balkan-wide nuclear-free zone, which would desirably join up with a nuclear-free zone in northern Europe.

More negatively, there was also discussion of the possibility of a serious imbalance of forces in the Aegean, with increased American military aid to Turkey. And, although Mr. Papandreou did not say it, it is well known that the threat of increased military strength in Turkey is a means of pressuring Greece to keep its American bases, a decision that Greeks should be able to make on their own for their own reasons.

My Party welcomes the Prime Minister's visit, both as an opportunity to discuss important international questions, and Greek-Canada relations, and to see an old friend again. We are delighted also that Mrs. Margaret Papandreou, who is the President of the Women's Union of Greece is part of the visit.

Madam Speaker: Order, please. The Hon. Member for Mégantic-Compton-Stanstead (Mr. Tessier).

* * *

[*Translation*]

AGRICULTURE

WESTERN GRAIN TRANSPORTATION POLICY—REQUEST FOR SPECIAL STATUS FOR EASTERN PRODUCERS

Mr. Claude Tessier (Mégantic-Compton-Stanstead): Madam Speaker, historically, the Crow rate has provided Western grain production with a special status. Now that this policy is being revised, we feel there is a case for demanding equivalent special status for Eastern producers. I am therefore asking the Government to include in its Bill on Western grain transportation a "special status" that would put the Livestock Feed Board of Canada and the Canadian Wheat Board on an equal footing. While I am on the subject of stability and permanence and equality between Eastern and Western producers, I feel these points should be entrenched by the Government in legislation for Canadian producers of industrial milk, at the same time as its new grain policy.

Madam Speaker, these measures must be accompanied by compensatory financial guarantees for Eastern producers if they suffer losses as a result of the new grain transportation policy. That is how we—and I believe I can speak for the seventy-four Liberal Members from Quebec—want to safeguard the growth of agri-food business in Quebec. Quebec farm producers ought to be told that the post-Gilson dossier is doing very well and that their Liberal Federal Members are not only keeping an eye on the grain policy but are also working daily to ensure that the agricultural industry in Canada and Quebec will prosper.

* * *

[*English*]

INDIAN AFFAIRS

FUNDING FOR DEVELOPMENT PROJECTS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, in the November 1981, budget, a figure of $345 million was set aside for economic development in native programs. Since then the area to be covered has been expanded, the method of dispensing funds has been altered twice, but the hard cold fact is that not one cent of the money has been put to use.

Based on the promises given, the Ontario Indian Agriculture Association prepared plans, issued guidelines, and generally set out to improve agriculture on reserves by training and other forms of assistance. As a result of the complete lack of activity by the Government, they have been unable to deliver.

• (1410)

I have written letters, asked questions, and spoken to Ministers, as has the Chairman of the Association, the former Chief of the Tyendinaga Mohawks, all to no avail. The Government has just not kept its word in this matter.

Now we understand that the Liberal caucus has set up a committee to administer the funds. As objectionable and unethical as that is, I would hope that someone could make the Government keep its promise. Surely more than lip service is due to these people.

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POLITICAL PARTIES

CROWSNEST PASS RATE—POSITION OF PROGRESSIVE CONSERVATIVE PARTY

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, the farmers from Saskatchewan brought a petition to Ottawa with over 15,000 names on plywood crows. I am not surprised that the Liberal Government found the petition objectionable, although the farmers found it in their best interests to try to impress upon this House of Commons their serious concern about the Crow rate. It is unbelievable, though, that the Conservatives would object to this kind of an action. The Conservative Leader, the Hon. Member for Yukon (Mr. Nielsen), insinuated that the farmers were nothing more than a bunch of clowns.

Mr. Nielsen: No, you guys.

Some Hon. Members: No, no.

Some Hon. Members: Shame.

Mr. Anguish: This is the most important issue in the history of western Canadian farmers. What is the Conservative policy on the Crow rate? Do you put your finger up each morning to the wind to find out what the policy is going to be for that day? The Conservative Party spent 15 days of bell-ringing in the House of Commons to support the oil companies, and would not give 15 minutes to the farmers of Canada.

Some Hon. Members: Hear, hear!

Mr. Anguish: When it comes down to the crunch we can always tell that the Conservatives will be in bed with the Liberal Party, just as they were yesterday in the House of Commons.

Some Hon. Members: No, no.

Some Hon. Members: Hear, hear!

Mr. Anguish: We would like a clear statement on the record of where the Conservative Party stands in relation to the statutory Crow rate, which is the only real benefit that western Canadian farmers have in getting their product to the ports. We want to know, when the crunch in this House comes again, will the Conservatives be in bed with the Liberals, or will they stand up and support the farmers of Canada?

Some Hon. Members: Hear, hear!

Mr. Nielsen: You are not clowns at all; you are turkeys.

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AIRPORTS

IMPROVEMENTS NEEDED AT HAMILTON CIVIC AIRPORT

Mr. Stanley Hudecki (Hamilton West): Madam Speaker, regional airports play a vital role in Canada's air transportation system, yet the performance of this important function is diminished considerably in some such airports for want of updated facilities. At the Hamilton Civic Airport, for example, inadequate runway and approach lighting often forces Nordair, the airport's only major airline, to cancel flights in and out of Hamilton and to divert flights to Toronto in bad weather, at a high cost to the airline and inconvenience to Nordair passengers. Given high intensity approach lights and sequential flashing strobes, I believe that many cancellations could be avoided, and possibly other airlines would look at Hamilton Civic Airport more favourably.

Since this type of infrastructural development is vital to the growth of the Hamilton community, I strongly urge the Department of Transport to investigate this situation and to install additional approach and runway lighting at the Airport as soon as possible.

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SHIPBUILDING

DECLINE IN SHIPYARD EMPLOYMENT

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, about 18 months ago the Canadian Shipbuilding & Ship Repairing Association conducted a domestic shipbuilding survey covering market requirements through the 1980s. The survey showed a requirement for over 400 new ships and floating equipment at a cost in 1981 dollars of $33 billion plus.

Of this amount, the Government's projected requirements accounted for $3 billion. On the surface this augured well for our future. However, instead of full order books and healthy employment levels, we see some 6,000 fewer men and women at work in our Canadian shipyards today than one year ago. Why? One reason can be found in the 80 per cent grants policy for exploration of gas and oil and its supporting equipment. We see PetroCan selling its offshore service boats, for example, in order to lease back and gain the advantage of the 80 per cent grant which is not available through private acquisition and ownership. Esso, as well, has seen the advantage of this, and is operating through Citibank. Husky Oil, as well, has equipment up for sale. It wants to sell it offshore and lease it back. What does this do? Who loses? I will tell you who loses. There are no orders in the Halifax shipyards.

Fergusson Industries is about ready to come to the end of their building program. St. John—

Madam Speaker: Order, please.

ORAL QUESTION PERIOD

[*English*]

INCOME TAX

CLASSIFICATION OF FARMERS—DEPARTMENT'S AUDITING PRACTICES

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I would like to address a question to the Minister of National Revenue, and in his absence I will go to the Acting Minister who is Minister of Supply and Services. In the latter's absence, I would like to go to the Minister of Finance and, in his absence, I probably should go to the Minister of State for Finance—

An Hon. Member: He is here.

Mr. Greenaway: —or the Deputy Prime Minister, whomever wants to answer the question.

My question has to do with Section 31 of the Income Tax Act which breaks down farmers into three categories, full-time farmers, part-time farmers, and so-called hobby farmers.

Because of current economic conditions approximately 125,000 farmers across Canada have been forced to take jobs off the farm to supplement their incomes. As a result, Revenue Canada auditors have been reclassifying many of them from full-time to part-time, and part-time to hobby class, and then assessing up to four years in back taxes to these people, in many cases forcing them to sell out or else go bankrupt.

Will the Deputy Prime Minister or the Minister of State for Finance ask his colleagues to review Section 31 of the Act, as has been urged by the Canadian Institute of Chartered Accountants and the Canadian Bar Association since 1976? Furthermore, in the interim will the Minister instruct his officials to stop harassing an already badly hit sector of the economy under this unjust Section of the Income Tax Act?

Some Hon. Members: Hear, hear!

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, I thank the Hon. Member for his question. There are so few Members of the Opposition in their seats this afternoon I wonder if we will have enough questions to fill out the Question Period.

Some Hon. Members: Oh, oh!

Mr. Cosgrove: Be that as it may, the Hon. Member in his first question raises a very interesting matter. It is one that has been brought to the attention of Ministers previously. I have sought the support of the Minister of Finance and of the Minister of National Revenue on this issue, and we have asked officials in the Department of Revenue to review their practices in this matter. We certainly are sensitive to the questions that are raised by the Hon. Member.

AMOUNT OF BACK TAXES DEMANDED

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, I will address my supplementary question to the Minister of Finance, in the absence of the Minister of Revenue. This problem was addressed in the House in 1972 when the Hon. Member for Mission-Port Moody extracted a commitment from the then Minister of National Revenue that, in a case where the tax auditors had assessed back taxes he would only charge people one year's back taxes. Now people are being charged with four years' back taxes. Will the Minister make the same commitment to people who are now being charged for four years, that he will reduce this to just a one year back tax?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, the Hon. Member has an advantage. I was not in the House at that time.

Mr. Nielsen: You are not here now.

Mr. Cosgrove: I, of course, would have to take a look at the record and what was the undertaking of the then Minister, specifically what he was referring to, but I certainly will take the question as a representation by the Hon. Member and discuss it, along with the representations in the first part of his question.

Mr. Greenaway: Madam Speaker, I would like to point out to the other side of the House that a Liberal backbencher told me yesterday that no audits were being done in Quebec. I will guarantee that they will be whistling a different tune when they start auditing Quebec.

AMOUNT OF LOSS DEDUCTION

Mr. Lorne Greenaway (Cariboo-Chilcotin): Madam Speaker, this question is directed to the Minister of Finance. Under Section 31 of the Income Tax Act, deductions of farm losses by part-time farmers is limited to $5,000 per year. This figure was set in the year 1952. According to Statistics Canada, this figure should now be approximately $20,000 to reflect current realities. Would the Minister, at the very least, see that this 30 year old figure is indexed to inflation?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I shall consider the question as a suggestion for the budget, and I intend to give it serious consideration.

[*English*]

REVIEW OF AUDITING PRACTICES

Mr. Albert Cooper (Peace River): Madam Speaker, my question relates to the same issue and I would like to address it to the same Minister. The Minister should know that this is not only affecting present farmers but is having a very serious effect on future farmers. Young Canadians who consider going into farming would have a very difficult time with the high cost of going into that business, as well as the present situation.

The Minister earlier said that we can expect some kind of a review of what is going on at the moment. How soon can we expect some kind of a review, and when will we see the results of that?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, I have indicated that I have already made that request of the officials and I would expect in the not too distant future that we would have a response on the practice of the Department. If indeed there is a policy issue, as there have been some suggestions that the practice of the Department is not in accord with the policy as laid down by the Ministry, we will report that to the Hon. Members who have indicated an interest in the subject.

• (1420)

REQUEST THAT REVIEW RESULTS BE TABLED

Mr. Albert Cooper (Peace River): Madam Speaker, the concern is when, because it is an immediate problem. We would like to know whether the Minister will table those in the House as soon as possible so that we can give an answer to our constituents right across the country.

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, I already indicated that I have requested that information from the Department. As soon as I receive it, I will make it available to Hon. Members. The question has been raised by Members on both sides of the House. I say to those Members who have indicated interest that we will get the information to them as quickly as possible.

SCOPE OF AUDIT IN PROVINCES AND RIDINGS

Mr. Mark Rose (Mission-Port Moody): Madam Speaker, my question is directed to any Minister who knows anything about this problem. I raised this ten years ago when National Revenue was harassing and threatening part-time farmers in my Province and in southern Ontario, and there were no similar audits going on in Quebec, New Brunswick, and Nova Scotia. These were all ignored. I would like to ask whether they are now going on in these other Provinces. Will the Minister assure the House that, when sanity returns and reverts to the one-year or current back-taxes policy, the policy will apply, one, all across Canada and, two, not just to ridings held by Opposition Members but to ridings held by Liberals as well?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, as I have indicated, this question has been raised by Members on both sides of the House. The question has been raised by constituents in ridings that are held by Members of the Government. I am aware that the question has been raised in different Provinces. On the issue of whether it is applied in all Provinces, I will inquire of the Minister of National Revenue and take notice of the question.

RECLASSIFICATION OF FARMERS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, I have a question for the Minister of Finance. Will the Minister agree that the problem being raised here this afternoon of full-time bona fide ranchers and farmers being forced into part-time categories having to go off their land to seek alternate employment, is the direct result of his Government's high interest rate policy? It has resulted in these people seeking alternate employment in some other form of occupation.

Hon. Marc Lalonde (Minister of Finance): No, Madam Speaker.

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ADMINISTRATION OF JUSTICE

STATUS OF BILL S-32—GOVERNMENT POLICY ON GATING

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, my question is directed to the Solicitor General. The Senate has now trashed S-32 with its Government majority, and the courts across the country are trashing the gating procedure and are eliminating the power of the National Parole Board with respect to dangerous offenders. In the latest case in British Columbia Chief Justice Nemetz said, "No doubt this prisoner is a menace to society." What plans does the Government have to provide legislation that would put the security of society first and provide a review of dangerous criminals before release, with the possibility of an extension of incarceration?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, as the Hon. Member knows, that is precisely what I am doing. Bill S-32 has not been trashed by the Senate. A few days ago I had a very productive meeting with that Committee, and some subsequent informal discussions, which lead me to believe that the Bill, with some amendments which will increase protection of the public, will be acceptable to the Senate. I certainly hope so. I will continue to work with them in the hope that the Bill can be approved and sent to the House of Commons.

As far as gating is concerned, I was the Minister who gave the green light to that practice, based on legal opinion. At the moment, in spite of what the Hon. Member has said, judicial opinion is divided on the subject, with Chief Justice Menetz being in favour of it, although the majority of his court were

against it; a court in another Province being in favour, and a court in the third Province being against. Therefore, the responsible thing to do is to appeal further, which is exactly what we are doing. We expect an early hearing from the Supreme Court of Canada. If the National Parole Board is found by that body not to have the authority which it has been asserting, I will introduce an amendment right away and, hopefully, have the co-operation of Members here and in the other place to improve our legislation and the protection of the public very promptly.

REQUEST FOR REVIEW OF OFFENDERS BEFORE RELEASE FROM PRISON

Mr. Benno Friesen (Surrey-White Rock-North Delta): Madam Speaker, the Solicitor General obviously does not read his mail. He has received a letter from the Senate committee saying that that Bill will go nowhere.

Since gating is only a very temporary help, because ultimately dangerous offenders still have to be released at the end of their sentence with no review at all that will protect the public, will the Minister tell the House that he will provide legislation that will include a review and possible extension of incarceration for those prisoners deemed to be a danger to society?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, what the Hon. Member is asking for is something that I think is impossible in a democratic society, that is, that a person who has been given a punishment by a court and served that punishment should, at the order of an executive, without committing any additional offence, have his incarceration continued. That is a remarkable proposition. It is certainly not one that would be consistent with our Charter. When persons have served the time that the courts imposed on them, however dangerous the Hon. Member and others may think they are, they are entitled to be free. The only justification for re-incarcerating them would be if they committed some other offence and were convicted again.

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EMPLOYMENT

NATIONAL TRAINING ACT—FUNDING FOR TRAINING NURSING ASSISTANTS

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the Minister of Employment and Immigration. Under the National Training Act certain jobs are designated as national in importance, and then the Minister's Department funds them. The occupation of nursing assistants is not designated as a job of national importance under the Act. As a result, funding for this course has been cut in Midland, Ontario. There are three hospitals in that area, one of which employs over 700 people. Will the Minister undertake to review the question of funding of the nursing assistants program and perhaps review the classification of this program as a "job classification of national importance", in view of the large number of Canadian men and women who are employed in this occupation?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I thank the Hon. Member for the representation. I should point out to him that, under the National Training Act, we have established joint committees in each of the Provinces on which there are federal and provincial officials who make recommendations regarding the designations for those courses or occupations to be designated under the National Training Act. In this case it is up to the regional representatives of the provincial Government to bring forward representations if there is a shortage in that region. If that has not happened, I will be glad to take the representation of the Hon. Member, refer it to that committee, and see whether it is eligible for such a designation.

REGIONAL DEMANDS FOR TRAINING COURSES

Mr. Doug Lewis (Simcoe North): Madam Speaker, the machinists' trade is designated as a national program where future shortages may occur. Despite that designation in the machinists' program at Georgian College in Orillia, it is being cut back 37 per cent with respect to the number of job trainees. What steps does the Minister's Department take to ensure that, where an occupation is of national importance, the Department is sensitive to the demands of each region in the country?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I should point out that the determination of courses in the community colleges is a decision made by the provincial authorities. We purchase courses. We do not initiate their establishment. The level of funding that they receive is in large part determined by the Department of Community Colleges and Higher Education in the Province of Ontario and in other Provinces. I am prepared to undertake to look at the question raised by the Hon. Member concerning the shortage of machinists in that area and the matter of whether the courses could be adapted in that college.

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FOREIGN INVESTMENT REVIEW AGENCY

ANNOUNCED SALE OF ONTARIO PULP MILL

Mr. Keith Penner (Cochrane-Superior): Madam Speaker, I have a question for the Minister of Industry, Trade and Commerce. On March 8 American Can of Canada announced the sale of its Marathon Ontario Pulp Mill to the James River Corporation of Richmond, Virginia, and Buchanan Forest Products of Thunder Bay. Such a sale requires the scrutiny and approval of the Foreign Investment Review Agency. Is the Minister now in a position to tell the House what was the decision of FIRA and how soon will the Marathon Mill be allowed to proceed with full production under its new owners, James River-Marathon Ltd.?

• (1430)

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as the Hon. Member knows, by law I cannot divulge the contents of any application. I can assure the Hon. Member, however, that we are doing everything possible to expedite the assessment of this proposal, assuming the conditions of significant benefits to Canadians are met.

* * *

INDUSTRY

INGLIS CORPORATION'S EMPLOYMENT COMMITMENT

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is also directed to the Minister of Industry. On March 12, 1982, the then Minister of Industry announced a $3 million assistance program for Inglis to purchase Admiral. At the same time Inglis received an additional $1 million from the Province of Ontario. The commitment it made was to re-establish existing levels of employment in the plants which it was taking over, and to create new employment. To this point in time, it has not yet met its commitment to re-establish existing levels of employment. What action does the Minister propose to take, given the fact there were four million taxpayers' dollars given to that company to ensure that the employment levels which existed prior to the takeover were in fact maintained?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the company in question did undertake certain commitments. I will assess the Hon. Member's allegations, and review the commitments made by the company to ensure they have fulfilled those commitments.

TRANSFER OF JOBS BETWEEN PLANTS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, as a supplementary question I would ask the Minister, when he is discussing this matter with Inglis, to pay particular attention to a practice which it is now pursuing of taking jobs which now exist in the previous Inglis operations and transferring them to the new operations in order to attempt to meet the quota levels which were established and to which they themselves agreed at the time the money was made available by both the federal and provincial Governments? Will he also make clear to Inglis that the movement of a job from one plant to another plant is not to be considered by the federal Government, at least, as the creation of a new job?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I understand the Hon. Member's concern in this regard and I will investigate his allegations.

REQUEST THAT MINISTER INSIST ON COMMITMENT BEING MET

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I have a final question for the same Minister. I am sure from the tone of his answers the Minister realizes that this is a practice which has gone on for some long time with a number of companies. I put to him that in the last quarter of 1982 Inglis has enjoyed a net sales increase of something close to $4.6 million. That is the equivalent of the amount of money given to it by the federal and provincial Governments. Will the Minister meet with Inglis and insist that either it meet its jobs commitments or it repay the federal Treasury the money it got from the federal Treasury which has been turned into windfall profits for the company and its shareholders at the expense of the employees?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, while I do not agree with the preamble of the Hon. Member, I will investigate his allegations, as I indicated in my previous responses, and I will ensure that the job commitments which were made by the company will be followed.

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INDUSTRY

REQUEST THAT JAPANESE SYSTEM BE ADOPTED TO INCREASE PRODUCTIVITY

Hon. George Hees (Northumberland): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. On November 30 last I asked the Minister the following question, as reported at page 21117 of *Hansard:*

> As the Japanese system of having many small groups made up of equal numbers of management and labour working together in plants to improve productivity, quality and design, has proved far more successful than the Canadian system of confrontation between management and labour, will the Government give leadership by taking steps to encourage Canadian industry to adopt the far more successful Japanese method of industrial operation, and in that way make it possible for Canada to become a leader rather than continue to be a follower in today's very competitive world?

Did the Minister follow my suggestion and, if so, would he advise the House what the results have been to date?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, as the Hon. Member knows, I nearly always follow the advice of the Hon. Member who was a very distinguished former Minister of Industry, Trade and Commerce. I agree wholeheartedly with the Hon. Member that nothing is more important to improving productivity in this country than better labour-management relations, and if I may I add one caveat, better labour-management as well as government relations should be included. If I recall, about six weeks after the Hon. Member asked his question I did follow up with respect to implementing a task force co-chaired by senior representatives of labour and management in the automotive sector, and I am hoping that before the end of the week we will

be able to announce that two more task forces which have been structured along these same lines.

INDUSTRIAL REGIONAL DEVELOPMENT

Hon. George Hees (Northumberland): Madam Speaker, as the Minister knows, when he first took over the Export Trade Development Board I strongly supported him in this move and the work which he was doing. I would like to ask him now if he plans to follow this example on the industrial and regional development side by appointing a similar board reporting to his Department.

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, the Export Trade Development Board, where business, labour, government and academic representatives have been working together for the last few years, I believe has proven to be very successful, as originally expected by the Hon. Member, and we are giving serious consideration to formulating a board on the industrial and regional development side with a similar structure.

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[*Translation*]

HOUSING

REQUEST THAT $3,000 GRANT PROGRAM BE EXTENDED

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, my question is directed to the Minister of Finance. Both the Minister and the House are of course aware that the $3,000 home construction grant plan expires on April 30. When the House came back from summer recess on October 27, the plan, which was due to expire on December 30, was extended until April 30. I should therefore like to know whether the Minister has received representations from the Provincial Homebuilders Association urging him to continue the plan, and whether the Minister intends to include the grant in his forthcoming budget, for the benefit of Canadians and Quebecers who intend to build new homes.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, this particular program has been very successful. The Hon. Member is no doubt aware that we have allocated over $700 million to the program since it was announced last year. The results are clear if we consider the number of units that have been started in recent months. On an annual basis, it is expected that housing starts will total approximately 170,000 units per year, which represents a very substantial increase over last year.

As for continuing the program, I can inform the Hon. Member that I have received suggestions from various groups of builders, and that these suggestions will certainly be considered.

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[*English*]

ENVIRONMENTAL AFFAIRS

APPOINTMENT OF NEW DIRECTOR OF U.S. ENVIRONMENTAL PROTECTION AGENCY

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my question is directed to the Minister of the Environment. As the Minister is aware, the EPA in the United States, the Environmental Protection Agency, now has a new director, Mr. William Ruckelshaus. Could the Minister tell us if he has been in touch with this new director, and have arrangements been made for a face to face meeting with him?

Hon. John Roberts (Minister of the Environment): Madam Speaker, I have written to Mr. Ruckelshaus to congratulate him on his nomination, but until he is confirmed in office by the Senate, as I understand it, by the conventions of the American Government, it is unlikely he would wish to see me. I have written to him, however, to express my desire to get together as quickly as possible and I am confident of meeting him very quickly.

I hope, in this context, the Hon. Members of the House subcommittee on acid rain will find an occasion to meet with me soon, so that when they undertake their trip to Washington we will have the opportunity to discuss what information I might have from Mr. Ruckelshaus before that takes place. I expect to meet with him quite quickly. Clearly, it depends on his availability to meet with me. I understand that that should be taking place very soon after he has received confirmation by the Senate.

ACID RAIN POLLUTION

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, my supplementary question is directed to the same Minister. As we are all aware, U.S. Vice-President George Bush was here last Wednesday, and I hope that the Cabinet, and possibly the Minister himself, had an opportunity to speak with him, and to bring up the very important topic of acid rain pollution. Could the Minister give us his comments on that?

Hon. John Roberts (Minister of the Environment): Yes, Madam Speaker. This was not a matter of substantial discussion because it is on the agenda for discussion between my colleague, the Secretary of State for External Affairs, and Mr. Schultz, early in April. However, it was a question which was discussed informally during the visit of Vice-President Bush, particularly with some people on his staff, so he is certainly aware of our views. It was not a very substantial discussion. That should be taking place early in April.

UNEMPLOYMENT INSURANCE

EFFECT OF EXTENSION OF COVERAGE TO FARM WORKERS

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, my question is directed to the Minister of Employment and Immigration. In the rural parts of my constituency, many students, both high school and university, housewives and others, look forward to earning money through the summer from the various fruit and vegetable crops grown there. The growers welcome the availability of the part-time labour. A busy farmer can hand out between 300 and 400 cheques, amounting to $10,000, in any given week. The Department has now moved to stop this by the imposition of Regulation 16.

• (1440)

Will the Minister not reconsider this unfair burden on both growers and workers in both mine and other rural constituencies?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think the Hon. Member has phrased his question in a very unusual way, as if somehow it is a burden to have extended unemployment insurance coverage to agricultural workers who have been demanding it for literally decades.

Some Hon. Members: Where?

Mr. Axworthy: Well, if the Hon. Member does not know where, then I guess he does not know his riding very well. The fact of the matter is that agricultural workers, who put in a very hard day's labour, should have the same right to be covered under the Unemployment Insurance Act as other workers in this country. That is a very important principle of equity, one which this Party happens to believe in, even though the Hon. Member obviously does not.

REQUEST THAT MINISTER REVIEW REGULATION

Mr. J. R. Ellis (Prince Edward-Hastings): Madam Speaker, the "where" came from somewhere other than this corner. I do know my riding intimately, and every grower there. I know those growers do not like this plan being put before them. In fact you will be forcing teenage high schoolers to get social insurance numbers years before they will ever need them, and the paper burden placed on growers in the area is absolutely unreal. It will simply prevent their using much of this part-time labour. Will the Minister not accept that—never mind his easy paper work—and have another look at Regulation 16?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the fact of the matter is that we are addressing a very simple principle, which is that people who work should have some income protection. We have been meeting very closely with the agriculture organizations to find ways of developing administrative techniques or other ways to ease the burden they might face with large numbers of workers arriving in a very short period of time. I still go back to the basic principle that the unemployment insurance system is designed to protect workers and give them some income protection. As a result, we do not intend to revoke the stand we took last summer and cancel Regulation 16.

EFFECT ON STUDENTS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, I have a supplementary to the same Minister. Can he tell this House how a high school student is going to benefit by paying UIC premiums? How does that help the high school student or the person who wants to get a short-term job on a farm? Will he tell this House where that person benefits?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the fact of the matter is the beneficiaries of that particular program are the many agricultural workers across the country who are not in high school but who are trying to make a decent living for their families in the agricultural field. That is who we are trying to cover.

SUMMER EMPLOYMENT CONSEQUENCES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, has the Minister done a study on how part-time agricultural workers, students who work on the weekend or through the summer only, are ever going to get any help here? Are they not going to find that the farmers will not hire them now? Are you not really putting those students out of work for the summer?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think I already pointed out to the Hon. Members opposite, who really show they are not interested in providing decent and fair coverage to agricultural workers, that we are sitting down with the agricultural organizations to work out any difficulties they might face in administering the program, including those which might apply to under-aged workers who are coming in for a day or two. We are working on those problems. But if the Hon. Member is suggesting that we somehow change the basic objective and principle of the system, then frankly we do not intend to do that because we on this side of the House happen to believe in fairness and equity.

Madam Speaker: The Hon. Member for Ontario.

Mr. Fennell: Madam Speaker, because of the noise on my left I could not tell who was going to be recognized.

Mr. Deans: That noise is called "Blenkarn".

Oral Questions

INDUSTRY

MAISLIN COMPANY LAY-OFFS IN TORONTO

Mr. Scott Fennell (Ontario): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. I had a phone call today from a driver with the company which received $34 million from the federal Government. He is one of ten drivers, 10 per cent of the driving staff in the Toronto yard, who are being laid off as of the end of the month. Madam Speaker, these funds provided for Maislin were to maintain the employment of those people and make sure the company survived. Now, I find this situation disgraceful. Would the Minister look into it and find out what Maislin Transport is doing about employment in its Toronto yard?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I will investigate the Hon. Member's allegation with respect to the individual in his constituency. However, I would like to remind him that, contrary to the statement made by one of his colleagues in a question to me earlier today, rather than 800 Canadians working for Maislin in Canada there are approximately 1,400 Canadians still working for Maislin. Obviously the company is doing its very best to try to recover, and I would hope that all Hon. Members on both sides of the House want to ensure the survival of this particular company.

REPORTED TRANSFER OF EQUIPMENT

Mr. Scott Fennell (Ontario): Madam Speaker, I have also found out that equipment in Maislin's Toronto yard was taken from Quinn Transport in Boston, which is older equipment, continually breaking down. I am also advised that all the modern new equipment happens to be in the Buffalo yard. Will the Minister do a complete review, even though it is a public company, of what is going on in Maislin Transport?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I will look into the allegations of the Hon. Member.

* * *

MEDICAL CARE

SCHEDULED IMPOSITION OF USER FEES IN ALBERTA

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, last night the Alberta Health Minister gave the kiss of death to medicare in that Province by imposing a variety of user fees for emergency, out-patient and in-patient services, on top of recent hikes in premiums and the toleration of a 35.5 per cent extra billing rate. The Alberta Tories are openly inviting the insurance companies to move back into the insuring of basic health care costs, setting the stage for the destruction of medicare. This complements the damage the Ontario Tories are doing to medicare in this Province. Indeed, Madam Speaker, if this is the way that Peter Lougheed and Bill Davis show how truly Conservative they are, then let us all be thankful that they appear to be uninterested in federal politics. My question, Madam Speaker, is coming.

Some Hon. Members: Oh, oh!

Mr. Blaikie: Presumably—

Mr. Young: Today. Just today.

Mr. Blaikie: —Davis and Lougheed will leave the federal attack on medicare to other Tory hopefuls.

Madam Speaker: We are all very disappointed; we all thought the question was coming.

Mr. Nowlan: So is the Resurrection.

Mr. Blaikie: Madam Speaker, the question is this: when will we see some action on the process by which Canadians can get the long-awaited Canada Health Act, and get it in a form which will prevent what we are seeing happening in Alberta? Are we going to see some real draft legislation this spring, or are we going to have to wait until the fall? What kind of timetable does the Minister have in mind for dealing with this serious problem?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I am very surprised at the question of the Hon. Member because the situation in Alberta, as we heard on the news this morning, is extremely serious and of very serious concern to all Canadians. There is an act respecting medicare, in case the Hon. Member does not remember, and this situation in which it seems user fees will be created for October 1 for all sorts of categories of patients, including acute care, emergency, out-patient, et cetera, may well be in breach of the existing agreement signed between Edmonton and Ottawa. I have therefore sent a Telex to the Alberta Minister of Health telling him of the possible breach of agreement and requesting very detailed information, especially as to the uniform terms and conditions under which that new measure will be applied. We will then have to make an assessment vis-à-vis the covenants signed and the conditions of accessibility in the three pieces of legislation covering medicare, and then it will have to go to cabinet for a decision.

Mr. Blaikie: Madam Speaker, I do not think there is any further assessment required. I think what the Alberta Government has done is clearly an attack on medicare. The Minister should bring in draft legislation and seek the support of the Canadian people for that legislation, which I am sure will be forthcoming.

INQUIRY RESPECTING INTRODUCTION OF LEGISLATION

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, the Minister did not answer my question. When will we have a Canada Health Act before us? Will she be meeting with the

Health Ministers promptly in order to deal with this problem? I am not referring just to the health minister of Alberta but to all the Tory health ministers who are secretly jeopardizing the future of medicare. There is nothing but silence over there—silence on the Crow, silence on medicine, but plenty of noise when the oil companies are at stake.

• (1450)

Madam Speaker: Order.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I must say that I am even more surprised. I thought the Member was governing for the present, not only for the future. He does not seem to remember that in New Brunswick there is a Conservative Government which tried much smaller user fees, and which had to backtrack after a year because the seniors, the women and the high risk groups in terms of health in that Province, did not let it happen. Of course the Liberals helped.

I just want to remind the Hon. Member that right now the same situation, if not worse, can be the case in Alberta. We intend to apply the Act in the way it stands now.

* * *

GARRISON DIVERSION

EFFECT ON NEGOTIATIONS OF FLAG BURNING INCIDENT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question is directed to the Secretary of State for External Affairs. Last week in the City of Winnipeg, Manitoba, an incident took place in front of the United States Consulate. There was a demonstration in which two members of the cabinet of the Manitoba Government participated, one of them being the Deputy Premier who reportedly was there on instructions of the Premier. During the demonstration the United States flag was burned. May I put a question to the Secretary of State for External Affairs with respect to this rather appalling display of bad manners on the part of a minister of the Crown?

Given the genuine concern of many Manitobans that this deplorable act could have a detrimental effect on rather sensitive bilateral issues which exist between the United States and Canada, can he assure the House of Commons that the on-going negotiations, for instance with regard to the Garrison diversion project, will not be negatively affected by this most insulting behaviour of two ministers of the Crown of the Government of Manitoba?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I would tell the Hon. Member that we had some discussions with the minister from Manitoba responsible for the Garrison and we intend to continue those discussions in the United States shortly. I would hope that the United States authorities are mature enough to overlook the kind of incident the Hon. Member has mentioned.

REQUEST THAT MINISTER PROFFER EXPLANATION TO UNITED STATES AUTHORITIES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have a supplementary question. I wonder if the Secretary of State for External Affairs could further assure Members of the House and Canadians generally, by undertaking to explain to his United States counterpart that this abnormal behaviour on the part of two Canadian ministers of the Crown is not representative of the normal behaviour of Canadian governments at any level. After he has so communicated with his United States counterpart, could he inform the House of the results of that exchange?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I do not think it would be appropriate for me to raise this matter with the United States authorities by explaining the conduct of Canadian citizens who, despite the views of the Hon. Member, are still entitled to the right of assembly and freedom of speech. It would be quite inappropriate for me to go to the United States authorities and begin to explain a particular incident in Canada. If that were my responsibility, I fear there would be a great many occasions when I would have to explain why a particular group in the country took an action that was opposed to American policy.

I do not think the Hon. Member is basically interested in the health of relations between Canada and the United States. I think that the Canadian people share that view. They believe we ought to maintain a sound relationship with the United States. I believe that the Canadian people can judge the conduct of other citizens, including ministers of the Crown in Manitoba. Surely the people of Manitoba will have the opportunity to judge that conduct themselves.

It is certainly not my intention to go to Washington to explain the conduct of any Canadian citizen on any particular matter.

LEADERSHIP OF MANITOBA DELEGATION TO WASHINGTON

Right Hon. Joe Clark (Yellowhead): Madam Speaker, I have a supplementary question for the Secretary of State for External Affairs or for the Minister of the Environment. Will either Minister tell the House whether the Government of Canada holds the view that Canada's position in relation to the Garrison project might be jeopardized by the fact that the Manitoba delegation en route to Washington to discuss it, will be led by a minister of the Crown who was present at a demonstration at which the flag of the United States of America was burned?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, it is not my responsibility to express an opinion on that particular matter. The Hon. Member for Yellowhead is quite capable of forming his own opinion.

Canada has very important interests insofar as the Garrison is concerned, and we share those interests with the Province of

Manitoba. We intend to press those interests. I have stated already that I do not believe that the United States Congress will determine its attitude on the Garrison on the basis of the incident to which the Hon. Member for Yellowhead referred.

POTENTIAL NEGATIVE REACTION OF UNITED STATES

Right Hon. Joe Clark (Yellowhead): Madam Speaker, may I put a supplementary question to the Minister of the Environment. Could he tell the House whether his Department is considering any sort of contingency plan to take account of a potentially negative reaction in the United States to the fact that the Manitoba delegation going there to discuss the Garrison will be led by a minister who was enthusiastically present at the burning of the United States flag?

Hon. John Roberts (Minister of the Environment): Madam Speaker, we continue to consider all options at all times. I doubt whether the United States Government would be put off by the silliness of the minister in Manitoba any more than by the perpetual silliness of the former Leader of the Opposition.

* * *

CANADIAN NATIONAL RAILWAYS

REPORTED OFFER TO PURCHASE NORTHUMBERLAND FERRIES LIMITED

Mr. Tom McMillan (Hillsborough): Madam Speaker, in the absence of the Minister of Transport may I direct my question to the Acting Minister, or to the Parliamentary Secretary.

Northumberland Ferries Limited is a private company which operates a car ferry service between Prince Edward Island and Nova Scotia. It is the only alternative car ferry service to that operated by CN Marine between Prince Edward Island and New Brunswick. May I ask the Parliamentary Secretary to the Minister of Transport if the Government is aware that Canadian National is making concerted efforts to take over Northumberland Ferries Limited or, failing that, to seize the contract that Northumberland Ferries Limited has with Transport Canada when that contract comes up for renewal in May, 1984?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Madam Speaker, I can inform the Hon. Member that Transport Canada has received no representation from CN Marine to purchase Northumberland Ferries Limited. I think this is a local rumour that started out in the Member's constituency. I can assure him there is no validity to the rumour. Transport Canada has received no such representation. He is correct that the Northumberland contract will expire in May 1984, not 1983. This may have prompted the rumour.

• (1500)

Mr. McMillan: The rumour did not emanate from within my own riding, but from within the boardrooms of Northumberland Ferries which received an offer to purchase from CN Marine, an agency of CN.

PROPOSAL TO BUILD TWO FERRIES

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Parliamentary Secretary. In view of the fact that the federal-provincial P.E.I. Mainland Transportation study recommended the construction of two vessels for Northumberland Ferries in order to lengthen the season, to increase capacity and to improve efficiency in the Prince Edward Island-Nova Scotia ferry service, what is the response of the Department of Transport to that concrete proposal of Northumberland Ferries? Has the Government studied the recommendations of the commission to which I made reference? Has it received and studied the proposals from Northumberland Ferries Limited for the two vessels? If so, is the Government favourably predisposed toward the excellent proposal of that company?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Madam Speaker, in response to the preamble of the Hon. Member, I do not feel the Minister is privy to what goes on between the directors of one boardroom and the directors of another boardroom. It becomes the Minister's responsibility only when an official representation is made to the Minister of Transport. I stand by my first answer.

As to his second question, Transport Canada is interested in any proposal which will provide more efficient and safer service to Canadians using such service. Transport Canada is interested in lengthening the sailing season. It is interested in increasing capacity, but it has to measure such proposed projects against whether they are affordable to the taxpayers of Canada. Keeping those objectives and affordability aspects in mind, the Minister and Transport Canada officials are studying the proposal mentioned by the Hon. Member, but they have not come to a decision whether or not to accept the proposal for the two new vessels.

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PETITIONS

TABLING OF REPORTS OF CLERK OF PETITIONS

Madam Speaker: I have the honour to inform the House that the petitions presented by Hon. Members on Monday, March 28, 1983 meet the requirements of the Standing Orders as to form.

Also I want to be very clear about the petition presented by the Hon. Member for Yorkton-Melville (Mr. Nystrom), who mentioned in his presentation that he had photocopies of the names taken from an original petition. That would not have been in order, but upon examination it was found that 16

pages containing approximately 450 original signatures were presented to the Table, and of course that is in order.

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

STANDING ORDERS AND PROCEDURE—PRESENTATION OF SIXTH REPORT OF SPECIAL COMMITTEE

Mr. Thomas H. Lefebvre (Pontiac-Gatineau-Labelle): Madam Speaker, I have the honour of tabling on behalf of all my colleagues of the Special Committee on Standing Orders and Procedure, the Committee's Sixth Report, in both official languages of Canada.

[*English*]

I would like to add that these recommendations would make changes in the Committee system for consideration of legislation by Special Committees.

PENSION REFORM—PRESENTATION OF FIRST REPORT OF SPECIAL COMMITTEE

Mr. Doug Frith (Sudbury): Madam Speaker, I have the honour to present the first report of the Special Committee on Pension Reform and, if the House pleases, I intend to move concurrence in this report later this day.

PUBLIC ACCOUNTS—PRESENTATION OF EIGHTEENTH REPORT OF STANDING COMMITTEE

Mr. Bill Clarke (Vancouver Quadra): Madam Speaker, I have the honour to present the eighteenth report of the Standing Committee on Public Accounts.

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

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PETITION

MR. TAYLOR—CONSIDERATION OF BILL C-671

Mr. Gordon Taylor (Bow River): Madam Speaker, I have great pleasure in presenting a petition signed by some 850 residents of Canada urging Parliament to move rapidly in order to pass Bill C-671, an Act respecting the execution of Clifford Robert Olson. Mr. Olson is really worse than the war criminals, having planned and killed at least 11 young people. He is a menace and will be a fear to all Canadians as long as he is alive.

Order Paper Questions

PENSION REFORM

CONCURRENCE IN FIRST REPORT OF SPECIAL COMMITTEE

Mr. Doug Frith (Sudbury): Madam Speaker, I move that the first report of the Special Committee on Pension Reform presented to the House earlier this day be concurred in.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,936, 3,939, 3,944, 3,945, 3,946, 3,947, 4,472 and 4,717.

[*Text*]

STONY MOUNTAIN INSTITUTION

Question No. 3,936—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Stony Mountain Institution, Stony Mountain and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Stony Mountain Institution is Terrence Sawatsky. (a) Date of appointment to present position: October 15, 1979. *(b) Position held prior to present appointment: Assistant Warden, Socialization, Stony Mountain Institution. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Stony Mountain Institution but the Assistant Warden, Industries, Richard Sheppard, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to three other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Industries: October 16, 1982. *(b) Position held prior to present appointment: Assistant to Chief Trade Instructor, Stony Mountain Institution. (c) Salary range: $24,564 to $34,039. *(d) Same as part A(d).

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

Order Paper Questions

SASKATCHEWAN PENITENTIARY, PRINCE ALBERT

Question No. 3,939—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Saskatchewan Penitentiary, Prince Albert and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Saskatchewan Penitentiary is James O'Sullivan. (a) Date of appointment to present position: September 9, 1975. *(b) Position held prior to present appointment: Assistant Warden, Industries, Saskatchewan Penitentiary. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Saskatchewan Penitentiary but the Assistant Warden, Administration, Archie Ellis, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to three other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Administration: July 29, 1975. *(b) Position held prior to present appointment Regional Records Manager, Correctional Service Canada, Regional Headquarters, Saskatoon, Saskatchewan. (c) Salary range: $26,212 to $29,168. *(d) Same as part A(d).

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

DRUMHELLER TRAILER UNIT

Question No. 3,944—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Drumheller Trailer Unit and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned: Drumheller Trailer Unit is under the management responsibility of the Warden, Drumheller Institution. Please see reply to question No. 3,946.

BOWDEN INSTITUTION, INNISFAIL

Question No. 3,945—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Bowden Institution, Innisfail and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Bowden Institution is Raymond Desrochers. (a) Date of appointment to present position: October 15, 1979. *(b) Position held prior to present appointment: Warden, Stoney Mountain Institution, Winnipeg, Manitoba. (c) Salary range: $38,020 to $42,919. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Bowden Institution but the Assistant, Warden, Socialization, Gary Sudol, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to five other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Socialization: February 7, 1977. *(b) Position held prior to present appointment: Head of Living Unit, Stony Mountain Institution, Winnipeg, Manitoba. (c) Salary range: $33,689 to $37,913. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

DRUMHELLER INSTITUTION

Question No. 3,946—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Drumheller Institution, Drumheller and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Drumheller Institution is Daniel Kane. (a) Date of appointment to present position: August 4, 1981. *(b) Position held prior to present appointment: Executive Assistant to the Regional Director General, Ontario Regional Headquarters, Kingston, Ontario. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Drumheller Institution but the Assistant Warden, Socialization, Daniel Denis, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with

Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to six other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Socialization: June 1, 1979. *(b) Position held prior to present appointment: Assistant Co-ordinator, Inmate Classification, Correctional Service Canada, Regional Headquarters, Saskatoon, Saskatchewan. (c) Salary range: $33,689 to $37,913. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

EDMONTON INSTITUTION

Question No. 3,947—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Edmonton Institution, Edmonton and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Edmonton Institution is Robert Benner. (a) Date of appointment to present position: July 16, 1980. *(b) Position held prior to present appointment: Warden, Bowden Institution, Innisfail, Alberta. (c) Salaray range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Edmonton Institution but the Assistant Warden, Security, Arthur Steedsman, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to two other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Security: December 20, 1977. *(b) Position held prior to present appointment: Assistant Warden, Security, Joyceville Institution, Kingston, Ontario. (c) Salary range: $30,567 to $34,090. *(d) Same as part A(d).

*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

Order Paper Questions

HEADQUARTERS STAFF OF CORRECTIONAL SERVICE OF CANADA

Question No. 4,472—**Mr. Friesen:**

1. How many employees (deputy ministers, administrators, clerks, typists) are at the National Headquarters of the Canadian Correctional Services in Ottawa?

2. How many line officers (guards) are in each of the regions?

3. How many regional directors (all classes), wardens and assistants, directors (all classes), and administrative officers are in each of the regions?

4. How many classification officers (counsellors) are in each of the regions?

5. How many (a) instructors (b) doctors (c) nurses (d) grounds keepers (e) personnel directors are in each of the regions?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

1. No. of employees at National Headquarters: 541.

	Atlantic	Quebec	Ontario	Prairie	Pacific
2. No. of Correctional Officers (CX-COF, CX-LUF) in each region:	364	1,466	985	902	723
3. In each region: No. of Deputy Commissioners (Regional Directors are now called Deputy Commissioners)	1	1	1	1	1
No. of Regional Managers	10	11	11	10	11
No. of Regional Executive Officers	1	1	1	1	1
No. of Wardens	2	10	9	5	5
No. of Superintendents	4	5	5	6	5
No. of Farm Managers	1	0	2	2	0
No. of Directors (This includes Directors of Parole Offices and Directors (all classes) at Regional Psychiatric Centres)	6	3	7	8	7
No. of Area Managers, Parole office	4	17	11	9	6
*No. of Assistant Wardens	13	51	43	34	36
No. of Assistant Farm Managers	1	0	3	3	0
No. of Assistant Directors	0	0	0	2	2
**No of Administrative Officers	126	339	254	253	169
4. No. of Classification Officers (including CCC Counsellors)	79	203	142	127	77

5. (a) No. of Instructors (This includes teachers, shop instructors, arts and crafts instructors etc. in relation to inmate programs. It also includes staff instructors)	59	171	181	25	32
(b) No. of doctors, including psychiatrists (It also includes doctors and psychiatrists under contract.)	5	8	20	15	13
(c) No. of nurses	18	55	74	108	111
(d) No. of grounds keepers (Including maintenance employees)	62	199	171	121	79
(e) No. of Regional Managers Personnel	1	1	1	1	1

*There are no Assistant Superintendents, Assistant Directors, Parole Offices and Assistant Area Managers, Parole Offices, however, there is one employee designated by the Superintendent, Director or Area Manager to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. These employees are at the managerial level or have managerial experience.

**Administrative Officers: The information is provided for administrative officers as designated by Treasury Board classification standards. This includes those employees in the Administrative and Foreign Service Category: AS-FI-IS-OM-PE-PM-PG-WP and CS.

It excludes those employees accounted for in other portions of the response to part 3 of the question, i.e., Wardens, Superintendents, Area Managers, Parole Offices, etc.

It should be noted that many other employees perform a certain degree of administrative duties in their day-to-day line of work. For example, a CX officer in a supervisory position has to do a certain degree of administrative work, i.e., running the office, preparing appraisal forms, preparing reports, etc.

CANADA MUSEUMS CONSTRUCTION CORPORATION

Question No. 4,717—**Mr. Young:**

1. Did the Chairman of the Canada Museums Construction Corporation mail a package of documents to Canadians on February 10, 1983 concerning the selection of the sites and the architects for the construction of the National Gallery of Canada and the National Museum of Man and, if so (a) what were the total postage costs incurred in mailing the package (b) to whom was the package mailed and for what purpose (c) what was the total number of packages mailed?

2. Were press releases from the office of the Minister of Communications included in the package and, if so, for what reason?

3. What was the total cost of printing the letterhead of the communiqué used by the Corporation in this instance?

Hon. Francis Fox (Minister of Communications): I am informed by the Canada Museums Construction Corporation as follows:

1. Yes. (a) $2,218.42.

(b) The package was mailed to museum professionals, interested politicians and officials, and Canadians who have demonstrated their active support for the two institutions in a variety of ways, and especially through their membership in various museum-related organizations. The mailing was done to apprise these groups of development concerning the two projects and maintain the interest they have demonstrated.

(c) The mailing was comprised of 3,359 packages consisting of a total of 15 pages of material in both official languages.

2. Yes, in order to apprise the groups referred to in 1(b) above of developments concerning these projects and to maintain the interest they have demonstrated.

3. $676.40.

[*English*]

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

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered.

Mr. MacKay: Madam Speaker, on February 9, 1982, which is more than a year ago, I put on the Order Paper some statistical questions regarding our diplomatic staff in communist countries and the diplomatic staff of these countries here in Canada. On June 8, 1982, as reported at page 18213 of *Hansard*, the Parliamentary Secretary, the same Hon. Member who responded today, assured me in the House that the Government's silence was not deliberate on this issue and that he would look into the matter. I have had nothing but silence in the meantime, and that is a long time to wait.

I have no option at this stage but to put on the record my conclusion that this is a conspiracy of silence and that the Government is simply trying to cover up a scandalous situation concerning our diplomatic relations with communist countries. The information which I am seeking and the Government is denying to me as a Member of the Parliament of Canada is readily available to the communist countries concerned. The only people who are kept ignorant about this state of affairs are the Canadian people.

Mr. Smith: Madam Speaker, I wish to assure the Hon. Member that there is no effort to suppress information on my part. Whenever I am asked to look into a question on the Order Paper by a Member, I do so. I would like to assure the

Hon. Member that in fact I sent off an inquiry. Obviously I have not obtained the answer yet. I regret that and will send off another inquiry.

Mr. McKinnon: Madam Speaker, I should like to raise a similar matter with the Parliamentary Secretary. Question No. 4,336 has been standing in my name since May 19, 1982. It concerns a Lieutenant Geoff Wright of Victoria who was discharged from the regular army and is not being admitted into the reserves for some reason that the Department seems unwilling to divulge. He has been assured that if he could get permission from a reserve commanding officer they would re-enlist him. He has done so but they still refuse to re-enlist him. I want to know why. Also I would like to know why this interminable delay in answering questions of that easy a nature.

Mr. Smith: I will pursue that matter on behalf of the Hon. Member. I do not know the answer offhand, but I will look into it.

Mr. Stevens: Madam Speaker, I know the Parliamentary Secretary is trying to do a very good job, but I want to point out to him a gross oversight on his part. Despite the fact that he has repeatedly told the House he would be answering question No. 2,042, asked by myself on January 29, 1981, to date the question is still unanswered.

• (1510)

As we all know, this session may be coming to an end. Surely the Government does not want this dreadful blot on its record because the question simply asks what the total cost was of the Prime Minister's December, 1980-January, 1981 world tour and what percentage of the total cost of the trip will be paid by the Canadian taxpayer.

We know that the Prime Minister is fond of going on these capers. Surely the Government owes it to the people of Canada to tell them what the tab is that we are picking up for this type of tripping around the world.

Mr. Smith: Madam Speaker, to refer to a hard-working trip undertaken by the Prime Minister on behalf of the Canadian people as a caper is really going too far. I find it difficult to accept the good faith of the Hon. Member when he couches his question in such terms as that.

My day would not have been complete had he not raised this question with me. I will certainly be happy to look into it, as I have before. I am somewhat puzzled as to the unusual delay in answering this question. I can assure him that I expect to see this question as Question No. 1 on the Order Paper in the event that there is a new session. But we may get an answer before then and I will certainly do my best.

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SUPPLEMENTARY BORROWING AUTHORITY ACT, 1982-83 (NO. 3)

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Cosgrove that Bill C-143, to provide supplementary borrowing authority, be read the third time and do pass.

Mr. Tom McMillan (Hillsborough): Madam Speaker, Bill C-143, which we are now debating, seeks to give the federal Government authority to borrow $19 billion. This legislation represents the largest borrowing Bill in the history of Canada. Never before has the Government been required to come to Parliament, cap in hand, for the authority to borrow such a massive amount of money. The reason it must do this is that never before has the Government been so broke or the Canadian economy so badly mismanaged.

In the time I have available I want to focus on the area of Government waste and extravagance to which I made reference a few moments ago during Oral Question Period. That area concerns the operations of Transport Canada, and Canadian National in particular. I want to focus on this area of spending and waste because it, more so than any other that I can think of, threatens what little fiscal responsibility remains in the Government of Canada. I am referring more generally to that labyrinth of sub-government commonly known as Crown corporations.

The current Government has allowed Crown corporations to become so plentiful and so large and so unaccountable that it was utterly incapable of providing the Opposition with even a ballpark estimate of the number of such agencies that actually exist at the federal level. Nowhere is the problem more acute than in my own backyard, the Atlantic Provinces, vis-à-vis CN Marine.

CN Marine is an independent profit centre of its parent company, Canadian National. In the Atlantic Provinces its primary function is to operate ferry services from one Province to another. In my Province of Prince Edward Island, CN Marine operates a car ferry service across the 14-mile Northumberland Strait, which separates the Island from New Brunswick.

The most famous of the Corporation's several ferries is the icebreaker *Abegweit*. When it was built in 1947, it was the world's largest and most powerful icebreaker of its kind. Since then she has earned a special place in the hearts and minds of Islanders, for she has served us well. On the worst days of our sometimes brutal winters, the tenacious "Abby", as she is affectionately called, has kept us from being totally cut off from the rest of Canada.

I mention the *Abegweit* because now, after 35 years since her maiden crossing, the *Abegweit* is being replaced by the *Abegweit II*, a spanking new vessel out of the Saint John Shipbuilding and Drydock. As the Auditor General made only

too clear in his celebrated 1982 Report, the new *Abegweit* has come to symbolize Government ineptitude, waste and extravagance every bit as much as the old Abby symbolized dependability and service.

The facts are as follows. The Department of Transport paid some $25 million, as a partial payment toward the total cost of the vessel, to CN Marine ostensibly as an upfront advance payment to the builder for the stated purpose of achieving savings of $2.9 million in anticipated cost escalations. However, instead of advancing the $25 million to the shipbuilder immediately, as CN Marine was committed to do, the corporation stashed the funds in a special interest-bearing bank account for a time. The interest earned on the money deposited accumulated to an amount in excess of $4.8 million. That most of the money was eventually applied to the capital cost of the vessel does not mitigate one iota the fact that CN Marine's actions were utterly irresponsible and self-serving.

In effect, CN Marine used public funds to amass hundreds of thousands of dollars to which it was not entitled through a sleight-of-hand that flew in the face of every accepted Government accounting practice, even by the lax standards of this incompetent Government. To boot, CN Marine paid the shipbuilder $163,000 to consent to the arrangement. Some may call that an inducement or moral suasion, but I call it an outright bribe.

As if the situation were not bad enough, which it clearly is, CN Marine and CN have stonewalled all efforts by the Government's Auditor General to obtain information about the funding of the *Abegweit*. The Auditor General has determined that CN Marine's handling of the cash advance from the Department of Transport, though done ostensibly in the name of frugality and of saving the Government money, realized not one cent of savings on the total cost of the vessel in question.

Moreover, the Auditor General has seriously questioned the ethics of an agency of the Crown paying $163,000 to a shipbuilder from a special trust account that it was not entitled to set up in the first place.

• (1520)

The point is that, while the *Abegweit* incident may have little effect in the context of the Government's $90 billion budget, such practices could cause the Government significant problems if all of the hundreds of other Crown corporations conducted their affairs in the same manner. And many of them do so. A former senior Government auditor, now retired, whom I trust implicitly, told me in confidence—in the sense that I cannot attribute his remarks to him personally—that this kind of practice is commonplace. According to him, cases of money being obtained in advance from Government Departments ostensibly to make an immediate payment toward the total cost of a project, and then stashing the funds in a special trust account to earn interest for God knows who, are not at all rare. In many cases, according to this auditor, interest of that kind has been allowed to accumulate in special trust funds, ending up in the pockets of people who have no entitlement whatever to that money. This money belongs to the taxpayers of Canada, so it should not be used in such a way. But when that kind of thing occurs, no one is the wiser. Certainly the Government does not know about it or, if it does, it does not care. The taxpayer is bilked millions of dollars each year through shoddy practices of that kind.

Crown corporations are, in effect, chunks of Government placed at arm's length from Parliament and Canada in a way that makes it virtually impossible for the elected representatives of the people to scrutinize their spending or operations. They have become empires unto themselves, controlling hundreds of millions of taxpayers' dollars with only the skimpiest of accountability to the Government and to the Parliament of Canada. As the CN Marine example demonstrates, the scope of Crown corporations for circumventing acceptable Government accounting procedures is almost boundless, as is their capacity to stonewall Government auditors once the corporations put their minds to it. And, ultimately, the taxpayers, whom those agencies are thereoretically supposed to serve, end up paying the price.

The irony is that, having demonstrated its inability to manage effectively the taxpayers' money in connection with current Crown assets, CN Marine has set its sights on buying Northumberland Ferries Limited, a privately-owned company on Prince Edward Island that provides the only alternative ferry service to CN Marine's between the Island and the Mainland. That company was established in 1939 and operates four car ferries between Wood Islands, Prince Edward Island, and Caribou, Nova Scotia. Experts in the field consider the quality of its management exemplary, especially when contrasted to that of CN Marine. Yet here we have a Crown agency, CN Marine, making concerted efforts to buy out its competitor or, failing that, to seize its contract with the federal Department of Transport to operate the Prince Edward Island-Nova Scotia ferry service when that contract comes up for renewal in May, 1984.

Such a monopoly of car ferry service for CN Marine on the Island would be nothing less than catastrophic. It would be a tragedy for the Government, for CN Marine itself, and certainly for the people served by the car ferries in question. It would give the Crown corporation a stranglehold on the Province of Prince Edward Island, placing the company in a position to hike rates, slash services and dictate other conditions of operation without fear of restraint by market forces that only healthy competition can provide.

Moreover, a monopoly of that kind would render our Province terribly vulnerable in the event of labour strife, within CN. If such a monopoly had prevailed for example in the summer of 1973, when a Canada-wide CN strike shut down the Prince Edward Island-New Brunswick car ferry service, the consequences would have been disastrous for the local economy. Even as it was, despite the alternative service available from the Northumberland Ferries Ltd. at the time, when the CN Marine strike crippled the car ferry service operated by it between P.E.I. and New Brunswick, the Island suffered great losses, especially in the area of tourism. Think,

sir, what would have happened had we been totally cut off from the Mainland, as would have been the case had CN Marine operated the Northumberland ferries Ltd during the strike.

If I seem hard on CN, it is because I intend to be. I respect Crown corporations and especially the employees of CN. But what I do not respect is the fact that the corporate elite of Canadian National, operating from Montreal, have generally given Prince Edward Island and the Atlantic region as a whole a bad shake.

Prince Edward Island entered Confederation in 1873 largely to save its railway. P.E.I. came in because its railway was floundering and the Province thought that its joining Confederation would be the best avenue for saving the railway in perpetuity. Indeed, unlike any other Province that I know of, P.E.I. enjoys a constitutional commitment, written right into the Constitution of Canada, by the federal Government to provide a continuous link with the rest of the country by rail. Yet CN has chipped away at the Island railway with such persistence that in recent years we have found ourselves in the position of having practically nothing left worth saving. We have lost direct passenger service. We have lost important freight rail lines. We have lost any real on the spot capacity to maintain and repair rail cars and rail lines. We have lost the heart of the Carload Centre, the central operation for the administration of freight to, from and within the Province. We have lost CN Express services everywhere on the Island except Charlottetown. Finally, and most recently, the car ferry service has been drastically reduced, and we face the possibility of a monopoly which would altogether threaten the whole ferry system.

In Prince Edward Island, where highways cannot provide an alternative to rail for commercial purposes because the Island lacks the rockbed required to sustain heavy road traffic, we will soon be bereft of any transportation system worthy of the description. Clearly, CN has written us off and the federal Government is allowing Canadian National to do so. The federal Government is a ready accomplice in this scheme to strip the Island of what little remains of its railway system.

Established by the Government to forge a country out of a vast and thinly populated land, CN has long since, in my view, given up its public service mandate everywhere in the country—not just in P.E.I.—in favour of amassing huge profits, no matter what the cost to the public interest. In fact, in many parts of Canada, Canadian National is no longer interested in operating as a railway company, so preoccupied and obsessed is it with turning a fast buck in glamour industries such as gas and oil, in which it is investing heavily at the expense of traditional operations.

The recent formation of CN Exploration, Inc., an oil and gas subsidiary that has become an active participant in resource development out West, particularly in Saskatchewan, demonstrates where P.E.I. stands in the pecking order of Canadian National. My seatmate in the House of Commons, the Hon. Member for Kindersley-Lloydminster (Mr. McKnight), said it perfectly:

> Taxpayers' money funnelled into (CN) has made it one of the biggest transportation companies in Canada. Yet CN is forgetting its primary responsibility and is overspending and investing taxpayers' money in the oil industry.

Canadian National, like so many other Crown corporations, has become a monster virtually beyond the control of either the Government, of which it is nominally a part, or of Parliament, let alone the people of Canada which these corporations are supposed to serve. It is bad enough that those conglomerates are spending hundreds of millions of taxpayers' dollars without proper accountability, but many are now assuming what I can only describe as a life of their own, far removed from the purposes for which they were established in the first place.

• (1530)

Let me conclude by saying that, if someone in Parliament or someone in the public, or some accountant within the Government, wants to get a grip on uncontrolled Government spending, he need look no further than Canadian National's books for a place to begin. This is one Member of Parliament who would relish the opportunity to help him turn the first page.

Mrs. Margaret Mitchell (Vancouver East): Mr. Speaker, I am pleased to have the opportunity to speak on Bill C-143, and I would like this afternoon to take a somewhat different perspective on this Bill. We all know that $19 billion is an almost incomprehensible amount of money for most of us, and certainly for most Canadians, to grasp. We certainly are most concerned that this money will be spent productively and for types of expenditure that are going to help with the recovery of Canada's economy.

We would like to know, as my colleagues have already said, how this money will be used. We do not feel that the Government has given us a clear statement on this question. We would like a more specific breakdown of how this tremendous amount of money, which is to be borrowed at very high interest rates, will be spent, and in what specific areas.

I would assume, in this time of very high unemployment, that a good proportion of this amount of money will be spent for job creation. It is therefore to this particular area of expenditure that I would like to address my remarks this afternoon.

Furthermore, on this whole question of unemployment and measures to counteract unemployment, to create jobs and to get our economy rolling again, we have been asked again and again by the Government—let us see if they are serious or not—to make positive suggestions rather than just to criticize. So this afternoon this is what I propose to do.

We have over two million unemployed. There are many hidden unemployed people who are not shown in our statistics, such as the women in the home who have not been able to get into the work force. There are many who have been laid off through attrition are not registered on Unemployment Insurance rolls. There are 600,000 young people coming out of school. Many people have been on welfare for some time and others have just given up looking for work. The Government's token effort to deal with this situation is to put money into

short-term make-work projects. They are spending millions of dollars in this area. There are not enough jobs created. But also these are not the kinds of projects that are making some impact on the whole question of how to use human resources more productively. Nor do they create permanent kinds of community services and community enterprises.

Today I would like to talk about an alternative employment proposal for which we would like to see money requested by this borrowing Bill C-143. I would like to encourage unemployed people and many workers who are facing lay-offs also to consider worker co-operatives, enterprises which are owned and operated by workers themselves. Third sector co-operative enterprises have not been encouraged in Canada. We feel that they should be considered for job creation. Some of the $19 billion that the Government is asking us to authorize by this Bill could certainly be spent on permanent kind of job creation that is working very well in certain countries in Europe.

In European countries, workers' co-ops are flourishing. Some of them are community kinds of co-operatives and self-help services. Others are building co-operatives to help extend housing. Many workers' co-ops are very sophisticated high-tech industries which include a good deal of research and development into new technologies.

I propose that the Government allocate some of the funds to be borrowed under Bill C-143 for research and also initial development of workers' co-operatives, as an alternative third sector way of helping to create jobs and deal with unemployment.

During this period of high unemployment, people are searching for alternatives that will use their skills and experience. People who have worked all of their lives, who have so much experience and capability, are beginning to feel very depressed because they have been chronically unemployed now many months. These people are sitting at home doing nothing while they have tremendous experience and capabilities that should be put to work.

One alternative employment strategy which has been given little attention in Canada is the development of these workers' co-ops. Workers' co-operatives may be small, community-based services or large industrial enterprises. The common characteristic, however, is that workers own the enterprise collectively and they all invest their labour in the enterprise. They hire a manager or manage their effort collectively. They have a democratic say in all policy decisions.

This past fall, Mr. Speaker, I joined with over 20 co-operators from across Canada to study workers' co-operatives in Britain, France and Spain. I would like to take the time to put some of our findings on the record because I think it is very relevant to Canada. We visit small community co-ops, particularly in Britain, such as print shops, restaurants that were run co-operatively by the workers, bicycle repair shops, adult education centres and feminist co-ops, as well as toured older, larger industrial co-ops, some of which have been in existence for 30, or more years. They were producing shoes, chemicals, glassworks and even Triumph motorcycles. These were large enterprises that had been owned and operated by workers for many years. In most communities there also were building co-ops that use the skills of carpenters and tradespeople who were formerly unemployed to produce housing and also to undertake repairs and renovations, something which is very much needed in every community in Canada.

In England Co-operative Development Agencies in local municipalities receive Government grants to assist workers to form co-operatives, as well as to conduct feasibility studies and to learn successful business techniques. In Wales, a particularly interesting experiment was just beginning. Unemployment in that country, is very high since many of the major industries such as the coal mines have closed down. There was a desperate situation in which trade unions also were very much involved. The Wales Trade Union Council is assisting in promoting workers' co-ops, and these in turn become a trade union affiliate. So it is a co-operative effort between co-operators and trade unionists who are equally concerned with the plight of workers as well as developing a viable industry.

In France we found very modern, sophisticated, co-ops that were working successfully in the high technology field. But of major interest to co-operators was the co-operative developments in the Mondragon region of northern Spain, the Basque area of Spain. In that area there are 80 industrial workers' co-ops. They produce a very wide range of industrial products such as furniture, bicycles, auto parts, tools and computers, some of which are exported to Canada. These co-ops are supported by a major co-operative bank. Our credit unions in Canada should be helping in this way. They have a technical co-op college to train young people. The young people attend technical school for half a day and work in co-op factories the other half. Thus they are able to pay their own fees and expenses.

• (1540)

There is a very significant research and development component which helps to develop high technology products for export. To assist their network of co-operatives, they have co-op insurance programs, and welfare services are available to all co-op members. There are child care centres so that workers, women in particular, are able to have an equal chance of employment. There are producer and consumer co-ops which complement each other. These co-operatives form a network that provides jobs for almost 22,000 workers in the Mondragon community. They are worker owners.

That there have been no business failures in workers' co-operatives since 1956 at which time they were started by Catholic priests to encourage more self-help development in the Basque area. There have been no failures in over 100 industrial firms during that period.

During a time of very high unemployment in Spain, where the recession is as bad if not worse than in Canada, in the Mondragon area where the workers' co-operatives are the base of activity, there has been less than 1 per cent unemployment. Their last resort is unemployment insurance. They try to find jobs for their workers. If workers are unemployed in one co-op they transfer them to sister or brother co-ops.

Co-op workers who own their own businesses have a strong commitment to their job. Studies bear this out. They have a strong commitment to the total operation. They do not work for someone else. They work for themselves. They work together for a productive and successful operation. In successful worker co-ops, profits are re-invested in the business. Workers do not take their profits home in their pockets right away. However, when they retire many of them have a considerable equity in the business.

Workers often contribute sweat equity labour during the initial stages of business development. Modern marketing and business practices are essential components of successful worker co-ops. Union membership provides a wider affiliation and mutual help between different co-operative endeavours, as well as ensures good working conditions and a concern with national and international issues affecting working people.

Workers' co-operatives are not a solution for replacing obsolete or unsuccessful businesses. We were warned about this over and over again. Like any private business or state-operated business, co-ops have to be run efficiently with adequate initial capital, and sound management. Friendly Government legislation is needed to assist co-ops in the same way as it does other small businesses.

Research studies of workers' co-ops have concluded that industrial democracy results in higher productivity than in either private or public-owned enterprises. If they are established on a sound basis, co-operatives can be a most successful and fulfilling experience for the worker members. We found tremendous enthusiasm among workers. We found that an investment or labour effort far beyond usual working hours was common in most of these co-op developments.

We would not oppose Bill C-143 quite as strenuously if we were sure that the Government would put some of the billions of dollars which it intends to borrow into developments that would help to solve some of our industrial problems and put Canadians back to work. I am seriously presenting workers' co-operatives as one alternative that I hope the Government and Opposition Parties will look into.

What can the federal Government do to promote additional successful co-operative enterprises? First, it should look at the model developed in the co-operative housing field. The experience there is very relevant. It would not appear to require massive Government expenditures. A revolving fund of capital could be used for start-up funds which could be recycled as the enterprise becomes viable. That would be one consideration.

Unlike the make-work projects we now have in our communities, which are very debilitating, workers' co-ops would not be short-term job creation. At present people are not being trained, getting into permanent jobs and becoming productive. An investment in workers' co-ops would be much more productive. It would not be a handout or welfare program, but an investment in developing human resources and viable enterprises.

There would need to be regional co-op resource centres in Canada, such as there are in England. Housing co-ops in Canada also have them. Training resources would be available to provide advice, research and public education. That would be a first step. Help with feasibility studies also would be needed. Regional co-op resource centres should be developed in co-operation with the labour union movement as well as with Government. Otherwise there would be a competitive situation. As in Wales, mutual help between union members would be the ideal.

Start-up funds would be most important to assist co-operative enterprises. In England workers often used their redundancy pay as their initial investment in co-op ownership. A pool of capital should be available to provide start-up funds and help initiate feasibility studies.

In most new co-operative ventures there is a period of development when it is not yet a viable business with a product that brings in income for wages. It would make sense, at least during the initial period, if co-op workers could continue receiving Unemployment Insurance benefits, as is done now in some job-creation programs. This would build toward a permanent salary from a viable co-op enterprise.

There should be Government support for co-operative enterprises, just as there is for small business. We learned that it is important that there also be a co-operative banking system which would provide favourable loan arrangements. Co-ops could help each other through a credit union type of membership. Eventually networks of workers' co-ops would be developed. There would be national and regional support organizations such as have developed in the co-op housing field.

Through this Bill the Government is asking for blanket approval to borrow $19 billion. This is a typical Liberal tactic. We would like to know on what this money will be spent. Canadians would also like to know. We would like to see some of it spent on productive investment in workers' co-operatives in order to assist improvement in our economy and put workers back to work. Workers want to contribute as productive human beings. This would be a practical investment rather than a handout. Canadians have a right to know where the moneys borrowed under this Bill will be spent. Because of our huge debt load, they want every cent spent wisely and productively to rebuild our economy. During this time of very tragic high unemployment, I can think of no wiser investment, than to invest in the development of viable, self-reliant co-operative enterprises which are owned and operated by workers themselves, which will employ essential expertise, and which will produce Canadian goods and services both for domestic use and also for export.

• (1550)

Mr. Benno Friesen (Surrey-White Rock-North Delta): Mr. Speaker, I was fascinated by the remarks of the Hon. Member for Vancouver East (Mrs. Mitchell) representing the New Democratic Party, and her proposal that some of the $19 billion of increased indebtedness, the borrowing Bill which we are now debating, Bill C-143, be used to fund workers' co-operatives. It is a fascinating theory. It is amazing that the New Democratic Party can always import ideas which have

been rejected somewhere else, and then try to make them work here. If the Hon. Member would like to see how well those workers' co-operatives work, she should go to those countries where it has taken its purest form, and that is, behind the Iron Curtain. If she would take a look at the East Bloc countries she would see how well those workers' co-operatives function. As a matter of fact, before those co-operatives were in place, the Soviet Union was a food-exporting nation, and it was not long after the co-operatives were instituted in that country that the Soviet Union became consistently a food-importing nation. It is always crop failure or it is always the weather that does it to them, but somehow the workers' co-operatives have never been at fault.

The Hon. Member should visit East Germany and see the lineups of citizens of that country waiting to get into a consumers' store, wanting to buy consumer goods. At a shoe store, for example, the lineups go out on to the street when a new shipment of shoes comes into that store because they know that a month later there will be none, because the co-operative system, you see, works so well, according to the Hon. Member for Vancouver East. There is an absolute paucity, a barrenness of consumer products in these countries, and the consumer products of the West are used as currency in the East Bloc countries where those workers' co-operatives work so well.

She should also take a look at the People's Republic of China where, for the past 25 years or 30 years, the workers' co-operatives have been functioning so well that they are now being rejected and they are turning to what was called in the Soviet Union in 1927, "The new economic policy". Because the whole concept of workers' co-operatives worked so well, Mr. Speaker, they were running into such consumer goods shortages that they had to give the small-businessman a break. So they introduced the new economic policy. They called those short-term business people "NEP-men". Now, Mr. Speaker, in Mainland China, they have to do the same thing because there is continual shortages of goods in that country. They have to introduce somewhat of a market system there. The Hon. Member for the New Democratic Party now wants to take an idea which has failed all over the world, has been rejected all over the world, and wants to impose it on the Canadian people. That is the kind of service the NDP wants to perform.

We are now in the last day of debate regarding the borrowing authority, Mr. Speaker. We are in the last hours of this debate. But while we may be completing debate on it, the effects of this Bill are going to go on literally for decades, because, as other Hon. Members and myself have said continuously throughout this debate, we will be paying for this literally for generations. We, sitting here in this House, are not going to pay this bill. It will be our children's children who will pay this bill. That is the inequity that this system is forcing on us.

I would like to mention the latest development, Mr. Speaker. The Government has known this is the last day of debate and that within hours this House will approve the further indebtedness of the Government to the tune of $19 billion. The Government knows it will be able to pay its bills after Thursday, or on Thursday. It knows that it is going to happen, yet the Government has sent out notices to the RCMP headquarters all over Canada saying that the RCMP officers are not going to be paid Thursday, obviously because the Government has no money, so it says. That, Mr. Speaker, is about as sleazy a trick as the Government can impose on the RCMP force. These are people who are working for us every day, doing their best to serve the Canadian people. The Government knows it will be able to pay them.

Mr. Thacker: It imposed time allocation on us.

Mr. Friesen: As the Hon. Member for Lethbridge-Foothills (Mr. Thacker) said, we are under time allocation because the Government has imposed that on us. It knows it is going to get this Bill passed today. Yet it has gone out with this ruse across Canada telling the RCMP that they are not going to be paid on Thursday. That is sleazy, Mr. Speaker. There is no other word for it but "sleazy".

What we are seeing here, as other Hon. Members have said, is the pattern of the Government. The pattern over the past 20 years has been to spend all of the cashflow which comes in during years of prosperity, to spend it as it comes in, and then, during years of hard times, to borrow. I suspect many of us have forgotten some of the spending programs which were carried on by this Government during times of prosperity. It occurs to me, first of all, how this runs counter to the pattern of behaviour of the citizens of Canada themselves. I believe you are aware, Mr. Speaker, that Canadian citizens, on a per capita basis, have more money in savings accounts than the citizens of any other industrialized nation. Canadians, by nature, by history and by tradition are savers. They put their money into accounts. They are not the kind of spenders which the Government itself is.

It seems to me it is because of the frontier pioneering education which Canadians over the years experienced that they have become a nation of savers. They realized out on the frontier, on the old homestead, that whereas there might be a good crop this year, even a bumper crop, next year there could be a famine, a drought, an early frost, late spring rains, a total crop failure, a grasshopper infestation, or rust. Just because there is a good crop this year does not mean that next year there will be that kind of surplus. So over the years the Canadian frontiersmen, the Canadian homesteaders, the farmers, learned to lay by during the years of prosperity so that when the years of famine came there would be something to tide them over. That is the Canadian experience which is just the opposite of that of the Government. Whereas the Government ought to lead the way and set the example, in Canada it is the people who set the example, which the Government refuses to follow. We have a Government which, in years of prosperity, when the tax dollars are flowing, spends money like a drunken sailor—and I should not impute that to sailors.

Ten or 15 years ago, the Government was encouraging the young people of Canada to tour Canada, "Forget about the cost. The Government will provide hostels. The Government

will provide bus service. The Government will look after you. If you want to leave home, go to a local welfare centre wherever you happen to hit town. There will be a cheque waiting for you there." In terms of social costs, we must stop and wonder how many families the Government helped to break up because it was so easy for a kid of 12, 14, 16 years of age to leave home, strike out on the road, pick up easy money at the welfare office and forget about his relationship with his parents.

We must not forget also that great noble experiment in Toronto 15 years ago called Rochdale. That community college was a sump hole of Government funds through, I believe, CMHC. It became a byword, not only of Government financial failure but of social irresponsibility. Young people were making a garrison out of that place. It was so tough in there that the police were afraid to go in. The President of the Privy Council (Mr. Pinard) must remember those days. Those young people were getting unlimited funds, and their major skill was not in attending classes and taking a disciplined course of study because that was a college where you just sat and grooved. Do your own thing. You are not going to have any stricture or structure imposed on you because that would be confining and you would warp the personalities of these young people. You have to do your own thing in order that the personality blossoms. Well, it blossomed so much that those poor young people became society's rejects. Their major skill was not passing courses; it was filling out application forms for more money. That is the way the Government was spending money in those days, instead of setting some of it aside so when hard times came we would have some money in reserve. That seems to me to run counter to our traditions and history.

• (1600)

It also seems to me, Mr. Speaker, that deficit spending in the guise of helping the unemployed has also been an abysmal failure. You would think that if deficit spending to help the unemployment problem worked, we would now be drunk with success because the deficit has certainly been going up. I just want to read some statistics on how it has been going up. The spending forecast of November, 1981 was for $75,450 million. The deficit would be $10,490 million. By June of 1982, seven months later, the spending estimate had gone up by almost $3 billion to $78,100 million, and the deficit was now estimated at $19,550 million. By October, five months later, the spending estimate was $79,210 million, and the expected deficit was $23,550 million. In February, 1983, four months later, the spending estimate was $80,400 million and the expected deficit was $27,200 million. So from November, 1981, to February, 1983, a matter of 15 months, the spending estimate rose from $75,450 million to $80,400 million, $5 million more, and the estimated deficit rose from $10,490 million to $27,200 million, almost three times as much in a matter of 15 months.

I have two points, Mr. Speaker. The Government has done a miserable job of planning and estimating. It is just out of control. Secondly, if deficit spending were to be the solution for unemployment, we would have had all of our problems solved in the last 15 months because of the ballooning deficits we have before us. But then I have before me a news release from the Minister of Employment and Immigration (Mr. Axworthy) dated March 28, 1980. He talks about the Employment Tax Credit Program and he says:

> "This will be a temporary measure designed to ensure that an effective job creation program continues while an employment strategy is being prepared for early announcement in the House of Commons," Mr. Axworthy said.

He went on to say:

> After a slow start the program developed quickly. It is estimated that, by the end of March, more than 46,000 agreements will have been signed with employers—agreements providing for the creation of more than 67,000 jobs.

The simple question, Mr. Speaker, is: where are they? Where is the massive success that the Minister predicted just two years ago to the day? He said this would be an interim measure, a temporary measure while employment strategy is being prepared for early announcement in the House of Commons. That was two years ago and the announcement has not been made yet. Was it the NEED program, which was announced last fall and which is another abysmal failure? I guess, Mr. Speaker, the truism is that there is nothing so sure about history but that we do not learn from history. It is time for the Government to reassess its approach. Spending simply is not going to do it. It had better get in tune with the business community of this country to make sure they have some confidence in the Government. Rest assured, Mr. Speaker, that when an announcement is made by this Government which the business community is waiting for, the second response of the business community is going to be: when are they going to change it? The over-riding attitude in the business community is that you cannot be sure any policies announced by this Government will be in place for any length of time. There is insecurity in the business community. They cannot plan, they cannot predict what is going to happen. They do not know whether the Government is a friend.

I trust that when the Government announces the date of the new budget, Mr. Speaker, and as they prepare this budget, they will not only bring some kind of financial relief but will begin to foster an air of stability and trust in the country so that the business community can do the kind of thing it needs to do if the Government expects it to invest the kinds of dollars it wants to. No businessman is going to invest dollars if he is afraid that he will lose them because of the insecure climate which has been promulgated by this Government.

The Acting Speaker (Mr. Corbin): The Hon. Member for Cariboo-Chilcotin (Mr. Greenaway).

Mr. Kristiansen: Mr. Speaker, it is not appropriate at this juncture to either make comments or ask questions of the Member who has just spoken?

The Acting Speaker (Mr. Corbin): Yes, that is quite in order. The Hon. Member wants to put a question?

Mr. Kristiansen: Rather a comment, but if the Member chooses to take it as a question I would be quite agreeable to hearing his reflections on the comments I make.

I was interested in the Hon. Member's opening remarks in which he so obviously misunderstood the basic thrust of what the Hon. Member for Vancouver East (Mrs. Mitchell) was saying. I find it difficult to believe that the Member who said, "We must learn the lessons of history", which were almost his concluding remarks, should somehow fail to understand the difference in the concept of workers' co-operatives outlined in some complexity and detail by the Hon. Member for Vancouver East in her remarks which immediately preceded his. He fails to understand that that is different from the state-operated approach, the history of which in many parts of the world she decried. She suggested that worker co-operatives were a better solution to harnessing both individual initiative and the willingness of people to work co-operatively together with Government and the private sector in order to achieve economic growth. That is what she was suggesting. Nothing that I heard in her remarks could conceivably be misconstrued and, I am sure unintentionally, misinterpreted in the manner in which the Hon. Member for Surrey-White Rock-North Delta (Mr. Friesen) did a few moments ago.

• (1610)

If the Hon. Member did not deliberately misconstrue them—and I do not think that is what he did—then I can only say that his comments are a product of that peculiar kind of Conservative mind that seems to follow a single track. It does not open itself and its thinking to other ways of organizing economic structures that have been experimented with both in the East and the West, for almost 50 years.

In conclusion, Mr. Speaker, it appears that the Hon. Member's mind is like a razor blade—sometimes sharp, sometimes dull, but inevitably narrow. That makes it a typically Conservative mind, but I hope the Hon. Member will learn to widen his.

Mr. Friesen: All I can say, Mr. Speaker, is that obviously the Hon. Member has been cut by it.

Mr. Lorne Greenaway (Cariboo-Chilcotin): Mr. Speaker, I hold a copy of Bill C-143 in my hand. I maintain that this is more than an innocuous piece of paper; it is actually a mortgage document. It mortgages the future of the young people of this country for years and years, and probably for their children as well. Clause 2(4) reads as follows:

> For greater certainty, any amount borrowed under this section may be borrowed in a currency other than that of Canada and may be repaid in the currency in which it was borrowed.

That adds insult to injury, Mr. Speaker. What is going to happen when the time comes to pay for this is that the Canadian dollar will probably have slipped. The money will be borrowed from countries which base their currency on the U.S. dollar, so we will be paying back the billions borrowed, plus interest, plus the exchange. It is even worse than it looks on the surface. Now, we all realize that income tax is the major method of extracting revenue from the Canadian people and that the squeeze is on.

My untimely departure from the House last week unfortunately prevented me from making several key points about the nature of Section 31 of the Income Tax Act and the profound effect it is having upon farmers in this country. I want to bring that up in this debate because one of the reasons we are borrowing money is that the Government's planning is so inept that not only has it had to squeeze farmers but it is going to have to mortgage their children's future as well.

As I recall, prior to exposing the Minister of Agriculture (Mr. Whelan) for what he was—and in my opinion still is—I was about to note the legal ramifications of Section 31 of the Income Tax Act. As I noted, it breaks farmers into three groups—full-time, part-time and hobby farmers. Revenue Canada has lately been reclassifying farmers for tax purposes from full-time to part-time and from part-time to the hobby classification. Our present definitions of these categories stem largely from the *Muldowan v. The Queen* case which reached the Supreme Court in 1977.

In *Muldowan v. The Queen*, the original Section of the Act was described by Mr. Justice Dickson as awkwardly worded and intractable. He pointed out some interesting anomalies in Section 31. The first question addressed by Justice Dickson was whether farming could constitute a source of income in a year in which a loss was suffered. He pointed out that the Section came into play only when the taxpayer had had a farming loss in the year. "That being so," he said, "it may seem strange that the Section should speak of farming as the taxpayer's chief source of income for the taxation year . . . " In other words, how can you talk about using income to determine whether a farmer is a full-time, part-time, or hobby farmer when all three, under this Section, would be claiming losses.

The March 8 edition of the "Canadian Taxpayer" deals with this case in a very lucid manner. In an article entitled, "Why Not Kill Section 31?", this publication notes that Mr. Justice Dickson ruled that farming could constitute a source of income in a year when there was a loss as long as there was a reasonable expectation of profit. This reasonable expectation of profit has become a very important point in the classification of farmers under Section 31.

The second issue considered by Mr. Justice Dickson was the legal meaning of the word "combination" in the phrase "combination of farming and some other source". According to Section 31, a full-time farmer can have a part-time job off the farm and still retain his full-time status, and similarly a part-time farmer can have an off-farm job without being reclassified as a hobby farmer. Justice Dickson clarified these classifications as best he could. In his ruling he introduced the following classifications.

First, a taxpayer for whom farming may reasonably be expected to provide the bulk of income for his livelihood is free of the limitation of Section 13(1)—this is now Section 31 of the Act—in those years in which he sustained a farming loss.

The second classification is that of the taxpayer who does not look to farming, or to farming and some subordinate source of income for his livelihood, but carries on farming as a

sideline business. Such a taxpayer is entitled to the deductions spelled out in Section 13(1) in respect of farm losses, that is, $5,000 per year.

The third classification is that of the taxpayer who does not look to farming, or to farming and some subordinate source of income for his livelihood, and who carries on some farming activities as a hobby. This is the so-called hobby farmer. The losses sustained by such a taxpayer on his non-business are not deductible in any amount.

These classifications raise the question of whether we in fact need Section 31 at all. Once again, the "Canadian Taxpayer" deals with this matter in a very logical manner. The article says:

> The judgment, however, gives rise to the question of whether there is any need or justification for keeping the Section in the Act at all.
>
> It does not apply to the first or third of His Lordship's classes of farmers. Taxpayers in the first class can claim their total losses like any other business people, while those in the third class cannot claim any deduction at all, because the Act specifically prohibits deduction of personal or living expenses.
>
> That leaves the second class, but who is in it? Anyone who farms with a reasonable expectation of profit is 'farming', as the courts have confirmed. Where, then is the justification for restricting the loss such a person may claim as a deduction? In the Court of Appeal in the Muldowan case, Mr. Justice Pratte said that because of the Section "A limit is placed on the deductibility of commercial farming losses where farming is carried on as a subordinate activity, even though no such limit appears to have been placed on the deductibility of other types of subordinate commercial loss." Obviously the provision can be extremely unfair to some taxpayers.

As long ago as 1976 the Joint Committee of the Canadian Institute of Chartered Accountants and the Canadian Bar Association recommended to the then Minister of Revenue and the then Minister of Finance that Section 31 be repealed. The Government has failed to act on that advice. Instead, it has continued to tax farmers on a basis that is patently unfair and discriminatory. We must question the motives of the Government for keeping this Section of the Income Tax Act in existence.

The only rational explanation for the retention of Section 31 of the Income Tax Act is that it is a money-maker for the Government. It is a tax grab by a Government that is desperately trying to cover a mounting debt. Never mind that farmers are being forced into bankruptcy by this unfair rule. Never mind that no other commercial venture is subject to similar regulations. The Government does not care. Section 31 brings in revenue, and that is all that matters to a Government which is both financially and morally bankrupt.

● (1620)

I should like to refer to an editorial which appeared on March 15 in the *Cariboo Observer*, a prominent paper in my riding. It commented upon Section 31 under the heading, "Greedy Attacks". It reads:

> Ranchers and farmers in the Cariboo are feeling the heat from relentless attacks by our provincial and federal Governments. The undisputed backbone of our nation, ranchers and farmers brought this wilderness out of the dark ages and into the twentieth century mainstream almost singlehandedly. It is tragic, under present economic conditions, that those ranchers and farmers trying to make ends meet, now find that that very activity which makes their operations viable is used against them by income tax investigators.
>
> These internal revenue "revenooers"—call them what you want—are not interested in illicit whiskey distillers. They are out after tamer game: respectable, responsible, hard-working people trying to build a future with sweat, sacrifice and scarce dollars.
>
> This is free enterprise? This is the land of endless opportunity?
>
> No way. This is pure greed, displayed for all to see by a grasping group of civil servants, punishing people for trying harder.
>
> There are choice words for this type of injustice. We can't print them.

One such person in my riding has been assessed four years of back taxes, amounting to $28,184.07, because he was classified as a part-time farmer. The man has put his heart and soul into his ranch since 1972 when he inherited it from his father. This individual is currently living with his wife and three young children on his land in the basement of an unfinished house. He cannot afford to finish the house. It currently does not even have running water. Yet the Department of National Revenue has determined that this man owes them $28,184. Where was the Minister of Agriculture, that great defender of the Canadian farmer, when my constituent was assessed these back taxes? The Minister of Agriculture wrote to me on this case when I referred to him for help. This is what he wrote:

> Yours is one of a number of representations I have received on this issue, and I thank you for bringing to my attention these examples of the impact of present tax law.

That is the help we received from the Minister of Agriculture. I should have been named and removed from the House of Commons last week. However, I should have been named for understating the case against the Minister of Agriculture; that is why I should have been thrown out. The Minister says that the world is one big roast beef; the Minister is one big ham.

Mr. Kempling: That is not unparliamentary.

Mr. Greenaway: That is not unparliamentary, but it is true. The $19 billion for which the Government is asking in Bill C-143 is just one more example of its desperate circumstances. The Government argues that it needs to borrow this money to make Unemployment Insurance benefits, for job creation and other such programs. This is only partially true. The Government is expected to spend $18.6 billion in interest in 1983-84 on past borrowings. I do not think it is fair that a family, living in the basement of a half-built home with no running water, should be expected to shoulder the burden of the Government's lack of financial responsibility. I do not think that his or anyone's children should be expected to pay interest on the billions of dollars which this incompetent Government has borrowed and is borrowing. Our children are being mortgaged into bankruptcy.

Mr. Bill Wright (Calgary North): Mr. Speaker, I rise today to speak on third reading of Bill C-143. In effect, the Government has come before us and asked for approval to borrow $19 billion—$5 billion for this year and $14 billion for next year.

I should like to turn to the statement of the Minister of Finance (Mr. Lalonde) on February 17, 1983, wherein he said that upon his appointment as Minister of Finance one of his basic tenets would be to inform the Canadian people fully of

the economic situation as he saw it. He said that he had done this repeatedly and consistently since his appointment as Minister of Finance and that he would continue to do it in the future.

The Government's deficit in the coming year may be as high as $30 billion, yet we were told by officials in the Department of Finance—and this perhaps goes back one year—that they could judge six months ahead what would be the state of the economy and the borrowing requirements of the Government. Now we have a Government which comes before us almost weekly and tells us how much more it needs to borrow.

A couple of years back, in November 1981, the Government forecast a deficit of $10.4 billion. At that time we had real economic growth in the economy of 2.2 per cent. In June 1982, the deficit was $19.5 billion, with a real economic growth of minus 2 per cent. In October 1982, the Government projected a deficit of $23.5 billion, with a negative growth rate in the GNP of 4.4 per cent.

In the statement of the Minister of Finance of February 17, 1983, he suggested that the deficit would be approximately $27.2 billion, with a negative GNP growth of 4.8 per cent. One wonders how long we will have to put up with a Government that does not really know where it is going. Week after week it adjusts its figures on the deficit. Week after week it adjusts its figures on the borrowing requirements. In effect, it does not know which way it is going. Perhaps this reflects somewhat upon the business community because in reality businesses in Canada say that they cannot plan ahead. It is impossible to plan more than one year ahead in any business in Canada because one does not know what tax changes the Government will make.

The previous Minister of Finance, in the budget of June 1982, made what could be best described as a death-bed confession when he said:

> Some say it should print more money. Others say it should let the deficit rip. But that would fail miserably. Inflation and unemployment would get worse. Interest rates would rise even more. Canada would price itself out of world markets. Recovery would be postponed.

If a deficit has been incurred as a consequence of measures to promote economic growth, there may be some economic benefits. At the same time, irrespective of how the deficit occurred, there are economic and financial costs.

There are two ways to finance the deficit. One is by printing money. Over the past 12 years the Bank of Canada has financed $12 billion of the Government's cash requirements by monetizing its debts. Printing money leads to an expansion of the money supply, which may lead to an increase in the rate of inflation. The other method to finance the deficit is by borrowing money. In 1982, borrowing by the federal Government accounted for over 51 per cent of all new security issues placed in Canada. In 1983, the figure will be even higher. Borrowing of that magnitude clearly must have an effect on the supply and demand for money, and thus on interest rates which must be borne by the private sector. In effect, the Liberal Government has failed to exercise adequate cost controls. When one examines the use of tax dollars, one sees that one out of every four dollars in tax revenue is used to service the public debt. That is an unbelievable figure. The total tax dollars spent to service the public debt is $16.7 billion. This works out to approximately $1,800 per taxpayer.

• (1630)

It is a fact that the Liberal Government cannot balance its books. Surely, if all businesses in Canada conducted their affairs like the Government, they all would have gone bankrupt. If a business does not balance its books, it cannot remain in business, nor would the Government allow it to stay in business unless it was a company like Maislin Transport to which the Government pumps in money to keep it afloat.

It is interesting to compare the Government's spending with the growth in the Gross National Product. The Liberals have maintained that the rate of Government spending will be less than the rate of growth in the GNP. In the year 1980-81, spending grew by 15.2 per cent while the GNP grew by 10.8 per cent. In the fiscal year 1981-82, Government spending grew by 16.7 per cent while the GNP grew by 13.2 per cent. In 1982-83, Government spending grew by 18.8 per cent and GNP grew by 5.3 per cent. In the projected year 1983-84, Government spending will grow by approximately 17 per cent and the GNP will grow by 8 per cent. The fact that the Government continues to increase its spending is incredible. Yet the Government attempts to maintain that it will not increase its spending. When will it adhere to policies that it sets down? The Government is devoid of ideas and does not follow through with any of its policies. Its policies only exist day by day.

Let us consider this from another perspective. Between the 1968-69 fiscal year and the 1982-83 fiscal year, federal Government spending increased by 624 per cent as compared to a 192 per cent increase in the Consumer Price Index for the same period. Since 1980, Government spending has increased by 68 per cent, while the Consumer Price Index during that same period grew by 37 per cent and the GNP grew by 33 per cent.

We have undergone two recessions since the Liberals came to power in 1980. The second recession began in the third quarter of 1981 and was exacerbated by the massive tax grab in the MacEachen budget of November, 1981. This recession has been the longest and most severe since the "Dirty Thirties". Canada's real GNP fell by 4.8 per cent in 1982. Since the second quarter of 1981, Canada's GNP has fallen by 7.5 per cent.

Businesses have suffered because of this decrease. Business bankruptcies were up by 33 per cent in 1982 as compared to 1981 and were 63 per cent higher than in 1980. Since August, 1981, there has been a net loss of 551,000 jobs. The seasonally adjusted unemployment rate in February of this year was 12.5 per cent, not including the hundreds of thousands who have given up hope and have dropped out of the labour force.

One must also pause and consider the plight of those helpless students who will be coming on to the job market this summer only to be faced with the evident lack of jobs for them.

Other evidence of Government ineffectiveness can be seen in housing starts in Canada. In 1982 there were 126,000 housing starts in Canada, which is down from 178,000 in 1981 and far below the 210,000 units that CMHC has stated is necessary to stave off a housing shortage. This was due to extremely high interest rates and the poor state of the economy, all caused by the Liberal Government.

While it is true that we are experiencing a world-wide recession, it is also true that Liberal policies have made the recession far worse in Canada than it need be. One needs to look no further than the National Energy Program. The only explanation for the implementation of the national energy policy was the potential revenue that would have accrued to Alberta. It was never put in place to obtain self-sufficiency for Canada. Canada will not be self-sufficient by 1990. The National Energy Program was a short-term appeasement of the NDP and the other socialists on the Liberal side. They knew that if they did not act quickly, too much revenue would accrue to Alberta and they would not be able to stop that influx of money. Therefore, this program was a method to delay the large revenues that were accruing to the Alberta Government, the British Columbia Government and also to the companies.

It is interesting to reflect upon why the Government was unable to help Canadian companies, if that was its intention, through slowing down the increase in revenue to the foreign-owned companies. It is well known that the only companies in the oil industry to be hurt were the Canadian-owned companies. The foreign-owned companies were never hurt, nor was it intended that they be hurt. However, through this policy the Government was able to buy some of these companies. It will be able to buy some of these companies at fire-sale prices.

Only the Canadian-owned companies have gone bankrupt or have lost massive amounts of revenue since only part of the revenue of foreign-owned companies is derived from Canada. Those companies do not have a problem. The other thing, of course, was that there was a massive amount of revenue from these companies leaving the country. Yet statistics have shown that 98 per cent of all the money that they received was retained and used back in the country. Therefore, the National Energy Program was only devised to appease the socialists who were in a hurry and those socialists who have lots of time.

Statistics Canada suggests that we will perhaps have an economic recovery in the next year. There has been some evidence to indicate that perhaps the recession is coming to an end. The major question now appears to be whether the positive evidence concerning consumer confidence and retail sales in the fourth quarter represents a beginning of the recovery in consumer demand.

Just as we need confidence in the business sector, so we need confidence in the consumer sector. If consumers are afraid to spend and do not do so, the retailer will not purchase goods. That is the present state of the economy. Until confidence is restored in the consumer, the economy will not pick up.

In order to restore that confidence Canada needs stable policies instead of hearing the Government say every week that its deficit will increase. The situation will not improve as a result of the Government's introducing new tax policies. The tax law is complicated enough now. People no longer know how to fill out their income tax forms. Businesses spend up to 20 per cent of their time filling out Government tax forms. We cannot continue to go on like this if we intend to turn this economy around. We need stability in our economy. We do not need abrupt changes like the National Energy Program. We do not need abrupt changes like higher deficits that scare people and investors off.

• (1640)

A month and a half ago, I was in England with one of our committees. I visited a number of investment people in the City of London. I asked about the economic climate in a number of countries. I was told that the worst place for investing capital is North Korea, and next to that is Canada.

Mr. Fisher: Wrong. Start paying attention to the facts of life. You are crazy.

Mr. Wright: I think the five Liberals over on the other side have woken up.

Mr. Munro (Esquimalt-Saanich): How many?

Mr. Wright: Five of them. I think it is time that we settled FIRA and put it on the back burner. It is not all bad. But surely as a young country we must encourage foreign capital. I realize the NDP Members do not like foreign capital. They do not like any capital other than what the Government provides. If we want to see this country progress and come out of the recession, we have to provide stability. We must project this to the population, the business community, the consumer and the retailer, and unless we do that, we will barely come out of the recession before going back into another one.

Mr. Terry Sargeant (Selkirk-Interlake): Mr. Speaker, I welcome the opportunity this afternoon to add a few comments on third reading of the borrowing authority Bill. Like many other Members of Parliament this is the second time that I speak to this Bill. I found some of the comments made by the last speaker quite amusing. I never cease to be amused by the Tory allegations and the slurcast on socialism by calling this crowd across the aisle socialists. I take it as a personal insult. Some of the monetary systems and policies which they have followed in the last few years have put them to the right of the right rump over here. I would caution the Hon. Member not to use the word socialism so loosely around here. It is really quite a highly respected term. To associate the word socialist with Liberals is less than desirable for many of us.

Mr. Cousineau: Watch out now, Terry.

Mr. Sargeant: I was just being a little friendly here, René.

I was surprised at the Hon. Member's comments about London and how the London investors find Canada to be such

a bad place to invest in. That may very well apply to the Government across the aisle, but I do know for a fact that probably the most responsible and best administered Government in this country is the Government of Manitoba. It had no problem at all borrowing money in London, and the London investors found the Manitoba economy to be one in which it was worthwhile to invest.

Mr. Wright: Mr. Speaker, I rise on a point of order. The Hon. Member is referring to something I said. I was talking about equity capital, not debt capital. There is a tremendous difference.

Mr. Sargeant: Mr. Speaker, I do not think you need point out that that was not a point of order.

Mr. Laniel: Let the Chair decide.

Mr. Sargeant: Speaking directly to the Bill, it is clear enough what the Government wants from Parliament with this Bill. It wants the authority to borrow $5 billion for the remainder of this fiscal year which, incidentally, ends in two days. There will be great amounts of spending in the last two days. As well, this Government wants another $14 billion for the next fiscal year. It is not clear, in spite of the best efforts of Members of the Opposition, on what the Government plans to spend this $14 billion.

We are being asked to approve this additional borrowing authority without even the benefit of a budget outlining the Government's spending priorities for next year. I understand this is the largest unbudgeted borrowing in Canadian history.

When I spoke on second reading of this Bill, I said my concern was with how the Government uses its deficit, not simply that one exists. Modern Governments have been using deficits as an instrument of economic policy for decades now. The Government should not be increasing the deficit in a reactive manner. It should not abandon its responsibility for guiding Canada's economic development, and resort only to deficit financing to cover its shortfall in tax revenues. No, the Government should be using the deficit to invest in economic recovery, to stimulate economic development that will increase Government tax revenues and, in the long run, reduce the need for deficit financing.

Instead the Government, in its last three budgets, has set its sights on cutting Government spending, hoping in turn to be able to reduce the deficit. But as we in the NDP warned the Government and the Tories with their new-found faith in the economic theories of the thirties, tightfisted fiscal and monetary policies brought on the recession that is now strangling the Canadian economy and causing the Government's deficit to skyrocket. The Minister of Finance (Mr. Lalonde) himself has admitted that the increasing deficit is due in large part to the impact of the recession on Government revenues and expenditures.

It must be a bitter pill for the Government and its Conservative economic planners to swallow. In spite of their single-minded efforts to reduce Government spending and, hopefully, reduce the deficit, the deficit has done just the opposite. The cost has been almost two million people out of work in Canada.

Let us look at past Government budgets just for a minute. In November, 1981, the Minister of Finance tried to speed up the pace of deficit reduction, setting his sights on a reduction from $13 billion to $10 billion in 1982-1983. But that did not happen at all. By the time he brought in the June, 1982 budget, the deficit was expected to be $19.6 billion. Now we are talking about a deficit for 1982-1983 of somewhere in the neighbourhood of $30 billion. That is three times what the Government had set its sights on barely 18 months ago.

It would be much better, I would say, Mr. Speaker, if the Government had had the foresight to bring in the kind of economic stimulation that would have blunted the impact of this recession; if it had chosen to invest its deficit in November, 1981, to speed up economic recovery, instead of sitting on its hands while the economy went into a tailspin, with the Government subsequently being forced to borrow billions of dollars to make up the shortfall in Government revenues caused by the recession. What the Canadian economy needs is not more Conservative economic quick fixes, but the kind of controls on Government spending that will ensure the economy picks up so that Canadians can benefit from Government expenditures.

I want to speak briefly about some expenditures related to my area as critic, namely that of the National Defence. The Tories love to minimize the importance of defence spending on the federal budget. Their constant cry is for more and more defence spending. We in this Party do understand that the Government must spend significant amounts of money in order to maintain an effective and modern defence force. But we do not believe that the answer to improving Canada's defence capabilities lies in throwing more and more money at it. It would make more sense for the Government to re-assess its defence priorities and then systematically set out the means by which it intends to meet those priorities. Currently Canada's number one defence priority is the surveillance of Canadian territory, waters and air space. Yet it is clear that successive Ministers of National Defence having ignored that priority in favour of training and equipping troops for their role in NATO. I agree with the Government that Canadian sovereignty must be our first defence priority, but it must be our first priority in deed, not just on paper.

• (1650)

I think this is very important when considering this borrowing authority Bill because defence spending consumes a great deal of the Government's operating and capital costs. Government spending on operating and capital costs, and by that I mean sending which excludes transfer payments, public debt and payments to certain Crown corporations, is estimated at $20.7 billion for 1983-1984. Almost 38 per cent of that spending, $7.84 billion, is consumed by National Defence. That is a pretty healthy chunk, and I think the people of this country have good reason to be concerned about how it is used.

For example, what possible value could it be to the Department of National Defence to purchase two Challenger executive jets with a price tag of $27.5 million?

Mr. Munro (Esquimalt-Saanich): Two people can go to Winnipeg at the same time.

Mr. Sargeant: I am getting to that.

How could two executive jets help the Canadian Forces improve their ability to enforce Canadian sovereignty in the Arctic? Could it be that the Government is hiding in defence spending the purchase costs of additional jets for the fleet available to whisk Cabinet Ministers around the country? The reports that I have read say that the direction to buy these two air limousines came from Cabinet. The two Challenger aircraft are neither what the Department of National Defence needs nor what it wants.

Of course, while we are talking about defence spending and aircraft, there is always the F-18. The Department of National Defence goes to great lengths to tell the Canadian public what a lovely little fighter aircraft we have bought for some $37 million a copy.

Mr. Thacker: The greatest submarine we have ever had.

Mr. Sargeant: I might be inclined to agree with you. It leaks, like the rest of the submarines.

Last year the total cost of the F-18 program increased by 26 per cent to more than $5 billion. I think it is more than appropriate to ask if our new "Star Wars" fighter, the F-18, is a good buy. I do not think it is. Why do we need the most advanced and the most temperamental new fighter planes to act as interceptors in policing our air sovereignty? A few years ago it was suggested that we might buy 50 used F-4 Phantom jets, refurbish them in Canadian factories and task them solely for Canadian air sovereignty missions. It was argued that the money saved could be used for such things as developing an ice breaking capability for our navy to do coastal surveillance and fisheries patrol. But that suggestion obviously did not wash with the Department of National Defence nor with the Liberal Cabinet, for that matter.

Finally, Mr. Speaker, there is another area of Government spending which I think Canadians should be very concerned about, and I am speaking about the Defence Industry Productivity Program. Government assistance to Canadian defence companies is estimated to be $169 million in 1983-1984, an increase of more than 190 per cent since 1979-1980. That is a pretty healthy boost in spending. It works out to a yearly increase of about 47 per cent for the last four years, for a Government which is supposedly committed to six and five.

I would hope that if the Government is prepared to increase spending on a program that much, it would make sure that it is getting good value for its money, but that does not appear to be the case. In the contracts for DIPP assistance, provisions are generally made for a repayment of the Crown contribution, once a reasonable and fair profit has been derived. But the Auditor General, in his 1981-1982 Report, said that there is no documented rationale for what is a fair and reasonable profit. So we have a situation where the Government has given out some $400 million over a four-year period but was only able to recover 6 per cent of that amount from completed projects.

Mr. Speaker, the Auditor General also slammed this program for its lack of documented industry strategies, for its lack of cost benefit analysis, and for the inconsistent monitoring of the use made by companies of money they receive from DIPP.

In closing, Mr. Speaker, let me reiterate that the Government does not need the kind of tight-fisted spending controls inspired by conservative economic theories that squeeze the life out of the Canadian economy. Instead, what is needed is a rational approach to Government spending and to the deficit so that the most value is obtained from Government spending and so that the deficit is not used only to react to the effects of the recession, but is used to invest in economic recovery.

Mr. Kristiansen: Mr. Speaker, I rise on a point of order. Is the Hon. Member from the Conservative Party rising in debate, or is he rising either to comment or to ask questions?

Mr. Deputy Speaker: If there are Hon. Members seeking to ask questions, they will obviously have priority over debate. Is the Hon. Member for Kootenay West rising to ask a question?

Mr. Kristiansen: If there is no Member from another Party doing so, Mr. Speaker, I would like to.

Very briefly, my colleague, the Hon. Member for Selkirk-Interlake (Mr. Sargeant) talked at some length about the use of the deficits which this Government has enjoyed, for lack of a proper term, over the past several years and what he perceived as a need to use those deficits more constructively in structuring and re-investing in our economy.

Over the past 15 years, there has been a large increase in public debt in Canada, and the Government has increased its interventionist policies in certain areas. These interventionist policies were largely supported by the Party that is now the Official Opposition. They have been directed basically to what has been traditionally the area of equity investment, whether it was by investing directly through grants, subsidies or interest-free loans to industry, or indirectly through special tax write-offs, incentives and accelerated allowances. Considering these facts, I would ask the Hon. Member if he thinks that really what we have had is equity investment without the public sector getting equity? Would he agree with that analysis, Mr. Speaker, and is that not the major problem that he would see facing our economy?

Mr. Thacker: Mr. Speaker, I rise on a point of order. I sat on that original Standing Committee that made recommendations on the orders of the House, and it was agreed unanimously by all Party Members, including the Member for the NDP who sat on it, that interjections during the ten-minute period should be short, succinct questions, leaving the response—

Mr. Deputy Speaker: The Chair was about to point out to the Hon. Member for Kootenay West that he appeared to be making a speech. Certainly it is his privilege to rise and to be

recognized in debate, and I hope the Hon. Member for Selkirk-Interlake will be brief in his response.

Mr. Sargeant: Mr. Speaker, I assure you that I will be brief in my response. I think my colleague for Kootenay West put it very well, and I can only say that I agree completely with his analysis of the situation.

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I too am rising in the last 45 minutes before the bells will ring and we will be called forth and the Government Members opposite will stand once again and put the Government demand for more money.

As you know, we are standing here today under time closure on third reading. You will recall that, on second reading of the Bill when we discussed the principles of Government and the executive authority for borrowing this amount of money, time allocation was applied. It was closure. We were limited in our rights as Members on behalf of our constituents to object to this massive $19 billion borrowing Bill. After closure it went to a committee. The committee was effectively closed out by marathon sessions, lasting until 2 a.m. Yesterday, we had one day at report stage when we could ask questions. That, too, was under time limitation. We now have 45 minutes left at third reading on a Bill that will extract $19 billion from the Canadian public, $5 billion to get us over the next couple of days and $14 billion to get us into the new fiscal year.

• (1700)

This Bill is an affront to Parliament, an affront to each Member of Parliament, whether we sit on this side or the Government side. Members opposite would not in any instance get authority from their constituents to treat a borrowing authority Bill so cavalierly, but they will stand. Why? If they do not, they will be punished, as has been shown when Members opposite dared to stand for the rights of their constituents as compared to those of the monarch or king who sits with his appointed group of advisers.

They do not want Canadians to understand this Bill. I can understand that. It is an affront to every Canadian. Let us not forget our history. When this Government came to power in 1968 it was just following the days of Expo 67. We were a positive country with a health insurance and medicare system second to none in the world. We had a post-secondary education system that was turning out graduates who were young, excited and keen to get on with making this country work. Our economic system created ten jobs at least for every university graduate and jobs for all of the high school and community college graduates.

We had an Old Age Security system, Family Allowances and balanced budgets. The Government would come in with an expenditure program, followed by a budget that would raise every cent with no borrowing domestically or in the international marketplace. In spite of the fact we had come through the Depression and a world war in which 40,000 of our citizens died, we had a minuscule national debt. In short, when this Government came to power, we were a powerful nation with the second highest standard of living in the world. We were charging up the mountain. It was an exciting place and we could hold our head high.

Then the Liberal Party went left. It made the mistake that so many absolute monarchs made so many times in history. We now have massive Government. The Government did it innocently. It offered all sorts of attractive programs. It agreed we should retain the small capitalist tax. The secret was, "Don't worry folks, we will borrow the difference". The Government said we were borrowing it from ourselves so there was nothing to worry about.

We had the benefit of the programs and a low income tax system. The Government was borrowing year after year. Government Members stood up and put the motions through, always on closure. Year after year Members on this side stood up and pointed out that while it may look good today, it will come back to haunt us. That is exactly what is happening today. It is true that chickens do come home to roost.

What are we faced with today? There is a lot of division among ourselves. There is an elected separatist Government in Quebec. A percentage of the voters in western Canada are committed to separation equal to the percentage that was in Quebec some 15 years ago. We have a national debt that is $200 billion, if you include the debt of the Crown corporations. We have a yearly deficit of $30 billion.

That means that over 30 per cent of all tax revenues go to pay the interest on the debt. We cannot create any programs with that money. It goes straight to those who already have wealth. As was discussed before, billions of dollars go to service that debt, concentrating wealth in the hands of people who already have wealth. That is leading to a class society, which is exactly what happened in Third World countries where there is a small percentage of people who have vast amounts of wealth and huge masses of people with no money at all.

That is what 15 years of Liberal Government is doing to this country, our mothers, fathers, sisters, brothers and children. It is something we would never do in our individual lives, yet somehow the Government has been able to convince us that it can do what we in our hearts know we cannot do at home.

Like every other country that has suffered massive Government intervention, we have had a devaluation of our dollar. It has gone down more than 20 per cent since these guys came into power. We all chuckled when France elected a socialist Government. Two years down the road now, it has massive debts. It has had three distinctive devaluations of its currency. I could have told you that the minute they were elected and tried to give people something for nothing, because it has happened time and time again. You simply cannot spend yourself to prosperity.

We are one half of 1 per cent of the world's population sitting on the resources of half a continent, and yet we are $200 billion in debt. It is absurd. Imagine what 24 million Japanese would do with this country. They are 114 million or 115 million people sitting on a rock in the middle of the ocean

with not one barrel of oil, yet their standard of living is much higher than ours. It is absolute absurdity, but it is the logical outflow of 15 years of the Liberal-NDP philosophy that Government can do things rather than people.

Fortunately, we still have those resources. The solution is a change of Government and to put back into place a Government that will create wealth by freeing up individuals from the restraints of Government. The combination of concentrating power in Ottawa, creating more and more Crown corporations and more and more regulatory agencies puts roadblocks in front of our entrepreneurs. Small-businessmen, such as those who set up and operate a fertilizer distribution service, a gas distribution service, a farmer, a small-businessman on the corner who starts with five or six employees and then 10, 15 or 20, is where the real economic wealth is created in this country.

The combination of regulatory agencies, municipal regulatory zoning bylaws all create so much red tape that these people simply give up. You then lose that momentum of growth and building. That is what happens when you get too much Government. The solution is simply, we simply have to cut it back.

The difference between the Liberal-NDP philosophy and ours is that they want decisions to be made by a small group, the Prime Minister (Mr. Trudeau), his Cabinet and a small group of economic planners. They want to make all the decisions on the capital of the nation, as compared with our philosophy, the philosophy that built this country, and indeed the western world. It was to take that absolute power that only the kings and queens had prior to the 1700s, split the capital of the country into millions and millions of individual pieces and let the individuals make the decisions as to how the capital should be allocated, used and renewed. Under that system, with millions and millions of individual decisions, men and women spent their whole lives on the allocation and operation of their small farms or businesses. That led to the generation of wealth to the point where the poor people in our country were better off than the kings and queens were prior to that time.

With increasing Government control and regulation since the war, we are now getting back the same problems people had before the 1700s. The ordinary citizen, the small farmer or small-businessman is essentially becoming a serf. Within 10 or 15 years, if we keep on with this philosophy, our farmers will be nothing more than serfs. We will be back to a form of feudalism.

I do not have to point out how badly off are our hospital insurance and medicare system. Our post-secondary education system is still turning out graduates. Because we have interfered with our economic system, we do not have ten jobs for every graduate today. In fact, we have ten students unemployed for each one who has a job. We have essentially reversed the formula and that, too, is simply a logical outflow of a small group of 40 or 50 people sitting here in Ottawa thinking that they can run this whole vast country. It has never occurred before, Mr. Speaker, and it will not happen in the future.

• (1710)

We are experiencing the result of huge deficits which lead to inflation just as surely as the sun comes up after the night, which in turn leads to the high interest rates, which in turn leads to a collapse. There is no doubt, Mr. Speaker, that it is a logical conclusion that this would happen because it has happened before. Is it an accident, Mr. Speaker, that even the Bible records that high interest rates are usurious? High interest rates became a sin because of the practical experience of the Jewish people who had been through this. It so affected them and so crushed the ordinary citizen, that the prophets picked it up, and it was put into their guiding book, the Bible, that it was wrong to have high interest rates. It is usury.

The Government seems surprised that we are in such trouble, Mr. Speaker. The New Democratic Party seems surprised. What is their solution? Their solution, Mr. Speaker, is more of the same, more Government. But we say, "Look. You have to break this cycle." They create the problems, and then their solution is more Government, which causes more problems, and what do they say? Let's have more Government. Why do they not try it the other way? If they looked at the United Kingdom today they would see that that country is truly starting to get its act together. For every year of a socialist Government, it will take at least two years of a Conservative Government to fix it up. Where would they rather live?

Something else which the NDP and the Liberals just cannot seem to get through their heads is again a lesson which comes to us from the Bible. All the great works from the past whether philosophic or economic, say that in the good years you put something aside for the bad years. Those Hon. Members deny the operation of the international marketplace, the invisible hand of Adam Smith. They simply wish to deny it exists, but it does exist. It exists whether you are a socialist country or a capitalist country. It is simply this: if you do not put something away in the good years, you will not have it for the bad years. Keynesian economics says that during bad times, such as a World War or the Depression of the 1930s, it is quite appropriate for us collectively to borrow money and to apply that to the creation of jobs. And it worked, Mr. Speaker, because the Government took only about 20 per cent or less of our GNP. Free enterprise was in trouble as a result of an adjustment phase which had to be made. Therefore, it worked. Then, during the good years, you must apply the other side of the coin, which is to pay the debt back, and the Liberals and NDP cannot escape from the criticism that during the 1970s, which were good years, instead of paying back the debt so we could be positioned in the 1980s to make the necessary adjustment to high technology, they took us further and further into debt.

We had balanced budgets in 1968. Now we have a $30-billion deficit. We had an absolutely minuscule national debt in 1968, during the good years, and we have taken that up to $200 billion. So that today, when collectively we in this House should be deciding that the Government needs to borrow $30 billion or $40 billion in order to take us into high technology,

in order to restructure our farming community and transportation in the West so we can get our products out, so that this tremendous industrial infrastructure in Ontario can be updated to employ our young people, we cannot do it.

Even the Government admits, Mr. Speaker, that once you reach $200 billion you are in trouble. When we had the programs and the low tax and Government was borrowing, some 5 per cent of tax revenue would go to service the debt, we would say that we thought that was too high. The Government Members would say, "No, it is not too high." Then it became 10 per cent, then 20 per cent, then 25 per cent. Now over 30 per cent goes to servicing the debt. I ask this Government, why is it stopping at 30 per cent? If it was fine to go from 20 per cent to 25 per cent to 30 per cent, why is it not appropriate to go to 40 per cent, 50 per cent, 60 per cent or 70 per cent? We would cut if off at probably 5 per cent. Government is cutting it off at 30 per cent. But what is the principle, Mr. Speaker? The principle is that you should not have any at all because in the good years you should build up your surplus, reduce your tax loads, so that in the bad years you can pay it off.

The Liberalism of today is not the Liberalism to which many of our parents and grandparents were attracted as the philosophy of a genuine reformist Party which was concerned about the individual. We no longer have the classical Liberalism. This Party is the classical Liberal Party which starts with the individual, then goes to the family. So it is no surprise to me that 15 years of the current Liberalism has led to four out of ten marriages failing. I am surprised that the six are still together. It is no surprise to me to see drug abuse, opting out and the suicides that are occurring today because they are a logical and absolute certainty in terms of the policies we have had and the view which the Liberal philosophy has of the state and the individual.

What a shame that our senior citizens are having to suffer as they are today. They felt they were building a future for themselves by paying into Canada Pension and putting their savings into RRSPs. They felt that when they retired at 65 with 2 per cent or 3 per cent inflation per year, by the time they were 80, sure, their dollar might be worth 50 per cent, but they could cope with that. They were proud and could hold their heads high. But as a result of the Liberal and NDP philosophy we have had inflation of 10 per cent, 15 per cent, and now the dollar has decreased in value in five years to 50 per cent. They are uncertain now. They do not have the future they should have. Young people coming out of our universities should be looking forward to jobs galore, because we still have only one-half of 1 per cent of world population, yet we are sitting on the resources of half a continent. However, resources do not mean a thing, Mr. Speaker, unless you have the entrepreneurial spirit of people to go out and develop those resources and create jobs for our people. There is a solution, Mr. Speaker. The solution is to get rid of that Liberal Government and put in a Progressive Conservative Government.

[*Translation*]

Mr. Deputy Speaker: Does the Parliamentary Secretary have a question?

Mr. Cousineau: Mr. Speaker, my Hon. friend, the Member for Lethbridge-Foothills (Mr. Thacker), spoke at length about the deficit. It is of course the Official Opposition's role to criticize, but it is also its role to propose measures. The Hon. Member mentioned cutting the deficit. He said that people should vote for a Progressive Conservative Government. Does his party intend to cut federal contributions to hospital insurance and health insurance and the amounts transferred to Provincial Governments for post-secondary education? Where would he make his cuts?

• (1720)

[*English*]

Mr. Thacker: Mr. Speaker, I remind my friend opposite that it is his Government that has made these cuts in post-secondary transfers to the Provinces. The seniors are taking 6 per cent. We in this Party have put forward all sorts of proposals. We recognize the tremendous difficulty caused by the Government's digging the hole so deep. When you have a $30 billion deficit, where do you make the necessary cuts? We could wipe out National Defence, Old Age Security, Family Allowances, wipe out all the interest on the national debt, and still be in debt. The Government has dug the hole that deep.

However, Mr. Speaker, here is an idea for the Member. I put this forward and it was rejected before. Why did we have 6 per cent settlements across the board when the Member opposite and myself this year put an extra $3,900 in our pockets and the senior citizens get something like $186? That is unfair, and I said it was unfair and that the solution was a flat across-the-board increase. Whether it was $1,000 or $1,200 does not matter, because in times of inflation percentage settlements make the rich incredibly rich and the poor never catch up. We need across-the-board settlements for very little money. That would tend to bring our society closer together. That is consistent with the Canadian pioneering spirit, particularly in western Canada where it did not matter where we came from, whether Hungary, Poland or the United Kingdom; when you were facing a western Canadian winter, 40 below and the wind raging, it did not matter where you were from, you huddled together to keep warm in order to survive.

My friend, the Hon. Member for Portage-Marquette (Mr. Mayer), has suggested all sorts of ideas, not one of which the Government has picked up. Here is one that I suggested, and what does my friend think of that?

[*Translation*]

Mr. Maltais: Mr. Speaker, I shall be very brief. I listened with interest to the speech by our hon. friend opposite, and I am glad to see that the Minister of National Health and Welfare is in the House, because when we considered the 6

and 5 policy, it was understood that the purpose of the legislation was to help reduce the rate of inflation, so that if we managed to bring it down to 6 or 5 per cent, no one, neither senior citizens nor public servants would lose. On the contrary, everyone would stand to gain because the purchasing power of Canadians would remain intact.

However, I was surprised to hear my hon. colleague opposite talk about cuts in National Defence. I remember when the Parliamentary Committee held hearings in Schefferville three weeks ago, the then President of the Iron Ore Company, Mr. Mulroney, suggested making Schefferville a National Defence centre. Perhaps the Hon. Member would care to inform the House where he would cut National Defence agreements? Furthermore, would he be agreeable to establishing a defence centre in Schefferville in order to create jobs in this particular area in Quebec?

[*English*]

Mr. Thacker: I can only presume, Mr. Speaker, that my friend opposite sits on the Standing Committee on External Affairs and National Defence. If he does, he knows I do not sit on that Committee. But in general, we agree that we as Canadians should be spending a fair percentage on defence. It should be spread around the country. For example, the Armed Forces stationed in Edmonton were moved to Ontario and Quebec. There were reasons for that, but it still caused real economic hardship in Edmonton. I presume that if I were to agree that National Defence should open up a base in Schefferville, the Hon. Member would agree that the Forces should be returned to Edmonton as well.

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Lac-Saint-Jean (Mr. Gimaïel) has the floor, if he wishes to ask a question.

Mr. Gimaïel: Thank you Mr. Speaker, but my colleague has already commented on the issue I wanted to discuss.

[*English*]

Mr. Deputy Speaker: The period for questions and answers has not expired. Are there other Members seeking to ask questions?

Mr. Kristiansen: Mr. Speaker, I was fascinated by the Hon. Member's fairytale lecture on the invisible hand of Adam Smith. Does the Member not recognize any difference at all between what is often referred to as free enterprise and corporate enterprise, that is, the kind of corporate enterprise which left us a legacy of unheard of industrial pollution, outdated plant capacity, failure to invest and modernize to keep our productivity up to date on this continent. I refer to a corporate enterprise which forced that Government, with the support of the Hon. Member's Party, to start pouring in public money without receiving any equity in return, which built up this huge debt we are all complaining about today. Does he not recognize that in fact is what happened, and how does he have the audacity to complain about the results of what he is as guilty of as those people across the way?

Mr. Taylor: Baloney.

Mr. Thacker: Mr. Speaker, that is so easy. My friend denies that the principle of Adam Smith survives. Well, it does. Even the socialist states recognize that if you do not keep up your competitive edge you will simply lose out to somebody else. When we in this Party talk about free enterprise, we are not talking about the free enterprise of the 1700s. We never have. Society has an entrepreneurial group which competes. The weak and inefficient are thinned out, but these are small companies so that no one is really hurt because the people are reabsorbed into other companies. The problem arises from the Liberal and NDP philosophy of massive Crown corporations. When they fail, then you have hundreds of thousands of people out of work.

Mr. Kristiansen: Massive private corporations can fail.

Mr. Thacker: The Government cannot allow that to happen, so we end up putting more taxpayer's dollars into these corporations. We believe Government should set the economic climate, and it should also be the regulator—

Mr. Kristiansen: Then why do you vote for all the handouts?

Mr. Thacker: —so that the pollution problem would be solved if the Government did its job. But the Liberal-NDP philosophy is not to set the rules; it is to set up a Crown corporation. Then you have a situation such as Mexico where Pemex, the state oil corporation, had a well blowout in the Gulf of Mexico. That did more ecological damage than the entire private industry of the whole world. When you ask: were there any regulations for that state oil company? The answer is, well, heaven's no. Why would we have regulations? We are the state corporation, we do not need regulations. Then the Hon. Member got into the question of profit, that word they just hate, because he said capital was not being invested. The reason for that was that the NDP has for so many years turned people against the word "profit" that, as a result, entrepreneurs did not have the money to improve their equipment because it was all taxed away.

Mr. Kristiansen: Before 1968?

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I am indeed grateful for the chance to participate in this discussion this afternoon, especially after both an instructive and entertaining injection by the Hon. Member for Lethbridge-Foothills (Mr. Thacker) who has given us his usual well thought out point of view. I did not agree with much of what he said but I always respect the fact that he puts a coherent set of ideas together and presents them persuasively.

Mr. Taylor: Flattery will get you nowhere.

Mr. Fisher: One thing I do find very disturbing about the debate we have heard from the other side of the House is the continued reference to our international reputation and

standing. I would refer Members on the other side to the discussion which took place when Governor Bouey visited the Committee on Finance, Trade and Economic Affairs last night. A very coherent presentation on our international status was made. Among other things, he was asked how it would be possible that our credit rating had declined. His reply was clear. Our credit rating has not declined, not at all. In fact, he pointed out that the people who make that argument have done so despite the strength of our currency, despite the continued good performance of our interest rates, especially the fact that they are now much closer to American interest rates than they were a few weeks or months ago, thereby indicating considerable strength within the economy itself. Finally, Mr. Speaker, he pointed out the marvellous trade surplus that our economy has developed over the past year—a record trade surplus.

• (1730)

These are the facts that international money lenders consider. They see an economy which, like all economies all around the world, is suffering greatly from the recession. We are not "Pollyannaish" about this. We are in a recession, as everyone is.

Mr. Mayer: Mr. Speaker, I rise on a point of order. If our reputation around the world is so great, can the Hon. Member explain why our dollar is roughly 80 cents compared to the United States dollar?

Mr. Fisher: Mr. Speaker, first of all I object to the Hon. Member's presenting that as a point of order. I think he should present it as a question during the proper question period.

I urge him to look at the performance of the Canadian currency against currencies all over the world. He will find that ours has done extremely well, especially against OECD currencies. We have a devalued dollar as against the U.S. dollar but this is the only place where it has a downward movement, as has the currency of all other industrialized countries.

I urge the Hon. Member to look at the facts and not the myths that have been presented. I ask him to look at a report which appeared in the *Globe and Mail* approximately a month and a half ago when Salomon Brothers, one of the important bond houses in the United States, indicated that the Canadian debt instruments are as valuable as the American ones. We are not, as described by our colleagues on the other side, some declining sunset country.

Our currency is the only currency in the world to hold its own against the American currency. Our debt instruments are ranked equally by one of the great American companies. I suggest that before my colleagues opposite run our country down they should find out the facts to back up their allegations.

I was very interested in what the Hon. Member for Lethbridge-Foothills had to say. He was able to recommend areas where we should spend millions and millions of dollars—on such things as youth employment, for example. He did not recognize that the Government has increased the allocation of funds for youth employment for this coming summer from $120 million to $170 million. He wants even more. And he wants even more money to be spent on health care, although millions and millions of dollars are already spent there. Of course, these are worthy areas for spending and I will return to them.

The Hon. Member was happy to raise these things and then to say that we must cut Government spending and Government borrowing. He wants us to do these worthwhile things with one hand tied behind our backs. He brought out a bunch of the old Tory boogeymen. He had great ideas about where we should spend, but he wanted it to be done without a tax increase and with diminished borrowing. That just does not work.

With this Bill we will engage in some of the biggest borrowing programs the country has ever seen. I think they are worthwhile. I think Government spending is helping to stimulate the economy in a time of great need. It is helping to maintain a vital safety net for thousands of Canadians who need it. It is replacing the vital private sector spending that will come about as recovery occurs.

As all of us admit, Mr. Speaker, borrowing is always a careful balancing act. If there was too little borrowing or too little Government spending, we would be plunged into new depths of recession. Let us be honest about that. If the Government were not involved in this spending program, if it were not practising an extra $25 billion worth of stimulation in the economy, we would sink even deeper into the depths of recession. That is a point that our critics have not conceded, however. They live in this "balancing the books" dreamland and forget that in tough times, debt and extra spending are legitimate tools for Government because they stimulate a sluggish economy.

We have said frankly and honestly to the Canadian people that too much debt and too much spending will re-inflate the economy and get in the way of the private sector recovery when it comes. We must constantly remind our friends in the NDP of that. I agree with the Hon. Member for Lethbridge-Foothills and the Hon. Member for Kamloops-Shuswap (Mr. Riis) who want us to spend more money on human services. I cannot think of a politician who would want to see suffering or who would cut spending and ignore the results for individuals and their families. All of us feel that way, but the situation could be made worse for the people we are trying to help. We could stimulate inflation and high interest rates if we are not careful.

Borrowing is a balancing act. We cannot close our eyes to it completely the way some of the neanderthals and Reagan admirers want us to do. Equally, we cannot go hogwild and ignore our obligations and let the economy burn itself out.

We have tried to balance the act in two ways. We have watched the commonsense signals and not let the economy overheat. There are signs that our economy is recovering. In face of all the criticism that we are not doing things properly, that one fact stands out. The six and five program works; interest rates are coming down; inflation is coming down and jobs are being restored. These are the initial signs of recovery.

Mr. Fennell: Where?

Mr. Fisher: The Hon. Member for Ontario (Mr. Fennell) asks where. Apparently he has not gone back to his riding to see the numbers of people being rehired by General Motors in Oshawa. Despite his claims to be a friend of the auto industry he has not been to Oakville to see the rehiring there. The Hon. Member for Burlington (Mr. Kempling) knows about it.

The economy is recovering despite the gloom and doom we hear from Hon. Members opposite. These are the common-sense signals I was talking about, and we have watched them to make sure that our behaviour was not creating gloom and doom.

The second thing we did is to reallocate money. We did that in June. We went through the six and five exercise to find honest ways to save hundreds of millions of dollars and reinvest it. We heard from our friends opposite when it was time to vote for that principle. The Tories voted in favour of the six and five program and the reallocation idea. They liked it, but when it came time for the specifics, to put it into practice, they voted against us. They voted against the reallocation which they say is so vital.

• (1740)

Mr. Kempling: Louder.

Mr. Fisher: None of us are kidding in the House. We know that the Hon. Member for Burlington is busy shovelling away over there. He voted against cost cuts which were justified and legitimate, but we did not. We cut costs under the six and five program and put the money back into the economy in places where it was more badly needed. For example, we put it into housing. Thousands of housing units across the nation have been started with grants which we initiated and put forward to Canadian people. We found the way to restore that industry by reallocating money, by saving it from a place where it was not needed and spending it in a place where it was more badly needed.

That is the balancing act about which I am talking, not only watching the vital signals in the economy and watching the recovery, but also going constantly through our expenses and kicking out those that are not needed, kicking out those which do not have as high a priority, and bringing in ideas that are more useful today. This is what we have been doing with our borrowing and spending.

Also we have heard criticism that somehow we are condemning our grandchildren to eternal bondage to pay off the debts which we supposedly irresponsibly encouraged. It is better, according to this line of thought, that we should leave a blasted economy. It is better, according to the Tories who stand up so gleefully and preach gloom and doom, that we should do nothing and let the situation get worse. Now, would our grandchildren thank us for that? Would they be grateful if we left them with a blasted health care system, with a ruined education system, with no welfare and no unemployment insurance? Would they thank us for that? Those are the programs on which we are spending our money. We make no apologies for that. Those programs are not destroying the future of our grandchildren. They are preserving the vital safety net system which we have worked so hard to put in place. Why bother helping to build that network? My generation needs it and uses it as a right. We are passing it on intact to our grandchildren. We do not worry about that. In my own family, my father has been crippled for two years now by arthritis. He has said very clearly to me, "Do nothing about medicare, do not ruin medicare, or I will be a bankrupt man". We borrow money to finance medicare to help people like my father. I do not make any apologies for that kind of borrowing. It is responsible.

Some Hon. Members: Hear, hear!

Mr. Fisher: Let us put to rest this idea that we are destroying the country's future by the way we are spending today. We are not doing that. We are preserving the country in the face of enormous difficulty. The country wants us to do that. Let us go out into a public place—

Mr. Lewis: All right, let us go.

Mr. Fisher: The Hon. Member for Simcoe North (Mr. Lewis) is willing. Let us go to his riding or mine and find out how many older people want their pensions cut the way he would do it, how many people want medicare cut the way his Party would do it, or how many want social services cut. Those are the implications of the program they are suggesting.

In conclusion I want to say that our spending has stimulated—

Mr. Kempling: Your spending has stimulated unemployment.

Mr. Taylor: There are two million unemployed.

Mr. Fisher: —our economy in a time of great need. Our spending has gone to the needs of ordinary people. Our spending has been constantly examined and reallocated. New priorities and new needs have been identified. Those are responsible acts by a responsible and humane Government.

[*Translation*]

Mr. Deputy Speaker: Order, please. It being 5.45 p.m., pursuant to Order made Thursday, March 24, 1983, it is my duty to interrupt the proceedings and put forthwith every question necessary to dispose of the third reading stage of the Bill.

[*English*]

Accordingly, is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some Hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

The House divided on the motion (Mr. Lalonde) which was agreed to on the following division:

(*Division No. 317*)

YEAS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker
(Gander-Twillingate)
Bégin (Miss)
Berger
Blais
Bloomfield
Bockstael
Bossy
Bujold
Bussières
Caccia
Campbell (Miss)
(South West Nova)
Campbell
(Cardigan)
Chrétien
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Demers
Deniger
Desmarais
Dingwall
Dion
Dionne
(Northumberland-
Miramichi)
Dubois
Duclos
Dupont
Dupras
Erola (Mrs.)
Ferguson
Fisher
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd
(Argenteuil-Papineau)
Gourde
(Lévis)
Guilbault
Harquail
Herbert
Hervieux-Payette
(Mrs.)
Hopkins
Hudecki
Irwin
Isabelle
Johnston
Joyal
Kelly
Lachance
Lajoie
Lalonde
Landers
Lang
Laniel
Lapierre
Lapointe
(Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ostiguy
Ouellet
Parent
Pelletier
Pepin
Peterson
Pinard
Portelance
Prud'homme
Regan
Reid
(Kenora-Rainy River)
Roberts
Robinson
(Etobicoke-Lakeshore)
Rompkey
Rooney
Rossi
Roy
Savard
Schroder
Simmons
Smith
Tardif
Tessier
Tobin
Tousignant
Veillette
Watson
Weatherhead
Whelan—122.

NAYS

Messrs.

Althouse
Andre
Anguish
Baker
(Nepean-Carleton)
Beatty
Blackburn
Blaikie
Blenkarn
Bosley
Clarke
(Vancouver Quadra)
Cook
Cooper
Corbett
Cossitt (Mrs.)
Crosby
(Halifax West)
Darling
Deans
de Jong
Ellis
Elzinga
Fennell
Forrestall
Fretz
Friesen
Fulton
Gass
Gilchrist
Greenaway
Gurbin
Halliday
Hargrave
Hawkes
Heap
Hees
Hovdebo
Howie
Jarvis
Jelinek
Jewett (Miss)
Keeper
Kempling
King
Knowles
Kristiansen
Lambert
La Salle
Lawrence
Lewis
Lewycky
MacDonald (Miss)
(Kingston and the Islands)
MacKay
Manly
Mayer
Mazankowski
McCain
McCuish
McDermid
McDonald (Ms.)
(Broadview-Greenwood)
McGrath
McKinnon
McKnight
McLean
McMillan
Mitchell (Mrs.)
Munro
(Esquimalt-Saanich)
Neil
Nickerson
Nielsen
Nystrom
Oberle
Parker
Patterson
Reid
(St. Catharines)
Riis
Roche
Rose
Sargeant
Schellenberger
Scott
(Victoria-Haliburton)
Shields
Siddon
Skelly
Stevens
Taylor
Thacker
Towers
Vankoughnet
Wright
Young—89.

[*Translation*]

Madam Speaker: I declare the motion carried.

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

Madam Speaker: It being six o'clock, I do now leave the chair until two o'clock tomorrow afternoon.

At 6.15 p.m., the House rose, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, March 30, 1983

The House met at 2 p.m.

• (1405)

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

EMPLOYMENT

MANPOWER MOBILITY—CONDEMNATION OF QUEBEC ATTITUDE

Mrs. Céline Hervieux-Payette (Montréal-Mercier): Madam Speaker, I want to ask my hon. colleagues to condemn the actions of the Quebec Government which are now causing another border dispute between New Brunswick and Quebec. Madam Speaker, we all know that the construction regulations prevent manpower mobility within Quebec and Canada. I would invite my hon. colleagues to vigorously censure this attitude which deprives Quebec workers of mobility within their own province and workers across Canada from having access to the labour market in Quebec.

* * *

EMPLOYMENT

REQUEST THAT MINISTER INCLUDE EMPLOYMENT MEASURES IN BUDGET

Hon. Roch La Salle (Joliette): Madam Speaker, instead of necessarily condemning the Government of Quebec, I want to take advantage of this opportunity to condemn the lack of adequate measures to create jobs across Canada, especially in my own province which is severely affected by the lack of such measures. Unfortunately, we are experiencing record unemployment and record bankruptcies, and since we will have time for some serious reflexion during the Easter holidays, I would urge the Minister of Finance (Mr. Lalonde) to give some serious thought to proposals for effective job creation in his next budget. The Minister of Finance keeps saying to anyone who will listen that economic recovery is just around the corner, but we know perfectly well that in 1984, we will still have to support from 1,500,000 to two million unemployed workers. In the circumstances, I think the Minister of Finance should stop making promises which are almost never kept and start making some substantial proposals in his budget providing for genuine economic recovery and job creation, and take advantage of this opportunity to make a wise choice, all of which has been sadly lacking during the last fifteen years. That is my Easter message for the Minister of Finance, and I would ask him to give the situation some serious thought and to show some compassion for and an interest in what is happening to, our unemployed workers in Canada and especially in "la Belle province".

* * *

[*English*]

EXTERNAL AFFAIRS

A REMEMBRANCE OF UNITED NATIONS DELEGATE, ANDREI GROMYKO

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, it is not my intention to raise a matter that is argument or debate, but I hope it is of interest. It so happens that in 1945 and 1946 I was among those who represented Canada at the first meetings of the United Nations. The other person with me was Gordon Graydon, a Conservative Member who served in this House for about 19 years. In the process we were quite interested in certain people there, especially Andrei Gromyko. Both Mr. Graydon and I found that we could have an interesting discussion with Mr. Gromyko, and in view of this we dared to hope he might be useful to our country in the future. He wrote me a letter which was dated April 25, 1946. This was after Mr. Graydon and I had returned to Ottawa. The letter reads as follows:

Dear Mr. Knowles:

It was great pleasure for me to receive your kind letter of April 16th, congratulating me in connection with my appointment as the Permanent Representative of the USSR to the Security Council of the United Nations Organization.

I am pleased to learn that you have visited Moscow and enjoyed your stay there. I hope that we shall have frequent opportunities of meeting each other in the future. It was kind of you to remind me of Mr. Gordon Graydon. Please convey my greetings to him.

With best personal wishes and warm regards,

Sincerely yours,

Andrei A. Gromyko

I think it is of interest. I hope it might just be.

S.O. 21

[*Translation*]

EXTERNAL AFFAIRS

CYPRUS—DISAPPEARANCE OF GREEK CYPRIOTS—GOVERNMENT POSITION

Mr. David Berger (Laurier): A few weeks ago, Madam Speaker, I attended a meeting of the Hellenic-Canadian Solidarity Committee for Cyprus which is made up of representatives of all Greek organizations in Montreal. The meeting dealt with questions concerning a recent United Nations vote on the "disappearance" of Greek Cypriots. It will be recalled that, during the 1974 war, at least 1619 people, combatants and non-combatants alike, disappeared. That was almost ten years ago and their families still do not know what happened to them. Members of the Greek community have expressed their anger because Canada abstained from voting recently at the United Nations, and I have agreed to convey their feelings to Parliament and to the Government of Canada.

I take this opportunity to explain as well the position of the Canadian Government. Canada abstained at the third committee because the committee refused to hear the Turkish-Cypriot member of the commission on the disappearance of Greek Cypriots. The third committee debate was highly partisan and vindictive. On the basic humanitarian issue, however, Canada did join the consensus which led to the adoption of the resolution in plenary session.

I should like to emphasize that Canada has the second largest peace-keeping force in Cyprus and that we contribute more than 20 per cent of the financial resources. Our financial contribution to peace-keeping in Cyprus exceeds all our other peace-keeping commitments throughout the world.

Madam Speaker: Order, please.

* * *

[*English*]

CRIMINAL CODE

PLACEMENT OF COMBAT RIFLE ON RESTRICTED WEAPONS LIST

Mr. Jack Shields (Athabasca): Madam Speaker, the Liberal Cabinet recently passed an Order in Council placing the FN-FAL combat rifle on the restricted weapons list.

The Firearms Control Research Group states that there is only one case on record of this type of firearm being used illegally. Few criminals would use a bulky, expensive weapon like the FN-FAL in the commission of an offence. By and large, criminals use pistols because they are cheaper, lightweight, and easy to conceal. Few gun collectors will follow the Government modification guidelines accompanying the Order in Council designed to prevent the rifle from being adapted to machine gun capability because these guidelines may, and could, result in the rifles blowing up in their faces when they attempt to fire them.

This Government can put anything on the restricted weapons list through Order in Council, with no review in Parliament. This totally irresponsible use of Orders in Council is just a means to bypass the House of Commons, which has become a serious irritant of this arrogant Government.

There is justifiable fear among gun owners and collectors that the eventual end to firearms registration will be the confiscation of all firearms in Canada. These are responsible Canadians who are bona fide collectors, not criminals.

The FN-FAL meets none of the criteria generally applying to restricted weapons. There is little reason to register the FN-FAL rifle when a police authorized firearms acquisition certificate is already required to purchase one. This Order in Council is wasteful, unnecessary, expensive and must be reversed.

I urge the Government to—

Madam Speaker: Order, please.

* * *

• (1410)

VETERANS AFFAIRS

REPRESENTATION ON BEHALF OF DIEPPE VETERANS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, last year was the fortieth anniversary of the Dieppe raid and at that time many hopes were expressed that changes would be made in the rules pertaining to compensation for former prisoners of war, changes which would recognize the unique situation in which Dieppe veterans find themselves, but no action has been forthcoming from the Government.

At present the 20 per cent compensation for Dieppe veterans does not take into account the special suffering endured by those captured at Dieppe who were tied, then chained, and finally made to go on a three-month dead march. As the national President of the Dieppe Veterans said before a Senate committee just lask week, the Dieppe veterans are fed up and are wondering whether the Government wants to do the same to them as it did to First World War veterans when it waited until most of them were dead before making them eligible for the war veterans allowance.

It is about time that the Government recognized the special claim that Dieppe veterans have on the Canadian public, not just because of their suffering but because of the importance of their sacrifice to the eventual successful landing on D-Day in June, 1944. In this respect may I also suggest that a campaign medal be struck for the Dieppe force. This, combined with improvements in the pension benefits available to them, would go a long way to meeting the long overdue need for the Canadian Government to recognize properly those who came back from that terrible morning on the beaches of Dieppe.

MEDICAL CARE

SCHEDULED IMPOSITION OF USER FEES IN ALBERTA

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, Members on all sides of this House should indicate their solid support for the Minister of National Health and Welfare (Miss Bégin) and her efforts to prevent Alberta from imposing hospital user fees. At the same time we should strongly condemn the Government of Alberta for this provocative move to place a financial burden on many Albertans who cannot afford these fees. It is clear that Mr. Lougheed's Government only represents the well-heeled of that Province. This Party, this Government and, I would hope, this entire House will demonstrate a commitment to maintain first-class hospital care for Canadians without regard to their ability to pay.

Alberta Hospitals' Minister, David Russell, who stated that "these user fees are going to be way less than one night at the Holiday Inn" needs to be reminded that the people these fees may deprive of hospital care cannot afford Holiday Inns. Perhaps the Government of Alberta, with billions in its Heritage Fund, should finally introduce a retail sales tax on booze and tobacco if it is unwilling to touch its Heritage Fund to prevent user fees. This Government will refuse to co-operate with such a callous move until the Government of Alberta gets its priorities straight and drops this outrageous proposal.

* * *

POLITICAL PARTIES

CHILD DELEGATES AT PROGRESSIVE CONSERVATIVE LEADERSHIP MEETINGS

Hon. Bud Cullen (Sarnia-Lambton): Madam Speaker, with recent developments in Quebec and Nova Scotia, I would like to call to the attention of the House a new force to be reckoned with in Canada, namely, children, or kiddie power. They have selected a biblical quotation, apparently, as their motto: "and a little child shall lead them".

Already nine-year olds have been selected as delegates to Conservative leadership meetings. They will be raising issues, no doubt, such as the size of the family allowance cheque, the misappropriation of these cheques for the parent's own use, the attack on universality of family allowances. They will have a new look at child labour laws, their share of assets when the family separates, damages arising from the trauma of separation by parents, girls wanting to play sports on an equal footing with boys, and is it safe to be a water baby and be requested to go swimming before turning one year old? Their main concern is lack of representation in Parliament, but it would seem that some nine-year old may soon lead the Progressive Conservative Party.

Some Hon. Members: Oh, oh!

LABOUR CONDITIONS

GOVERNMENT'S RESPONSE TO GROWTH IN UNEMPLOYMENT

Mr. Neil Young (Beaches): Madam Speaker, in 1982 Canada had, on average, 1.3 million people officially unemployed. Today the official number of unemployed is 1.6 million. Unofficially, as every Canadian knows, the number of people who need jobs is well over two million. The Government's response to the growing crisis has been to make promises, stall, break promises, and wait for some evidence of recovery in the U.S., all the while warning Canadians that it is unable to do much to bring down unemployment.

Today the despair of construction workers, woodworkers and truckers over their inability to find work, has erupted into violence in New Brunswick. Workers in the steel industry in that Province find out that a mine closure will put another 550 people out of work. This Government, which came to office on a promise of revitalizing Canada's industrial capacity to be better able to create jobs, and which promised to be an active player rather than a passive referee in industrial development, has now killed the notion of an industrial strategy because it believes it cannot make it work.

• (1415)

The Government has abandoned another major plank in the campaign which brought it to office. It has acknowledged its total inability and unwillingness to deal with the most serious economic problem facing the country, which is the obscenely high level of unemployment.

ORAL QUESTION PERIOD

[*English*]

FINANCE

DATE OF BUDGET PRESENTATION

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is directed to the Minister of Finance. He will know that if we look at the February unemployment figures we will find 149,000 discouraged and hopeless unemployed people, and 409,000 people underemployed or part-time. If you add this to the 1.6 million unemployed, you have a true rate of unemployment of somewhere between 18 per cent and 19 per cent. We are told by the Minister that, apart from the band-aid treatment we get from his colleague, the Minister of Employment and Immigration, we have to wait for his budget. I would like to ask the Minister on behalf of the 824,000 long-term unemployed, those who have been unemployed for longer than three and a half months, when can we expect that budget?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, on the other side of the ledger I was happy to see today in a report of the Conference Board a survey of business confidence

which indicated that the level of business confidence in the improvement in the economy has risen to the highest level in the five years since the survey began. Moreover, industrial inflation has had the slowest rate of increase since December, 1971. As a matter of fact there was zero per cent inflation in industrial production since January of this year. These are encouraging developments, and on the basis of those encouraging developments I would hope to be able to bring down a budget—I intend to bring down a budget—on Tuesday, April 19. I would hope that my budget is going to build upon that confidence and ensure further growth for the Canadian economy.

Some Hon. Members: Hear, hear!

Mr. McGrath: Madam Speaker, while I can draw some encouragement from what the Minister has said, I can tell him, however, that business confidence will not put bread on the table of the unemployed.

* * *

LABOUR CONDITIONS

PLIGHT OF UNEMPLOYED

Hon. James A. McGrath (St. John's East): Madam Speaker, I would like to direct a further question to the Minister of Finance. Given the fact that after the 1974-75 recession it took three years to restore the 523,000 jobs which were lost, and given the fact that we have lost 551,000 jobs in the current recession, which means we have to wait until 1986 to get these jobs back on the basis of that experience, can the Minister tell us what he is doing, what can he say, or what hope can he give to the disadvantaged workers out there, the young people, the handicapped, the native people, women, who have no chance of getting a job until these jobs which have been lost as a result of the recession have been restored? We are looking at 1986. What is the Minister going to do for these people in the meantime?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would remind my hon. friend, first of all, that the Government has direct job programs in operation already which are worth $2 billion. Second, I invite him to wait for the measures contained in the budget. Third, I will tell him that I am flabbergasted that a Conservative takes the view that the private sector has no role to play in the growth of the economy. He said that business confidence will not put bread on the table of the unemployed. Surely, in the Canadian economy, the private sector is going to be the engine of growth in this country, and the private sector is going to create the jobs which we need for millions of Canadians at the present time. Those jobs are not going to be created by the Government. We are not trying to create more bureaucrats and more officials. We are trying to arrive at a situation where there would be more jobs for Canadians created predominantly by the private sector. The statement by the Hon. Member is a flabbergasting one.

Mr. McGrath: Madam Speaker, we now know what the problem is. The Minister of Finance is constantly flabbergasted. That is why he cannot address the real problems of which I am talking. I am talking about the problems of those who are unemployed now. He knows that, before he can get the economy restored to full level, it will take at least three years to restore the jobs which have been lost.

• (1420)

REQUEST FOR MORE JOB CREATION PROGRAMS

Hon. James A. McGrath (St. John's East): Madam Speaker, given the fact that all we get from the Minister of Employment's colleague, the Minister of Finance, is the band-aid treatment, I want to zero in on one of these band-aids, the NEED Program. That Program was brought in on October 25, five months ago, and was supposed to create 60,000 jobs. To date it has created less than 20,000 jobs. Even if it did create the 60,000 jobs, that, as he knows, would be a drop in the bucket considering the need out there.

Now that we know that we will not get a budget until April 19, has the Minister made representations to the Minister of Finance to bring in programs similar to the NEED Program now, given the experience of a cruel time lag between the promises and actual performance? The Minister knows it will take a considerable and cruel length of time after the budget before we get any real stimulation in terms of job creation. Therefore, has he made direct representations to his colleague to bring in programs now?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I would like to clear up some of the misstatements the Hon. Member has just made. To begin with, as of today the NEED Program has approved over 27,000 jobs. We are creating jobs on an average of 2,000 per week right across the country. I would be more than happy to provide him with that information, particularly when one considers that much of the money is going into his own riding. Just a week ago we joined in partnership with ERCO Industries in his riding where they put up $4.5 million and we put up $500,000 and, as a result developed over 100 additional jobs through the NEED Program. It seems to me that, before he begins criticizing, he might want to go back and learn what is happening in his own area.

RATE OF JOB CREATION

Hon. James A. McGrath (St. John's East): Madam Speaker, the NEED Program was designed to help unemployment insurance exhaustees and those on welfare. It has taken five months to produce 27,000 jobs. As the Minister knows, we have 409,000 underemployed, 100,000 a month coming off unemployment insurance, and 149,000 who have given up looking for work. How can the Minister justify only 27,000 in five months from a program designed to create 60,000 jobs, which in and of itself would be merely a drop in the bucket?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I realize the Hon. Member is reasonably new to his critic's portfolio so it would be helpful if he went back and looked at the full range of job creation programs being offered. The NEED Program has been targeted for those who have exhausted their unemployment insurance benefits. The reason why we are scaling the Program over an 18-month period is so we can respond on a monthly basis to the areas of greatest pressure or demand. That was based on consultations we had with provincial Governments, including that of his own Province, which indicated that we wanted to have one program to allow us to maintain a constant flow of jobs to deal with the exhaustee problem.

In addition to that, Madam Speaker, there is something the Hon. Member for St. John's East does not seem to recognize, even though once again there is over $1 million going into his riding for the Community Development Project Program and other forms of employment programs. We have provided close to 200,000 employment places from this Department alone over the past year. That represents a full 50 per cent increase over the year before, an expenditure of well over $1.2 billion. It would seem to me, Madam Speaker, that indicates this Government is heavily committed to direct employment, especially when you consider that the previous Government, of which he was a member, cancelled all the programs.

ROLE OF VOLUNTARY SECTOR IN JOB CREATION

Mr. Walter McLean (Waterloo): Madam Speaker, my question is directed to the Minister of Employment and Immigration and follows from the Minister's affirmation that he is seeking to expand employment, which we are all seeking. In terms of the cost effectiveness of the money invested in job creation, has the Minister taken into account the facts which were affirmed by his colleague, the Secretary of State, that statistics have shown that the voluntary sector is the efficient, cost effective, and well situated vehicle in our communities for the creation of jobs? Research has shown that one long-term, not short-term, job such as is funded by NEED, can be produced by that area for $35,000 against $120,000 by Government. Can the Minister tell the House what consultations he has had with the voluntary sector about its full involvement in job creation, and what plans he has for it to be involved in a massive employment effort?

• (1425)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am not quite sure where the Hon. Member's figures come from. I could indicate to him that, in terms of cost per job, the programs that we sponsor throughout the Government range from as low as $1,700 or $2,500 per job to an average of $15,000 per job, depending on the length of time involved. It all depends on whether we are providing a subsidy to the private sector, as we do through the PED Program where we provide a wage subsidy to hire disadvantaged chronically unemployed people, or whether we provide a full-time job as is done in other programs.

I agree with the Hon. Member that we rely very heavily on the efforts of the non-profit voluntary sector. Many of the jobs sponsored under the Canada Community Development Projects are put forward by various social organizations, charitable organizations, and community organizations. Their active participation and partnership with the Government in the creation of work is a great example of how we can co-operate to put people back to work.

REQUEST THAT MINISTER MEET VOLUNTARY SECTOR LEADERS

Mr. Walter McLean (Waterloo): Madam Speaker, in his response the Minister has indicated the Government's lack of sensitivity to the capacity of the voluntary sector. He must be aware that the YMCA has conducted a national study based on long-term job creation which shows a three to one cost effectiveness.

In terms of job creation and of training and retraining, over 100 major national voluntary agencies have a proven capacity. Will the Minister not meet with those leaders to see that they are engaged in this, and will he see that any wage subsidy program that he plans to introduce includes that sector? In preparation for the budget that is to come in on April 19, has the Minister asked the Minister of Finance to include the "give and take" tax proposals which will provide an incentive for that sector to do this important job creation?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am not sure why the Hon. Member is being so argumentative. We are working very closely, in a deep and abiding sense, with the voluntary community sector to create work. This morning I was looking at a project submitted by the YWCA in Halifax which has put forward a proposal, which I look upon favourably, to help train young women for new business computer skills that we will be able to fund in our Skills Growth Program. I have just written to all the voluntary national organizations encouraging them to come forward with job or training proposals that we can help fund.

We are not differing with the Hon. Member; in fact we are doing exactly what he recommends, and we have been doing it for a long time.

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ENERGY

PRICE OF NATURAL GAS—GOVERNMENT POLICY

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I have a question for the Minister of Energy, Mines and Resources and it pertains to the fact that in 1980 the Liberal Government made a commitment to Canadians to maintain the price of natural gas at 65 per cent of the equivalent price of oil.

Yesterday the Minister said that the Government was prepared to break that commitment to Canadians and see the

price differential between gas and oil rise above the 65 per cent mark. Would the Minister confirm today that the Government intends to break that commitment and that the price of natural gas will rise above the committed ceiling? Would he be prepared to admit that the national energy policy on both oil pricing and gas pricing is in a complete shambles and that it is time we had a new statement on a relevant energy policy?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I explained the complexity of the problem yesterday. Because the price of gas was maintained at 65 per cent of the price of oil in Canada, through a mechanism that was a federal tax, above the price of natural gas and in order to maintain that level, we have reduced the tax. There is virtually no tax any more. The minute that the price of natural gas goes up and the price of international oil comes down, there will be no room for a tax any more. After that we will be governed by the memorandum of agreement with Alberta. In that document it is specifically mentioned that Alberta will raise the price of natural gas by 25 cents in July. It is a commitment of the Government to the Government of Alberta. I said in my comments that, if they increase the price and we cannot reduce the tax any more on natural gas, this ceiling of 65 per cent will not be kept.

• (1430)

Mr. Skelly: Madam Speaker, that is an excellent admission that it is a tough problem, but it is time they resigned if they cannot come up with a solution. The problem is not just for the domestic pricing of gas; it is also for the export pricing of gas. The Minister will be meeting with his United States counterpart on April 6 and 7, and it is the suspicion of many people in this country that he will cave in to American demands to cut the price of natural gas going into the United States.

PRICE OF EXPORTED GAS

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, would the Minister give us some assurance that his term "flexibility" in pricing of exports does not mean caving in to the Americans on a fire sale price, that it does not mean giving away Canadian natural gas, and ultimately that it does not mean Canadians paying at the Toronto citygate will wind up paying more for natural gas than we are trying to fire sale it across the border?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, again the Hon. Member shows that he is not very knowledgeable about the subject because the export price of natural gas is much higher than the Canadian price. It is more like double the price, and this is the price fixed through a formula. We will be looking at the formula and how it applies at this time. On top of this, the Government of British Columbia is making representation to us because it is virtually not selling gas any more. It would like to have an adjustment in the price to keep the volume of gas being sold in the United States. It is no use for anyone to keep a price which is unrealistic if the buyers do not buy. When one is in the business, one has to adjust price to market realities.

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PENITENTIARIES

EDMONTON MAXIMUM SECURITY INSTITUTION—SAFETY PRECAUTIONS

Mr. Peter Elzinga (Pembina): Madam Speaker, my question is directed to the Solicitor General. I share with him that the former chief supervisor of the electronic system at the Edmonton maximum security institution indicated that the fence surrounding that institution is a complete failure and is inadequate for public safety. This directly contravenes or contradicts what the Minister indicated to me in May, 1982, when he assured us that the fence was highly reliable. Would the Minister indicate to the Chamber what steps will be taken to ensure the safety of residents in the area surrounding the Edmonton maximum security institution, in view of the statement of the gentleman I just mentioned?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I have not heard the statements of the individual to whom the Hon. Member just referred, but I have no information that would suggest there is danger around the Edmonton maximum security institution resulting from the fence being inadequate. I would certainly be prepared to look into it, but I assure the Hon. Member and the people of Edmonton that if they compare, for example, the level of security around that institution with what there was five years and ten years ago, it would be easy to see that it is far more secure now than it has been in the past.

If they compare the levels of security which we provide in Canada at our maximum and medium security institutions with those in the United States, for example, as well they will find that the inmate to staff ratio and the amount of security provided are far better here than in the United States and than they have been in the past. Rather than try to alarm the people of Edmonton with a kind of scare statement like that, I hope the Hon. Member will look into the facts and he will find that the level of protection is more than adequate.

Mr. Elzinga: I would suggest that the Hon. Minister should look into the facts because people within his own Department have indicated they are looking at the possibility of replacing the electronic equipment because it is not working. People within his own Department have indicated that, so I suggest that he should look into the facts.

REQUEST FOR MINISTERIAL ASSURANCE

Mr. Peter Elzinga (Pembina): Madam Speaker, there have been concerns raised by the City of Edmonton which relate to this. The Minister has correspondence from Alderman June Cavanagh requesting additional funding so that they can properly control and patrol the area surrounding the prison, to ensure the safety of citizens. The reason I am raising this

matter is that the Minister has not responded to the concern which I sent to him in correspondence some time ago. I ask him to give us the assurance that he will do everything within his power to ensure adequate safety for these residents.

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I have seen the correspondence from June Cavanagh. In fact I had a meeting with her when she was in Ottawa recently, to hear her concerns. I took them up with the Correctional Service of Canada. I do not believe that the concerns of the residents surrounding that institution are justified, but I will look into the matter again. I think the people who live around one of our maximum security institutions deserve protection. Providing protection to them is the top priority of the Correctional Service of Canada. I will ensure that the security there is adequate.

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BANKS AND BANKING

TREATMENT OF HOME OWNERS RENEWING MORTGAGES

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is for the Minister of Finance. Several days ago, in response to a question from one of his colleagues, he made an undertaking to Canadians who were locked into mortgages with companies at high interest rates, some as high as 18 per cent over a period of five years, to represent them and in some way to ensure that the traditional three month penalty period would be respected. What guidelines does the Minister intend to use? What authority does he feel he may impose to ensure that these Canadians are treated fairly?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, first, I would like to correct the previous statement I made about industrial inflation. I mentioned zero per cent. The figure should be 0.3 per cent since January. That was a slight misstatement.

As far as the question raised by the Hon. Member is concerned, obviously there is no legal authority to force or impose any particular solution upon financial institutions. I have indicated that if there were cases of abuse which Members of Parliament could not resolve on their own by contacting particular insitutions, I would certainly be willing to have these issues raised with the institutions through the Inspector General of Banks or another agency, to have the financial institution examine the situation in terms of equity and fairness.

But there is no legal authority which would authorize me to order any particular resolution of any particular situation at the present time. It is a matter of equity and fairness and ensuring that the citizens of the country who may find themselves in difficulty are treated fairly by financial institutions. I said I would do my best to help in those cases where there appeared to be blatant abuses.

INDUSTRY

WHITE FARM EQUIPMENT COMPANY—REQUEST FOR ASSISTANCE

Mr. Derek Blackburn (Brant): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It concerns a statement which he made last night to the effect that the Government's national industrial strategy promised in 1980 is now dead. One of the victims of that is White Farm Equipment in Brantford. We have a $1 billion net deficit in agricultural implements vis-à-vis the United States. That is one of the reasons there are 1,200 angry and confused workers who have been out of work in Brantford for almost a year and have seen their unemployment insurance benefits almost exhausted.

I sent the Minister a letter in which I asked him nine specific questions with respect to the future of White Farm Equipment. In view of the fact that the Government has poured millions of dollars into research and development, into developing one of the finest combines made, or that used to be made, in the world, what is the Government prepared to do to hold on to the technology and give the unemployed hope that they will have jobs in the not too distant future? If the company should go into receivership, will the Government hold on to it until a Canadian buyer can take it over? These are all very crucial questions to a couple of thousand people in Brantford.

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, first, there is not enough time left in Question Period to answer all the questions the Hon. Member raised. With respect to his preamble, I want to assure him that this is not what I said about an industrial strategy. If he wants to check the Canadian Press story, he will find that I said. I stated as I responded yesterday to the Hon. Member for Northumberland, who has been a very distinguished Member of the House for many years, that the best way to devise an industrial strategy was business and labour in through the co-operation of business, labour and Government on a sectoral basis, the collection of sectoral strategies thus forming the industrial strategy of this country. That is what I said, and the Hon. Member should check the record.

Second, I am a little surprised at the question of the Hon. Member who indicates that he wants to save jobs with respect to White Farm. He knows that there are very delicate negotiations going on at the present time. The Government of Canada already has a substantial investment in technology for White Farm. We are trying to ensure the viability of the company, and at the same time we are trying to protect our technology. I am surprised the Hon. Member would want me to divulge publicly details of the ongoing discussions.

Oral Questions

EMPLOYMENT

FUTURE OF OUTREACH PROGRAMS

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is directed to the Minister of Employment and Immigration. He described Outreach Programs as an extremely effective employment counselling service for disadvantaged Canadians. Yet at this time, which is the end of the fiscal year, rather than renewing the contract for Outreach Programs across the country, the Minister has put them on hold for three months while he examines another report with regard to the efficacy of Outreach Programs. Is this delay a prelude to a policy of long-term funding for Outreach Programs, or is it just to be a continuation of the insecurity of funding for Outreach Programs? Is the Minister willing to make available the Blair report concerning Outreach Programs? It has been on his desk since January.

• (1440)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, to begin with, the report is already public. It was sent out to all those organizations and individuals with whom we consulted. The Hon. Member is about two months out of date, but that is normal.

What I would want to point out to him is that the consultation was requested by the users of the Outreach Programs. I would feel honour bound to follow through on the commitments being made to those organizations, that we complete the consultation program and derive from the reports those findings we have, and then present them to my cabinet colleagues in terms of improvement and long-term stability of the Outreach Programs.

By the way, close to some 300 organizations we are now supporting provide various forms of counselling and guidance to special needs groups across Canada. In this case, Madam Speaker, I would say that we are following on course on schedule. When Cabinet has made its decision, the Hon. Member will be one of the first to know.

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INDUSTRY AND LABOUR ADJUSTMENT PROGRAM

REQUEST FOR DESIGNATION OF AREAS IN BRITISH COLUMBIA

Mr. Lyle S. Kristiansen (Kootenay West): Madam Speaker, my question is supplementary and it is for the Minister of State for Economic Development. The Industry and Labour Adjustment Program Committee, which the Minister chairs, has before it a number of requests for designation under ILAP. Among them is a very well-documented formal submission from the Regional District of Central Kootenay. This request is within the program guidelines. There are several others from Kamloops, Salmon Arm, and northwestern B.C. While I trust these proposals will receive serious consideration, I understand that the Cabinet Committee will be meeting in mid-April, not only to review these applications but to determine whether further ILAP applications will even be considered.

Will the Minister confirm this information regarding the April meeting? If it is true, how can the Government think of terminating applications under this important program after only one designation has been granted west of Ontario, especially in view of the fact that the Government has self-admittedly based its recovery strategy on targeting economic assistance to specific areas as opposed to a policy of general stimulation?

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I can certainly confirm that all applications for ILAP consideration are treated very seriously by the Cabinet Committee. I take the statement by the Hon. Member as a representation on behalf of the constituency for which he speaks.

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COMMUNICATIONS

SATELLITE RECEPTION BY NORTHERN RESIDENTS OF TELEVISED PROGRAMS

Hon. John M. Reid (Kenora-Rainy River): Madam Speaker, my question is for the Minister of Communications. It concerns his recent statement on satellites. As the Minister knows, there are a number of companies in northern Canada which take pictures off satellites belonging to the United States and broadcast them over their cable networks. The CRTC is beginning a crackdown and is ordering these companies to stop the broadcast of the American pictures. Yet in the policy announcement which the Minister made recently he indicated that these restrictions would be removed. There is enormous confusion now. Could the Minister clear up the situation so that Canadians in northern Canada would know whether or not they will be able to continue to receive the American programs as they have in the past?

Some Hon. Members: Hear, hear!

Hon. Francis Fox (Minister of Communications): Madam Speaker, I know this whole question of equalization of services right across the country is of great interest to many Members on both sides of the House. We are talking about cable companies that presently hold licences. Those licences have conditions of licence, and obviously those conditions can be enforced and probably will be enforced by the CRTC. In the meantime I would like to have the Hon. Member note that the CRTC is just licensing a new CanCom satellite. This will make available to communities right across the country, through satellite delivery, a new three plus one service and will ensure that communities in all parts of the country have access to approximately the same level of service that is available in other parts of the country. Basically, the purpose and objective of the broadcasting strategy are to ensure that there is, indeed, equality of service across the country.

FISHERIES

KIRBY REPORT—REVIEW BY CABINET

Mr. Howard Crosby (Halifax West): Madam Speaker, I have a question for the Minister of Fisheries and Oceans concerning the restructuring of the Atlantic fishing industry. Would the Minister state whether the Cabinet Committee reviewing the Kirby Report and other proposals has concluded its study and reached a decision? If not, when will the study be concluded and a decision reached by the Cabinet? I remind the Minister that a new budget will be delivered soon and the financial resources for the fishing industry should be included in its provisions. I would also remind him that jobs are being lost now in the Atlantic fishing industry because of the delay.

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I am happy to say to the Hon. Member that a Cabinet Committee has been meeting and working at an intense pace with all participants in that sector. Last week we even had the pleasure of having with us the Premier of Newfoundland. Two days ago other groups from Newfoundland forwarded other proposals to the Chairman of the Cabinet Committee, the Minister of State for Economic Development. I can tell the Hon. Member that we are giving the matter the highest priority because we know the plight of the people and the communities involved, as well as the importance of it. What we are looking for is not only the configuration of the companies but their long-term economic viability. That sector was bailed out early in the 1970s and again in the middle of the 1970s. What we want this time is a long-term solution, and economic viability will be the ultimate and paramount objective.

NEWFOUNDLAND PREMIER'S PROPOSAL

Mr. Howard Crosby (Halifax West): Madam Speaker, the Minister of Fisheries and Oceans has mentioned the presence of Premier Peckford at a meeting. He must be aware that yesterday or today Premier Peckford announced a new plan to operate the Newfoundland based offshore vessels under a new company.

Mr. Blaikie: Socialism.

Mr. Crosby: This company would involve Government, the fishermen's union, and private interests.

Mr. Riis: Socialism.

Mr. Crosby: There are other proposals besides this to nationalize the fishing industry, and others to privatize the fishing industry and keep it under private control. Will the Minister tell the House what proposal he and his colleagues in the Cabinet Committee prefer? Can he tell us now which direction he intends to go? Is the Minister going to support the proposal put forward by Premier Peckford, or the proposal put forward by Mr. Kirby in his report?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, my hon. friend refers to a proposal put forward by Premier Peckford last week. I have just received a Telex signed by the Minister of Fisheries for Newfoundland, the Premier, and the Minister of the Environment, Mr. Andrews, telling me that they are supporting another proposal put to us. I was speaking to another Premier from the Atlantic Region this morning. All I can tell the Hon. Member is that the points of view of each Government, each participant, the workers, the communities, are all being listened to. We have spent several days listening to the viewpoints of communities. I can assure the Hon. Member that what we are looking for is to establish companies whereby they would have a fair and reasonable chance at economic viability over the long term.

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REGIONAL DEVELOPMENT

HAWKER-SIDDELEY PLANT AT TRENTON, N.S.

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I have an urgent question for the Minister of State for Economic Development about which I wrote him last January concerning the critical situation of the almost 2,000 skilled workers at Hawker-Siddeley in Trenton, Nova Scotia. As the Minister knows, this is a one industry town. Can he give any indication today of what measures he or the Government has in mind to relieve the situation? I want to remind him that this is one of Nova Scotia's largest employers, and I hope the Minister will have some initiatives to announce.

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, I think that question would more properly be addressed to the Minister responsible for regional economic expansion who is charged with the specific industrial project. We are all aware of the concern of the Hon. Member and we are all aware of the problems at the Hawker Siddeley plant. We are all hopeful that the situation will be turned around. With your permission, Madam Speaker, I might ask my colleague to respond with more specifics.

• (1450)

REQUEST FOR ASSISTANCE

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I appreciate the Minister's response and I will be happy to take up his suggestion.

I have in fact asked the Minister responsible for DREE before, but I will ask him again what immediate hope he can give to this very large skilled work force which is capable of producing such things as railway cars, offshore oil components, and so on. I would remind the Minister, without wanting to be unfair, that extraordinary measures have been taken by the Government to subsidize large industries like Canadair, Maislin, and Michelin, and I suggest, with great deference, that it is time that something was done to assist this particular

company which has never, to my knowledge, received anything but occasional orders which were well merited.

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): First, Madam Speaker, I do not think that the Hon. Member or anybody in that area of the Province of Nova Scotia can complain about the amount of money that the Government of Canada has spent over the years to create jobs.

With respect to the specific question about Hawker Siddeley, I did talk with the President of this division of Hawker Siddeley, Mr. Corey, on several occasions, in fact. One of the reasons we undertook the Crowsnest program was our desire to expand the transportation system which will give companies like Hawker Siddeley an opportunity to bid on the substantial number of freight cars that will be needed by the two railroads across Canada over the next ten years.

Second, I did make a trip to Nigeria, when I was Trade Minister, and while there, worked on a very specific contract for Hawker Siddeley. We did offer some financial assistance and hopefully Hawker Siddeley will be successful in obtaining that contract. We have also talked with Hawker Siddeley concerning the possibility of diversifying their product line in order to be able to take advantage of the development in the offshore market.

I suggest that the Government of Canada has done a great deal for the company and hopefully by being competitive it will obtain those benefits and job creation which the Hon. Member wants.

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COMMUNICATIONS AND CULTURE

APPLICATION OF CAPITAL COST ALLOWANCE TO FILM INDUSTRY

Mr. John Bosley (Don Valley West): Madam Speaker, my question is directed to the Minister of Communications who stated last year that a 100 per cent capital cost allowance was absolutely essential to the development of the Canadian film industry. The Minister of Finance, who is standing right there, has announced that his budget is to be brought down on April 19.

I ask the Minister of Communications to rise in his place and say again, in front of the Minister of Finance, that the 100 per cent capital cost allowance is absolutely essential to the development of the Canadian film industry.

Hon. Francis Fox (Minister of Communications): Madam Speaker, the Hon. Member has quoted from the discussion paper that was leaked, but was not the final version of that discussion paper which was submitted to my departmental colleagues.

Mr. Bosley: In fact I was referring to a quote made by the Minister in *Hansard* a year ago. It was in response to a question I asked previously. It is no secret. *Hansard* is still a public document.

Some Hon. Members: Hear, hear!

SUPPORT FOR AUTHORS

Mr. John Bosley (Don Valley West): Madam Speaker, my supplementary question for the Minister is on the same issue of public policies. Will he rise in his place today and say in front of the Minister of Finance that at long last the new budget should contain some form of public support for the public use of authors' materials from Canadian libraries as has been recommended by the Writers' Union, the Canada Council and many others, so that the authors' community who feel so hard done by in budgets of the last few years might finally feel some hope?

Hon. Francis Fox (Minister of Communications): Madam Speaker, I would be pleased to rise in my place. The Hon. Member changes his question every time he rises. It is not really a supplementary question but a completely different one. With respect to the first part of the question, we did not wait for any budget announcements to increase the amount of funds available to the creative community. The Hon. Member knows that we have taken what is actually a quantum leap, when one looks at the budgets that were available in the past to the Canadian creative community in the area of films, with the announcement of a new Canadian program production fund which will amount to some $60 million.

Indeed, this Government has made a very real and strong commitment to the creative community. I can also refer to the fact that many other Government Departments have had cuts but that similar cuts have not been made in the cultural sector. For instance, the Canada Council has received an increase over the past year.

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INDIAN AFFAIRS

PLIGHT OF NEWFOUNDLAND CONNE RIVER INDIAN BAND

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, my question is directed to the Minister of Indian Affairs and Northern Development. He will know that the Newfoundland Government has stopped payment on cheques that were sent to the Conne River Indian Band. These cheques were the first funds that the band has received since the Canada-Newfoundland agreement broke down a year ago.

The band is desperate for funds but cannot accept the outrageous conditions that are placed upon these cheques by the Newfoundland Government. In light of the Newfoundland Government's action, will the Minister fulfil his earlier promise to the Standing Committee on Indian Affairs and ensure that the Conne River Indian people receive funds by some other method before the end of the fiscal year? As well, will the Minister indicate when the Government will act on the

Conne River people's request to be registered as Indians so that they can obtain their rights, as other Indian people in Canada have?

Hon. John C. Munro (Minister of Indian Affairs and Northern Development): Madam Speaker, I am aware of the situation which the Hon. Member has set out. There is no other way for the Government to get money to the Conne River—

Mr. Manly: Promise.

Mr. Munro (Hamilton East): Can I answer the question, Madam Speaker? If he wants to ask a supplementary, he can do so.

There is no other way to get money to the Conne River people other than through a federal-provincial agreement, which is namely the one we have with them. The only other way is for the Government to consider registering these people as status Indians and creating a reserve. We could make direct payments in that fashion. That matter is under consideration by the Government at this time. I cannot indicate what the decision will be because the Government has not made a decision.

In the meantime, this being the situation with only a day or two left in the fiscal year, the only answer is to get the money through the agreement, and my colleagues and I are negotiating with the Newfoundland Government with respect to ameliorating these conditions that the Conne River people found so objectionable that they indicated to the Newfoundland Government that they would cash their cheques but not obey the conditions. It was at that time that the Newfoundland Government stopped payment on the cheques. I would hope to change that situation in the next day or two.

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TRADE

LEVEL OF CLOTHING IMPORTS

Mr. Dan Heap (Spadina): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. As he knows, the advisory board representing industry and labour in textiles and clothing met with the Minister of State for International Trade and himself on March 10 to review the failure of Canada's attempts to negotiate bilateral agreements with South Korea, Taiwan, Hong Kong, and China for the restriction of clothing imports into Canada.

He will recall that the Canadian clothing manufacturing industry is urging the Government to take immediate unilateral action to defend a fair share of Canada's market for Canadian workers and producers, with global import restrictions. Will the Minister confirm the recent report received from the Canadian Apparel Manufacturers Institute that the imports of clothing units for January and February of 1983 were 18.8 per cent higher than in the same months last year, and that this rate of increase would hand over 45 per cent of the Canadian market by the end of 1983 to imports mainly from low wage countries?

Will the Minister tell the House when the Cabinet will announce a decision to act on the request of the industry to impose global import restrictions in order to defend the jobs of the remaining 150,000 Canadian workers in the industry?

Hon. Ed Lumley (Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, I always thought it was the New Democratic Party that advocated more support for Third World countries. I am surprised that the Hon. Member would raise that particular question, however. Knowing his constituency and the requests from his constituency, I can understand why he requests the information. I will raise the matter with my colleague, the Minister of State for International Trade, who is responsible for the negotiations.

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[*Translation*]

ENERGY

QUEBEC TAX ON GAS—REQUEST THAT GOVERNMENT TAKE ACTION

Mr. Pierre Gimaïel (Lac-Saint-Jean): Madam Speaker, my question is directed to the Right Hon. Prime Minister. Since the price of gas in my riding is terribly high because of Mr. Parizeau's gaz tax, I want to ask the Prime Minister if he would be willing, as he did on the 6 and 5 policy to call the Provincial First Ministers to order, especially the Premiers of Quebec and Ontario, who are abusing their authority to tax gas and thus putting undue financial pressure on people on low incomes and on the economy in our area.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I understand the Hon. Member's line of reasoning, and I share his indignation concerning a measure that does not seem logical from the point of view of economic development. However, I would rather not make direct representations to the Government of the Province of Quebec on a matter that falls under its jurisdiction. I am therefore depending on the Hon. Member to bring to bear whatever political arguments he may wish, but I shall not join him in that endeavour.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

DELAY IN ISSUANCE OF PAY CHEQUES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I have a question for the Solicitor General. What excuse has the Government to offer for its failure to issue pay cheques to the Royal Canadian Mounted Police? In his response let him not say it was a delay in passing the borrowing authority Bill since there is the provision of Section 39 of

the Financial Administration Act which the Government has exercised four times to date, and which could have been exercised for paying the cheques of the members of the Force.

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I will not use that excuse because there really is no problem. The cheques are payable on April 1. As I understand it, Royal Assent will be given today to Bill C-146, the interim supply Bill. On the date of those cheques, members of the RCMP, like all other public servants, will be able to cash them. There is absolutely no problem of backing being available for those cheques to be cashed.

Mr. Nielsen: We passed that legislation, the appropriations Bill, through the House. It passed through the other place on March 24 last. There is simply no excuse whatsoever for those cheques not having gone out as they traditionally have in the past so that Members of the Force would have them by now.

* * *

● (1500)

PETITIONS

MR. TAYLOR—CONSIDERATION OF BILL C-671

Madam Speaker: I have the honour to inform the House that the petition presented by the Hon. Member for Bow River (Mr. Taylor) on Tuesday, March 29, 1983, meets the requirements of the Standing Order as to form.

* * *

BUSINESS OF THE HOUSE

Mr. Lewis: Madam Speaker, I would like to ask the Government House Leader if he could give us some indication of the business for the week of April 11.

Mr. Pinard: Yes, Madam Speaker, but first, now that we know the date of the budget, I would like, after consultation with the House Leaders of the Opposition Parties, to move:

That notwithstanding any Standing Order on the day designated by the Minister of Finance for his budget presentation, the House shall spend its sitting at 6:00 p.m. until 8:00 p.m., and at that time the business considered shall be the budget presentation of the Minister of Finance and the reply thereto by the Members of the Opposition, provided that when that Member's motion to adjourn the debate is adopted, the House shall adjourn.

I have raised this question with my colleagues and it seems that if the question is now put you will get the consent that is required.

Madam Speaker: Does the House agree?

Some Hon. Members: Agreed.

Motion agreed to.

[*Translation*]

Mr. Pinard: As far as the business of the House is concerned when the House resumed after the Easter recess, I can inform my hon. colleagues that on Monday, April 11, we shall resume debate on the report stage—and I hope the third reading stage will follow as soon as possible—of Bill C-136 which concerns the Small Business Investment Grants Act. Hon. Members are aware that the Bill arises from a previous budget and must be passed as soon as possible. That will be the order of business for Monday, April 11, and if we do not finish on Monday, we shall resume debate on the 12th on the same Bill. The next Bill will be Bill C-95 concerning sports pools, and we would like to complete the report and third reading stages of this Bill as well. Wednesday, April 13, will be set aside for Private Members' Business, according to the Standing Orders, and I would like to officially designate Thursday and Friday, April 14 and 15, as Opposition days in connection with the business of supply. It is customary that the Government occasionally allots two consecutive days, to give the Opposition an opportunity to debate the subject of its choice, as usual. We have had so many questions about the possibility of having a debate on cruise missiles that on April 14 and 15, the Opposition, if it chooses to do so, will be free to use either both days or one day for that purpose.

Madam Speaker, that will be the business of the House for the week following the Easter recess, at least for the time being.

ROUTINE PROCEEDINGS

[*Translation*]

CAPE BRETON DEVELOPMENT CORPORATION

TABLING OF DOCUMENTS RELATING TO COAL LIQUEFACTION PROJECT IN NOVA SCOTIA

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Madam Speaker, pursuant to Standing Order 46(2) and in the spirit of the Access to Information Act, additional documents relating to the Coal Liquefaction Project in Nova Scotia will be tabled on behalf of the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. The Minister has obtained the agreement of a third party to proceed, without violating the confidentiality of commercial aspects of this enterprise. This last set of documents, Madam Speaker, should fulfil the Minister's obligations to the House in this respect.

[*English*]

PETITIONS

MR. TAYLOR—CALL FOR REINSTATEMENT OF CAPITAL PUNISHMENT

Mr. Gordon Taylor (Bow River): Madam Speaker, the sad story of Kelly Cook is known to thousands of Canadians. On April 22, 1981, this beautiful fifteen-year-old girl was abducted from her home in Standard, where she lived with her parents, Marion and Walter Cook, and her sister and brother; two and one half months later she was found murdered, bound with ropes and weighted down with cinder blocks in Chin Lake, in southern Alberta. The murderer is still on the loose.

The broken-hearted parents, two excellent Canadian citizens, in an endeavour to make sure such a terrible tragedy would not happen to any other child, undertook to secure the names of people across western Canada asking that capital punishment be reinstated.

I present this petition today containing 1,418 signatures all wanting the Olsons, the Browns and the Peters and the murderer of Kelly to have the ultimate punishment, so that they will never again commit such dastardly crimes.

Some Hon. Members: Hear, hear!

* * *

PUBLIC OFFICERS STANDARDS OF CONDUCT ACT

MEASURE TO ESTABLISH

Hon. Walter Baker (Nepean-Carleton) moved for leave to introduce Bill C-679, an Act respecting standards of conduct for public officers.

He said: Madam Speaker, this Private Member's Bill arises out of the so-called Gillespie affair which cast a dark shadow over the public life of Canada. The Bill would formalize into law those standards of conduct for public officials which are presently set out only as guidelines, guidelines which the Government has chosen to ignore. It would cover Ministers, ex-Ministers, Parliamentary Secretaries and, I would hope, if adopted, could do something to wipe away that long, dark shadow.

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

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,929, 3,949, 3,953, 3,954, 3,955, 3,956, 3,957, 4,060 and 4,540.

[*Text*]

COLLINS BAY INSTITUTION, KINGSTON

Question No. 3,929—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Collins Bay Institution, Kingston and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Collins Bay Institution is Herbert Charles Reynett. (a) Date of appointment to present position: April 1, 1980. *(b) Position held prior to present appointment: Warden of former British Columbia Penitentiary, New Westminster, B.C. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Collins Bay Institution but the Assistant Warden, Education and Training, Jack Holder, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to three other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Education and Training: February 1, 1980. *(b) Position held prior to present appointment: Regional Manager, Education and Training, Correctional Service Canada, Regional Headquarters, Kingston, Ontario. (c) Salary range: $18,003 to $43,362 plus appropriate allowance paid for added responsibilities as per ED EST contract. *(d) This position requires graduation with an acceptable degree from a recognized university and an acceptable teaching certificate from a Province or Territory in Canada.

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*Information provided is for previous work experience in the federal Public Service only. The provision of any additional information on individuals regarding previous work experience outside the federal Public Service and personal educational qualifications is of a personal and confidential nature, the disclosure of which is governed under the Canadian Human Rights Act, Part IV.

PANDORA CENTRE, VICTORIA

Question No. 3,949—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Pandora Centre, Victoria and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. There is no Director at Pandora Centre but there is an Acting Superintendent, whose name is Kenneth McLennan. (a) Date of appointment to present position: March 9, 1981. *(b) Position held prior to present appointment: Section Supervisor, Victoria District Parole Office, Victoria, British

Columbia. (c) Salary range: $28,118 to $31,640. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

B. There is no Deputy Director at the Pandora Centre, however, the District Director of the Victoria District Parole Office in Victoria, British Columbia, Murray Blyth Gaw, takes the management responsibility of the Centre when the Acting Superintendent is absent. The District Director may also designate one of his two Section Supervisors to act in the absence of the Acting Superintendent.

(a) Date of appointment as District Director: July 1, 1975. *(b) Position held prior to present appointment: Parole Service Officer, Victoria District Parole Officer, Victoria, British Columbia. (c) Salary Range: $33,689 to $37,913. *(d) Same as part A(d).

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MISSION INSTITUTION

Question No. 3,953—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Mission Institution, Mission and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Mission Institution is Wayne Scissons. (a) Date of appointment to present position: January 7, 1982. *(b) Position held prior to present appointment: Assistant Warden, Security, Dorchester Penitentiary, Dorchester, New Brunswick. (c) Salary range: $38,020 to $42,919. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Mission Institution but the Assistant Warden, Offender Programs, Rodger Brock, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to one additional Assistant Warden.

(a) Date of appointment as Assistant Warden, Offender Programs: February 9, 1976. *(b) Position held prior to present appointment: Head of Living Unit, Matsqui Institution, Abbotsford, British Columbia. (c) Salary range: $33,689 to $37,913. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination "General Intelligence Test 310" and possess the experience qualifications for the position.

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WILLIAM HEAD INSTITUTION, VICTORIA

Question No. 3,954—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the William Head Institution, Victoria and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at William Head Institution is Archie Bender. (a) Date of appointment to present position: October 17, 1977. *(b) Position held prior to present appointment: Supervisor, Production and Training, Matsqui Institution, Abbotsford, British Columbia. (c) Salary range: $38,020 to $42,919. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at William Head Institution but the Assistant Warden, Security, Roger White, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act.

(a) Date of appointment as Assistant Warden, Security: June 19, 1978. *(b) Position held prior to present appointment: Senior Security Officer, Warkworth Institution, Campbellford, Ontario. (c) Salary range: $30,567 to $34,090. *(d) Same as part A(d).

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MOUNTAIN INSTITUTION, AGASSIZ

Question No. 3,955—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Mountain Institution, Agassiz and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Mountain Institution is Walter Mort. (a) Date of appointment to present position: December 28, 1973. *(b) Position held prior to present appointment: Assistant

Regional Director, Classification, Correctional Service Canada, Regional Headquarters, Abbotsford, British Columbia. (c) Salary range: $38,020 to $42,919. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Mountain Institution but the Assistant Warden, Offender Programs, Douglas Black, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to three other Assistant Wardens.

(a) Date of appointment as Assistant Warden: February 2, 1977. *(b) Position held prior to present appointment: Assistant Director, Red Deer Sub Office, National Parole Service, Innisfail, Alberta. (c) Salary range: $33,689 to $37,913. *(d) This position requires a university degree, preferably with specialization in sociology, psychology, social work, criminology or some other specialty relevant to the position, or to have passed the Public Service Commission Examination, "General Intelligence Test 310" and possess the experience qualifications for the position.

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MATSQUI INSTITUTION, ABBOTSFORD

Question No. 3,956—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Matsqui Institution, Abbotsford and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Matsqui Institution is David Dhillon. (a) Date of appointment to present position: May 1, 1979. *(b) Position held prior to present appointment: Warden, Mission Institution, Mission, British Columbia. (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Matsqui Institution, but the Assistant Warden, Administration, Normand Blamire, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act.

(a) Date of appointment as Assistant Warden, Administration: June 7, 1976. *(b) Position held prior to present appointment: Visits and Correspondence Officer, Regional Psychiatric Centre, Abbotsford, British Columbia. (c) Salary range: $26,212 to $29,168. *(d) Same as part A(d).

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KENT INSTITUTION, AGASSIZ

Question No. 3,957—**Mr. Lawrence:**

What is the name of the present (a) Director (b) Deputy Director of the Kent Institution, Agassiz and, in each case (a) for how long has he/she held the position (b) what position did he/she hold previously (c) what is his/her salary level (d) what formal education does he/she have?

Hon. Bob Kaplan (Solicitor General of Canada): In so far as the Correctional Service of Canada is concerned:

A. The Warden at Kent Institution is John Stonoski. (a) Date of appointment to present position: November 10, 1981. *(b) Position held prior to present appointment: Warden, Mission Institution, Mission, British Columbia (c) Salary range: $39,700 to $48,500. *(d) The minimum educational requirements for this position are successful completion of secondary school or to have passed the Public Service Commission Examination 320 coupled with relevant experience.

B. There is no Deputy Director at Kent Institution but the Assistant Warden, Education and Training, Kenneth Peterson, is presently designated by the Warden to act in his absence through a Commissioner's Directive issued in accordance with Section 29(3) of the Penitentiary Act. The responsibility may be rotated periodically in order to provide experience and training opportunities to six other Assistant Wardens.

(a) Date of appointment as Assistant Warden, Education and Training: July 30, 1979. *(b) Position held prior to present appointment: Assistant Warden, Education and Training, at former British Columbia Penitentiary, New Westminster, British Columbia. (c) Salary range: $19,627 to $47,485 plus appropriate allowance paid for added responsibilities as per ED EST contract. *(d) This position requires graduation with an acceptable degree from a recognized university and an acceptable teaching certificate from a Province or Territory in Canada.

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PURCHASE OF WINE FOR NATIONAL ARTS CENTRE

Question No. 4,060—**Mr. Cossitt:**

1. With reference to the answer to question No. 3,085 which stated in part that purchases of white wine by the National Arts Centre were made from Almaden Wines of California in the amounts of $2,434 on September 11, 1980; $9,576 on December 5, 1980; $9,576 on April 16, 1981; and $23,673 on July 28, 1981 (a) is the wine being used as a house wine (b) were those the largest purchases made by

the Centre in the past three years (c) for what reason was a Canadian house wine not used?

2. Are there plans to use a Canadian house wine and, if so, what are they?

3. Is it government policy to be prejudiced against Canadian wine producers and, if so, for what reason?

4. (a) Does the Government have a "Buy Canadian" program (b) will the program apply to the purchasing of wine at the Centre and, if so, on what date?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the National Arts Centre Corporation and the Department of Industry, Trade and Commerce as follows:

1. (a) Yes.

(b) No. Three of those were the largest single purchases in the period referred to but not the largest in volume or amount.

(c) Canadian wines are always available in the restaurants and for banquets. In the opinion of the Director of Restaurants, however, Almaden provided the best quality at a reasonable price for use as house wine. Surveys of patrons' opinion indicated their preference for this wine, also.

2. It is the responsibility of the Director of Restaurants to periodically check quality of wines and public acceptance. When the combined quality and relative price of Canadian wines lead to greater acceptance they will be introduced as house wine. See reply to question No. 3,085 tabled February 22, 1982.

3. No.

4. (a) No, the Government does not have a legislated "Buy Canadian" program. The Department of Industry, Trade and Commerce, however, administers a "Shop Canadian" program which encourages Canadians to purchase Canadian made products where price and quality are competitive with imported counterparts. This program is purely voluntary. (b) Not applicable.

FILM "FOUR CENTURIES: FIREARMS IN CANADA"

Question No. 4,540—**Mr. Beatty:**

1. Was a film entitled "Four Centuries: Firearms in Canada" produced by the National Film Board and the Department of the Solicitor General and, if so, at what cost to the Government?

2. What amount is being spent on the (a) promotion (b) distribution of the film?

3. To whom is the film being made available?

4. Will there be any charge to individuals or organizations who view the film?

5. For what reason has the film been produced?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Ministry of the Solicitor General and the National Film Board as follows:

1. Yes, the film entitled "Four Centuries: The Firearm in Canada" was co-produced by the Ministry of the Solicitor General and the National Film Board. Production costs were approximately $118,535 for the Ministry of the Solicitor General and $84,633 for the National Film Board for a total cost of $203,168. Running time: 26 minutes 52 seconds in both official languages (two films).

2. The estimated amounts to be spent by the Ministry of the Solicitor General are as follows: (a) $32,000 on promotion which includes production and distribution of a poster/brochure and special regional showings of the film; and (b) $31,850 on distribution costs which include copies of the film for regional National Film Board libraries.

In so far as the National Film Board is concerned: (a) $12,330. (b) An amount of $26,557 has been allocated for the distribution of this film of which $6,000 will be spent in the first year.

3. The film is being made available to: the general public through N.F.B. film libraries across Canada, television and cable stations, chief provincial territorial firearms officers, provincial hunter safety co-ordinators, Canadian Wildlife Federation, Dominion of Canada Rifle Association, Shooting Federation of Canada, Royal Canadian Mounted Police film library.

4. No.

5. The film has been produced to assist provincial and local authorities involved in firearms safety to reduce the number of accidents and fatalities caused by carelessness and the misuse of firearms. With the emphasis on responsibility and safety, the film demonstrates the correct care and handling of firearms, explains Canada's history of firearms use and how today's controls were designed to deter criminal and irresponsible use.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 4,650 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Is it the pleasure of the House that question No. 4,650 be deemed to have been made an order for return?

Some Hon. Members: Agreed.

[*Text*]

NEW HORIZONS PROGRAM

Question No. 4,650—**Mr. Greenaway:**

1. Since the inception of the New Horizons program in 1972, how many applications were made from senior citizen groups in the Constituency of Cariboo-Chilcotin?

2. What was the name of each group that applied and in which year did the group apply?

3. What was the amount of funding asked for in each application?

4. Which applications were approved and funded?

Return tabled.

[*English*]

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

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

* * *

[*English*]

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

[*Translation*]

Madam Speaker: Shall these motions be allowed to stand?

Some Hon. Members: Agreed.

PRIVATE MEMBERS' BUSINESS—PUBLIC BILLS

[*English*]

Madam Speaker: Shall all items listed under Private Members' Public Bills preceding No. 212 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

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CANADA ELECTIONS ACT

AMENDMENT RESPECTING CAMPAIGNING BY NON-RESIDENTS

On the Order: Public Bills.

May 2, 1980—Second reading and reference to the Standing Committee on Privileges and Elections of Bill C-412, An Act to amend the Canada Elections Act (campaigning by non-residents).

Mr. Rose: Madam Speaker, I rise on a point of order. I would like to ask for unanimous consent of the House—and we have given various Parties some notice of this—to allow Bill C-412 to stand in favour of Bill C-678 of my colleague, the Hon. Member for The Battlefords-Meadow Lake (Mr. Anguish).

Madam Speaker: Of course, this can only happen if the House gives its unanimous consent. Does the House give its unanimous consent to the proposal made by the Hon. Member for Mission-Port Moody that his Bill stand and that the Bill in the name of the Hon. Member for The Battlefords-Meadow Lake be considered instead? Is there unanimous consent?

Some Hon. Members: Yes.

Mr. Herbert: No.

Madam Speaker: There obviously is not unanimous consent.

● (1510)

Mr. Deans: Madam Speaker, the Member who said no did so, as I understand it, because he did not believe that he had been consulted. I would like to point out in order that it be clear that we did in fact consult all Members in the House a week ago and indicated that we would be seeking unanimous consent. That is clearly on the record. Recognizing that, I wonder whether the Hon. Member would reconsider his negating of the question that we asked.

Mr. Herbert: Mr. Speaker, I feel very strongly about the right of Members to decide for themselves. I did hear the discussion at that time and I heard the response to that discussion. I think maybe I made the point that we, the Members present at the particular moment when the point is brought up, which is right now, should have the right to say yes or no. I made my point. I will reverse my decision. The matter can proceed.

Mr. Smith: Mr. Speaker, some Members are aware of the exchange that did occur the other day wherein the Government House Leader indicated his great displeasure at the demonstration which the New Democratic Party brought about, and at that time he indicated he would not give consent. He is not here today. I think he made his point. We do have a long-standing tradition where Members agree to swap positions that we on this side as a rule do not interfere. Therefore, I do not believe there will be any objection from this side, as the Hon. Member has so indicated.

The Acting Speaker (Mr. Blaker): My understanding is that the House had achieved unanimous consent. Accordingly, it is moved by the Hon. Member for Mission-Port Moody (Mr. Rose), seconded by the Hon. Member for Hamilton Mountain (Mr. Deans):

That the motion moved by Mr. Rose be withdrawn and be replaced by the motion moved by Mr. Anguish.

Accordingly, since there is unanimous consent—

Mr. Lambert: No.

The Acting Speaker (Mr. Blaker): The Chair is faced with a difficulty in that a moment ago there was unanimous consent. However, another Hon. Member indicates there may not be unanimous consent. The Chair will determine whether or not once again there is unanimous consent. Accordingly, I will hear the Hon. Member for Edmonton West (Mr. Lambert).

Mr. Lambert: Mr. Speaker, I did just come to the House. I have heard of these propositions where Bills get tacked on at the end of the list, then there is some fancy footwork and it is

announced at the beginning of this Private Members' session that this swap has gone on. It happened last year with regard to Canada Day and Dominion Day. I refuse to go through that sort of thing again.

I have three Bills that are spread throughout the list and I would welcome the opportunity of debating any one of them. We could go through the list and pick one of my Bills. I forget their order. One is on income tax, one on redistribution and one on whatever it may be, I will soon find out.

Mr. Smith: Mr. Speaker, clearly had the Hon. Member been here when the question was put, he could have denied unanimous consent; but I submit that when the question was put, he did not object at that point. I do not believe he can turn back the clock. I may not agree with the Hon. Member on this issue, but it is an important issue and we do not want to stand in the way of there being some debate on it.

Mr. Anguish: Mr. Speaker, I rise on the same point of order. I think you have shown some leniency, Mr. Speaker, in calling a second time for unanimous consent after we had in fact achieved that. I point out to the Hon. Member for Edmonton West (Mr. Lambert), who rose just a few moments ago, that this is a very different situation from that to which he was referring. If he can find a Member in his Party to defer his position on the Order Paper with regard to Private Members' Bills, he can do that.

We have not asked to tamper with the order other than the fact that the New Democratic Party, in the name of the Hon. Member for Mission-Port Moody (Mr. Rose), has a Private Members' Bill on for today. However, he feels that the Bill I have put forward, seconded by the Hon. Member for Dauphin (Mr. Lewycky), is of paramount importance to be discussed before this House recesses for the Easter break.

The Members of the Conservative Party should take this into consideration. We are not asking that their Bills be put lower on the Order Paper, only that a Bill put forward by one NDP Member be changed to a position held by another NDP Member. In light of that, Mr. Speaker, possibly you could seek unanimous consent again. Maybe the Hon. Member will reconsider.

The Acting Speaker (Mr. Blaker): I wonder if I might just address myself to the House, and in particular to the Hon. Member for Edmonton West. The Parliamentary Secretary to the President of the Privy Council (Mr. Smith) is quite correct. I sought unanimous consent and the House gave its unanimous consent.

Mr. Lambert: I beg your pardon. I called "no", but I was not in my seat.

The Acting Speaker (Mr. Blaker): As a courtesy to the Hon. Member for Edmonton West, after in my opinion the House had given its unanimous consent, I then noticed and heard the Hon. Member for Edmonton West indicate that he would not be agreeable to unanimous consent.

The Hon. Member for The Battlefords-Meadow Lake (Mr. Anguish) put the point very well. What has happened, and I will review the matter very briefly, is that the Hon. Member for Mission-Port Moody (Mr. Rose) had a Private Members' Bill to amend the Canada Elections Act before the House. There seems to have been some discussion. As a matter of fact, as I understand it, the House was agreeable to exchanging that Hon. Member's Private Members' Bill for another standing in the name of another Member of the New Democratic Party, the Hon. Member for The Battlefords-Meadow Lake. I am hopeful that the Hon. Member for Edmonton West will accept the understanding that has arisen, particularly because I declared that there had been unanimous consent given.

After an explanation of what happened, perhaps the Hon. Member for Edmonton West might want to reconsider. If I am put in the position of having to rule whether unanimous consent was given, it will in a sense be difficult. It may consist of trying to make a judgment based on a split second of timing, and I would rather not do that. Obviously it is the preference of the House and of the Chair that the Hon. Member for Edmonton West consider the proposal that has been put forward and allow the House to ascertain whether in those circumstances he agrees to give his consent as well in order to provide unanimous consent. I have to hear the Hon. Member for Edmonton West in that regard and then I will hear the Hon. Member for Mission-Port Moody.

Mr. Lambert: Mr. Speaker, I appreciate the position you are in, but I want to tell you that as I came into the House the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) was on his feet saying that there had been some agreement to exchange Bills and that there would be no objection from the point of view of the Government, notwithstanding what the President of the Privy Council (Mr. Pinard) said yesterday or the day before.

I came into the Chamber in the centre, saw precisely what was happening and I shouted "no". Then I had to go behind the curtain and again come forward. By that time the Speaker was on his feet and putting the motion. I still called "no". If it is a judgment call and you feel that you have called a strike as against a ball, and you are not going to change it, so be it.

• (1520)

I want to put on record my objection in principle to some of these deals of swapping Bills at the bottom of the list for those at the top. That is the wrong way to proceed. As a matter of fact, I object to the way the Parliamentary Secretary proceeds with Private Members' Bills. They are supposed to be proceeded with in the order in which they have been filed; then after that, in the order in which they appear. Then the Member in question whose Bill appears shall be canvassed as to whether he wishes to go forward. There seems to be a tight little old boys' club of some sort, or whatever it may be, to get certain Bills forward for discussion and then there is some further playing under the table, some meetings going on, with regard to others.

There is no reason why a Bill which has just appeared on the Order Paper, or relatively recently, should be called when there have been Bills which have been on this Order Paper for nigh on three years, such as mine, and I object to that. Within that context, Mr. Speaker, you can make up your own mind.

Mr. Smith: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Blaker): No, I believe I will use the privilege which is given to the Chair in these circumstances. I appreciate the offer and the courtesy indicted by the Hon. Member for Edmonton West. He has indicated that he will live with the decision that is made. My problem is that I believe the Chair has, as its first duty, to consider the individual rights of every Hon. Member of this House. I must say that the Hon. Member has made his own argument. He indicated that on his entry into the House he did not consent to unanimous agreement. If he is not willing to change his view in that regard, then I am sorry, I believe, despite the feeling of the House and despite my initial reaction that there was unanimous consent, it is the Chair's responsibility to defend an individual Member's right. He has indicated, and obviously the Chair and the House must take his word, that at the moment unanimous consent was requested he said no. Once an Hon. Member stands on his feet and tells this House and the Chair that he had indicated that he would not give unanimous consent, I believe it is the duty of the Chair to accept that Hon. Member's word.

Because the Hon. Member for Edmonton West was so courteous in his willingness to abide by the ruling of the Chair, I feel I have no further choice but to put to him a request that he consider the will of the House and indicate whether or not he will give his consent to the exchange of two Private Members' Bills. The Hon. Member for Edmonton West?

Mr. Lambert: No.

The Acting Speaker (Mr. Blaker): There is not unanimous consent.

Mr. Rose: Mr. Speaker, I rise on a point of order. I understood that the Hon. Member for Edmonton West, who said he had made his point, had indicated to you that while he objected to the procedure, he was willing to go along with the decision which you had made and called a little earlier. That is my view. He did not say it perhaps explicitly, but he is a distinguished Hon. Member and fair minded. He is a former Speaker and is sensitive to these matters.

I appeal to him to let this matter proceed, if you need further word from him, on the ground that we have no intention in this Party of making any deals which would interfere with the order of his Bills at all. It was a matter that I voluntarily gave up my place to my colleague. I will certainly lose my place because I have given it up. That does not interfere with the place of the Hon. Member for Edmonton West's Bills at all. I am interested in his argument. I respect his decision. However, I believe he indicated to you that while he felt another way when he was walking in here, he respected your decision that there was unanimous consent. That is where I will leave it.

Mr. Herbert: Mr. Speaker, this is a rather unfortunate exchange. I would like to point out what I understand of the rules under which we are operating since the beginning of the year. First, this is not a Party matter, it is a matter for individual Members. Therefore, there is no question that one New Democratic Party Member can exchange Bills with another Member of his Party because Party affiliation has nothing to do with the selection.

Second, that selection is not according to the Bills which are listed on the Order Paper but is according to a list of names. For purposes of convenience we have taken the names as they are printed on the Order Paper so that the Member has his choice.

I feel that the exchange today is unfortunate because if there had been a little diplomatic discussion prior to this matter coming up on the floor of the House, these Bills would have been printed on the notice board which appears in our lobby. We would then have known what the order of business was, and we could have prepared for it.

The two points which I would like to make are that, first, the selection has nothing to do with Party; and, second, the Member is called and the Member makes his choice as to which Bill or which Motion is discussed. If you will make sure I am correct, Mr. Speaker, I believe this is important for the rest of the Hon. Members of the House.

Mr. Deans: Mr. Speaker, I am trying to follow where we are going here. I understood from the comments of my colleague the Hon. Member for Mission-Port Moody, and from watching you in the Chair, that you tended to agree that in fact you had drawn the conclusion that there had been unanimous consent given, and that you tended also to agree with my colleague the Hon. Member for Mission-Port Moody that the Hon. Member for Edmonton West had also indicated that whatever you ruled he would abide by.

I want to say to the Hon. Member for Vaudreuil (Mr. Herbert) that in fact the request for unanimous consent was raised over a week ago. I rose in the House and said that at the appropriate time we would ask the House for unanimous consent. We thought that was in fact noticed. I did consult some people, I must confess not the Hon. Member, but it is hard to consult everyone, and we thought we had general agreement to allow it to occur. I would ask you, sir, in the interest of proceeding with the business of the House, if you could not simply agree that the ruling you made is a ruling which is acceptable and we could proceed from there?

The Acting Speaker (Mr. Blaker): I will hear other Hon. Members, but may I explain in very simple terms that my understanding is that the House had granted unanimous consent to the exchange of the two Bills. That is clear; I indicated that. However, an Hon. Member has risen in his place and indicated that he did not give unanimous consent. The Chair is not about to dispute that Hon. Member's word. That Hon. Member told the Chair that before the Chair had

expressed a verbal understanding that unanimous consent had been reached, he had said no. I believe the Chair has no option but to accept the word of an Hon. Member who denies that unanimous consent had been given.

That is the difficulty which I am in. I have done what I could. I have requested the Hon. Member for Edmonton West reconsider the matter in any way he can. I certainly would recognize the Hon. Member for Edmonton West in order to facilitate the business of the House. Once he has risen and has indicated to the House that, prior to my indicating that I understood there was unanimous consent, he himself had denied unanimous consent, I have no choice but to take his word.

Mr. Dionne (Northumberland-Miramichi): Madam Speaker, the Hon. Member for Hamilton Mountain (Mr. Deans) said he was trying to find out where we were going and, obviously, the answer to that is exactly nowhere.

It seems to me that the question at issue here is whether or not a Private Member's Bill which has been put in of late is going to take precedence over Bills which have been on the Order Paper for a long time. One Hon. Member of this House, the Hon. Member for Edmonton West (Mr. Lambert), has said no, which it is his perfect right to do. I do not know why we are still arguing. Let us get on with the business of the House.

Mr. Anguish: Mr. Speaker, in light of the way things are going, you did in fact acknowledge, and other Hon. Members have agreed, that there was unanimous consent within this House for what we proposed, and the ruling has obviously been changed. Does that mean we can go back a little further to when the President of the Privy Council (Mr. Pinard) came in here this afternoon, only a few minutes ago, and asked for unanimous consent to bring in the budget on April 19, with the attached items? Can I now say that I did not give unanimous consent to that? Will that be a "no" agreement within this House?

Mr. Dionne (Northumberland-Miramichi): Now you are being deliberately stupid.

• (1530)

Mr. Anguish: What is the line? Is it one minute after, Mr. Speaker? Can you do it 15 minutes after, half an hour?

The Acting Speaker (Mr. Blaker): Order, please. I do not know the answers to the Hon. Member's questions. Certainly he does raise quite appropriate problems of procedure. But what I am faced with is that an Hon. Member has risen in his place and indicated that he did not give unanimous consent. I do not think it is necessary for the Chair to repeat this again and again and again. I cannot proceed when an Hon. Member stands in his place and assures the Chair he did not give unanimous consent.

Mr. Smith: Mr. Speaker, when the Hon. Member for Edmonton West indicated that he was not giving consent, he made reference to disagreeing with the way Private Member's Business was handled by this side of the House, and by myself in particular. I wish to assure him as an Hon. Member that I have always taken the position that if one Member has the agreement of another Member to trade places, I do my best not to stand in his way. If next week he comes to me with the same proposition, my reaction would be the very same. So if he is taking this position to make a point to me, I wish to assure him that he has misinterpreted the position I take, which is consistent throughout regardless of the political stripe of any Member when it comes to a request during Private Members' hour.

Mr. Taylor: Mr. Speaker, this whole thing could have been completely avoided if the President of the Privy Council (Mr. Pinard) had taken the right steps. At 11 o'clock this morning I received a sheet with item 1 and item 2 included, and the third space was empty. I did not get the sheet with the third name until just before coming into the House. The office of the President of the Privy Council makes the decision, so why did he not put this item in? It is a pretty sloppy way of doing business, I suggest.

The Acting Speaker (Mr. Blaker): I will try to recognize Hon. Members on a point of order who have not already been heard. The Hon. House Leader of the Official Opposition.

Mr. Lewis: Mr. Speaker, I would like to confirm what our Deputy Whip has said in that the Notice Paper we got earlier today simply listed two items under Private Members' Business. It is my understanding, and perhaps you can confirm it, Mr. Speaker, that it is not the Table which draws up the names and finds Members who can perhaps participate in Private Members' hours; it is the Government House Leader's office. If that is so, it seems to me they could have avoided this problem.

Mr. Smith: Mr. Speaker, simply to clarify that, you will note that all three Members listed here today are Opposition Members. I certainly hope no one is suggesting that somehow we were picking and choosing under any other criterion than—

Mr. Taylor: Oh no, never.

Mr. Smith: Any Member who wants to accuse me of that is going to have a pretty rough ride from me.

Mr. Taylor: I have had a Bill on the Order Paper for two years and it has still not been chosen.

Mr. Smith: We are not always able to put a Member's name down until we have confirmed with him that he is ready to proceed, Mr. Speaker.

Mr. Taylor: I confirmed it with you.

Mr. Smith: They are not always able to do that. But anyone suggesting that the criterion in is any way discriminatory is getting on to pretty dangerous ground.

Mr. Taylor: That is exactly what it has been, discriminatory, and you know it.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, if I may add my two cents worth, first of all I would point out that the Bill being proposed is the last one on the list and is therefore being raised to first place today. Probably everyone knows that, but I think it is worth noting.

The second point I wish to make is that someone on the Government side said that the list for today was posted in their lobby. It may very well have been posted in their lobby but it was not in our lobby. The last selection of legislation for Wednesday in this lobby is dated February 22.

Mr. Lewis: But it is 1983.

Mr. Rose: Mr. Speaker, I regret very much this hassle has developed and we have had this misunderstanding. It would have been much simpler just to allow this to have proceeded. No one wants to ride roughshod over anyone's sensibilities, but it seems to me that an act to declare Canada a nuclear weapons free zone is of major consequence and importance compared to my own particular concerns. It is for that reason that I asked to have my Bill withdrawn in favour of the Bill presented by my colleague, in whose riding it is at least comtemplated that the Cruise missile will be tested. So we are very concerned about that and so are lots of Canadians.

If we cannot get this by agreement, Mr. Speaker, under Beauchesne's Fifth Edition, types of motions, I note that a dilatory motion is designed to enable the House to proceed to another order of business. Therefore, I move that the House proceed to Order No. 678.

Mr. Lambert: He cannot make a motion on a point of order.

Mr. Rose: I am sorry, that is the Bill number, Mr. Speaker.

The Acting Speaker (Mr. Blaker): Order, please. I think procedurally the Hon. Member for Mission-Port Moody, if I may assist him, wishes to seek the unanimous consent of the House on a point of order to produce the motion he is now referring to. That, I think, is the way he has to proceed. Before he does so, because I envisage the possibility that this may cause division bells—

Mr. Anguish: A distinct possibility.

The Acting Speaker (Mr. Blaker): —I know, as do all Members who were here, that last week the Hon. Member for Hamilton Mountain pursued this matter. I know he sought unanimous consent at that time. I know other Members indicated that the preferable procedure would be to bring it up at the appropriate time, making that appropriate time today. So there is nothing surprising coming before the House at this moment. There has been extensive discussion of this issue. I repeat that because I think perhaps some Hon. Members may think this matter has arisen by surprise. I want to assure all Hon. Members that there is no surprise in this. The possibility of exchanging these two Private Members' Bills occurred something like a week ago.

Therefore, before I pursue that issue raised by the Hon. Member for Mission-Port Moody, which is on a point of order to seek unanimous consent of the House to put a motion to hear another Bill, it may be that there are some other Hon. Members who want to be heard on the issue being debated under a point of order. May I do that in the hope that this issue can finally be resolved?

Are there other Hon. Members who wish to be recognized? The Hon. Member for Edmonton West.

Mr. Lambert: Mr. Speaker, may I first address a word on the competence of the Hon. Member for Mission-Port Moody in making a motion, having first stood on a point of order.

Mr. Rose: I did not rise on a point of order.

Mr. Lambert: The motion he put was out of order. He was standing on a point of order—well, all of us have been standing on points of order ever since I raised the question with Mr. Speaker about consent. Every one of us has been standing on a point of order, whether we said so or not. That is my respectful submission to the Chair and to the Hon. Member.

As to the question of choice, this is item 212 on the Private Members' list and there are pages and pages of Bills and debates to be resumed that the Parliamentary Secretary could avail himself of before he reached the Hon. Member for Mission-Port Moody with respect to today's Private Members' Business, item No. 1. Unless the Hon. Member can tell me that he consulted any and all Members before No. 212, or that for some reason or other he was able to ascertain they were not ready to go today, the rules of this House say that item shall go.

• (1540)

Why do we have a draw? I agree that at one time a Member whose name had been called could substitute another item from his portfolio if he had filed several. He was asked to elect which shall be his first or second item, etc. I think this happened when the Parliamentary Secretary to the President of the Privy Council was new in the House and was not aware of the procedure.

The priority was set in May of 1980. We have over 600 items and now there has been a change because somebody, somewhere, was able to come up with an item for the Hon. Member for Mission-Port Moody. Just the day before yesterday the President of the Privy Council (Mr. Pinard) said the Government was not going to allow this Bill to be brought forward. Now the Parliamentary Secretary has said that the Government has changed its mind. That is quite fair, Mr. Speaker. If the President of the Privy Council does not speak for the Government, who does he speak for in this House?

If the Minister changed his mind, that is up to him, but I object to playing fast and loose with Private Members' hour. It has already been terribly abused by the Government, first of all by extending this session into the fourth year. This denied a great deal of debate on Private Members' Motions under the previous rules. It was simply a takeover of Private Members' time by the Government as a result of not having a new session. Those on the Government side who are responsible for this do not observe the rules. The fact that they are on the opposite side today does not mean that there is an absence of prejudice. There is prejudice in that the Parliamentary Secretary did not go to those persons at the head of the list. It is not his prerogative to go up and down the list and at random ask someone if he is ready to go ahead today. That is not his privilege.

I submit it is totally wrong for one Member to exchange his place on the list with another Member. I do not know if the Parliamentary Secretary has ever attended a major cattle show and has seen classes of animals, the get of a sire or a herd. Has he seen the exchange of an animal that has done poorly for a much better animal at the gate? I have been told how this is done. He suggests that Hon. Members engage in this compliance with the rules and we arrive at the gate today and suddenly see one Member slipping the rope off his animal on to another animal—another Member. In other words, one Bill is exchanged for another Bill. We cannot do things that way, Mr. Speaker.

I am going to insist that I have a right, Mr. Speaker. My Bill was set down a long time ahead of this one and there are hundreds of others as well that have priority over this Bill. The Hon. Member for Bow River (Mr. Taylor) pointed out that the list had only two names on it and the third place was blank. At two o'clock we saw the change, and that is what I object to as well.

It is up to the Parliamentary Secretary to give ample notice to the House. The notices should have been in the lobbies yesterday showing what Bills would be heard, rather than the final list being issued at two o'clock today.

For those reasons, Mr. Speaker, I refuse to withdraw my "No". As I have already said, if it is your decision that the "No" was not heard and that there was unanimous consent, I would have to abide by your decision—or appeal. I could not appeal, since you were acting as Speaker. But I did say no, Mr. Speaker, and I wanted to draw that to the attention of the House.

Mr. Smith: Mr. Speaker, I rise on a question of privilege.

The Acting Speaker (Mr. Blaker): I think the Chair has heard sufficient argument. Before I recognize the Hon. Parliamentary Secretary, lest some other matter of privilege be raised, I had better deal with Royal Assent at 4:30 p.m.

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Blaker): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following Bills, without amendment:

Bill C-130, an Act to authorize continuing financial assistance to be provided to certain international financial institutions;

Bill C-143, and Act to provide supplementary borrowing authority; and

Bill C-141, an Act to amend the Canadian Human Rights Act and to amend certain other Acts in consequence thereof.

* * *

THE ROYAL ASSENT

The Acting Speaker (Mr. Blaker): Order, please. I have the honour to inform the House that a communication has been received as follows:

Government House
Ottawa

March 30, 1983

Madam,

I have the honour to inform you that the Honourable Brian Dickson, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 30th day of March, 1983, at 4:30 p.m., for the purpose of giving Royal Assent to certain Bills.

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

* * *

CANADA ELECTIONS ACT

AMENDMENT RESPECTING CAMPAIGNING BY NON-RESIDENTS

On the Order: Public Bills.

May 2, 1980—Second reading and reference to the Standing Committee on Privileges and Elections of Bill C-412, An Act to amend the Canada Elections Act (campaigning by non-residents).

The Acting Speaker (Mr. Blaker): I want to recognize the Hon. Parliamentary Secretary on a question of privilege, but I wonder if we are getting lost on the point of order because, for the last time, I think I have to indicate to Hon. Members that, despite the courtesies—

Mr. Deans: May I ask—

The Acting Speaker (Mr. Blaker): Order, please. Despite the courtesies offered by the Hon. Member for Edmonton West, he repeats and has repeated on several occasions that he

refuses unanimous consent. He also informed the House—and his word must be accepted—that he made that statement. He denied unanimous consent before I had indicated that I had heard unanimous consent.

If the House wishes to address itself to the point any further, I will listen; otherwise I want to advise the House that I intend to accept the Hon. Member's word and to rule that we will have to continue with the motion in the name of the Hon. Member for Mission-Port Moody (Mr. Rose).

The Hon. Member for Hamilton Mountain (Mr. Deans) on a point of order.

Mr. Deans: Thank you, Mr. Speaker. In the circumstances, it is a very difficult case that we have been faced with. My colleague may well have an agreement signed some time between now and the time the House reconvenes with regard to the testing of the Cruise missile. It may well affect his riding directly. It is a matter of considerable concern to him and in the circumstances, given that the Hon. Member for Edmonton West, after all of the requests made to him, has decided not to allow this debate to proceed notwithstanding that at least a week's notice was given, I move that the House do now adjourn.

• (1550)

The Acting Speaker (Mr. Blaker): I must indicate that the counsel I have received is that the Hon. Member cannot adjourn the House on a point of order.

Mr. Deans: I am not on a point of order. I did not rise on a point of order.

The Acting Speaker (Mr. Blaker): I cannot imagine what else the Hon. Member would be rising on.

I want to make clear that when the Bill was called, the House will recall that unanimous consent was sought to dispose of all times preceding item No. 212. That consent was given. At that point, before any Bill or motion could be put to the House, the Hon. Member for Mission-Port Moody (Mr. Rose) rose and indicated that he would like to exchange his position for that of the Hon. Member for The Battlefords-Meadow Lake (Mr. Anguish).

I am in a rather awkward position. I do not think at this moment I have any motion before the House other than that made—and I think this would be acceptable—by the Hon. Member for Mission-Port Moody seeking unanimous consent to exchange the two Bills. Then I must ask myself whether or not subsequent to that, as indicated by the Hon. Member for Edmonton West (Mr. Lambert), every individual Member of Parliament who rose in his place was speaking on a point of order. I would like to take a moment for consultation. If some Hon. Members would like to assist the Chair, I would be pleased if they do so.

Mr. Deans: Mr. Speaker, I want to draw to your attention that I did not rise on a point of order. I rose and you recognized me without any mention of a point of order. I rise again without mentioning a point of order, and I again move that the House do now adjourn.

Mr. Gauthier: You cannot do that.

Mr. Deans: I can. It is always in order. Read the rules.

Mr. Gauthier: There is nothing before us.

Mr. Deans: I happen to have been recognized, my dear friend, if you would listen to what is going on.

Mr. Gauthier: On a point of privilege. On a point of order!

Mr. Deans: I did not rise on a point of order and I did not rise on a point of privilege.

Mr. Gauthier: We have nothing in front of us.

Mr. Deans: A motion to adjourn is always in order, and I have moved a motion to adjourn.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise on a point of order. I am sitting about as close to you as anyone in the House. I heard you recognize the Hon. Member for Hamilton Mountain (Mr. Deans) on a point of order, and I am sure the record will show that. One cannot move the adjournment of the House on a point of order. We are wasting the time of the House. It is no wonder the public says that we look like a bunch of children; we are certainly acting like that this afternoon. For God's sake, let us get on with the business of the House.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): The House will see that I have benefited from the advice of the Clerk. I think the will of the House can best be expressed if we have some motion on the floor of the House, and hopefully at that point these procedural difficulties will be eased.

I have indicated several times to the House that I believe it is the responsibility of the Chair to honour the rights of individual Members. I cannot go any further than that. I must indicate that I accept the word of the Hon. Member for Edmonton West that there is not unanimous consent to proceed to an exchange of Bills. Therefore, that issue I now declare to have been ruled upon; it is not subject to the necessity of further discussion. The House has had nearly three quarters of an hour to deal with that matter. Accordingly, the proposition which I have to put before the House right now is the one standing in the name of the Hon. Member for Mission-Port Moody. Once that begins, of course, the Chair will recognize anyone who wishes to enter into debate and who may, during the course of debate, propose certain motions. That would be perfectly in order.

Mr. Mark Rose (Mission-Port Moody) moved that Bill C-412, an Act to amend the Canada Elections Act (campaigning by non-residents), be read the second time and referred to the Standing Committee on Privileges and Elections.

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: No.

The Acting Speaker (Mr. Blaker): Incidentally, before I proceed further, I might indicate that the Hon. Member for Hamilton Mountain, who I think is attempting to find the appropriate precedent, should look at Beauchesne's Fifth Edition, page 91, Citations 283(1) to (4) inclusive, and he will find the basis for what I have just indicated.

Mr. Rose: Mr. Speaker, therefore I move that we move to the next order of business standing in the name of the Hon. Member for Victoria (Mr. McKinnon), No. 458.

The Acting Speaker (Mr. Blaker): The intent of the Chair is to assist Hon. Members who wish to move the House in certain directions, but I am faced with procedural difficulties. The Hon. Member has a motion before the House. He cannot amend it himself unless he has unanimous consent of the House, and he cannot move another motion which is not related to his motion. Possibly he could do so, I suppose, with unanimous consent of the House, but I must ask him to seek such guidance as he wishes so that we can proceed in accordance with our Standing Orders and precedents. The Hon. Parliamentary Secretary to the President of the Privy Council (Mr. Smith) on a point of order.

Mr. Smith: Mr. Speaker, the Hon. Member for Mission-Port Moody (Mr. Rose) has a Private Members' Bill. Presumably he agrees with the contents of it. I wish to advise him that we on this side of the House have no objection to that Bill. It could be passed, as far as we are concerned, without debate. I suspect that if he sought the consent of the House to go into Committee of the Whole to deal with it, since it does just a bit of housekeeping with regard to the Canada Elections Act, he may well obtain that consent. If he wants to get his Bill, I think he might get it very expeditiously.

The Acting Speaker (Mr. Blaker): I think it would be advisable for the Hon. Member for Mission-Port Moody to indicate whether he is seeking the floor for the purpose of debate on his motion or whether he is rising on a point of order.

Mr. Rose: Mr. Speaker, I rise on the motion which I put to you earlier, that we proceed from the Bill standing in my name to the one standing in the name of the Hon. Member for The Battlefords-Meadow Lake.

Some Hon. Members: You cannot do that.

Mr. Gauthier: There cannot be two motions at the same time.

Mr. Deans: Why not?

Mr. Gauthier: Because the rules say so.

The Acting Speaker (Mr. Blaker): Order, please. Again I indicate that I have had the benefit of consultation with the Clerk. Under the provisions of Standing Order 50, the Hon. Member cannot move a motion which in the current situation is not applicable to his own motion, and in any event because he already has his own motion on the floor. However, what I am attempting to do is to find a procedural mechanism which would allow certain Hon. Members to put before the House the issue they feel they wish to put before the House. It is not clear to me exactly what issue they want.

It might be that some Hon. Member wants to move to adjourn the House. It might be that some Hon. Member wants to put a motion, the effect of which would be that the two Private Members' Bills be exchanged one for the other in terms of debate. My responsibility is to facilitate the wishes of Hon. Members. In order to do that, I know I do not need unanimous consent. I will simply seek to recognize the Hon. Member for Hamilton Mountain in debate and what transpires thereafter will be the business of the Hon. Member for Hamilton Mountain and then possibly of the House.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I move under Standing Order 50 that the House proceed to deal with Bill C-678.

The Acting Speaker (Mr. Blaker): It is moved by the Hon. Member for Hamilton Mountain that, pursuant to Standing Order 50 of the House of Commons, this House now consider that Bill C-412 be withdrawn by unanimous consent and be replaced by Bill C-678 for purposes of debate now. Is there unanimous consent?

Some Hon. Members: Agreed.

An Hon. Member: No.

The Acting Speaker (Mr. Blaker): There is not unanimous consent. I will now move to put the yeas and nays. All those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Mr. Lambert: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the yeas have it.

Mr. Lambert: I am still on my same point.

• (1600)

The Acting Speaker (Mr. Blaker): This is worse than Friday! In my opinion the yeas have it.

Motion agreed to on division.

The Acting Speaker (Mr. Blaker): Accordingly, the House will address itself to Bill C-678, an Act to declare Canada a nuclear weapons free zone.

NUCLEAR WEAPONS FREE ZONE

MEASURE TO ESTABLISH

Mr. Doug Anguish (The Battlefords-Meadow Lake) moved that Bill C-678, an Act to declare Canada a Nuclear Weapons Free Zone, be read the second time and referred to the Standing Committee on External Affairs and National Defence.

He said: Mr. Speaker, I appreciate the co-operation of all Members of the House this afternoon in having this Bill come forward for debate in Private Members' hour. I would like to thank the Hon. Member for Mission-Port Moody (Mr. Rose) who agreed to defer his Bill in favour of mine. I would also like to thank the Hon. Member for Dauphin (Mr. Lewycky) who seconded the motion so that Bill C-678 could come before us this afternoon.

It is of paramount importance to debate Bill C-678 before the Easter break for a number of reasons. One is the possibility that the Cruise missile might be tested any day now over Canadian territory. This missile has been slated for testing in the area of the Cold Lake Air Force Base and into the Primrose Lake Air Weapons Range, which is part of The Battlefords-Meadow Lake constituency that I represent here in the House of Commons.

In addition, I am very concerned about one Karen Harrison who has been fasting in our galleries for a number of days. She has stated that she will not cease her fast until such time as this Bill is given debate in the House of Commons.

I would like to say, however, that I hope this debate is only a beginning to the nuclear question and not an end in itself. We have to continue addressing the nuclear weapons problem very seriously. Bill C-678 basically does two things. First, it would declare Canada a nuclear weapons free zone. That would prevent the testing of the Cruise missile over Canadian territory. The Bill would go on from there to do a number of other things. This Bill would prevent the manufacture, use, importation and export of any nuclear weapons or weaponry on or over Canadian territory.

Second, the Bill puts forward the will of this Parliament and country for the Secretary of State for External Affairs (Mr. MacEachen) to go to the United Nations and present a resolution calling for the United Nations to conduct a world referendum on nuclear disarmament. This opinion, I think, has been demonstrated in referenda in municipal elections across the country. There is a growing concern over nuclear weapons and the testing of nuclear weaponry over Canadian territory.

I have a local concern having to do with the testing of the Cruise missile in the Primrose Lake Air Weapons Range. If the testing of the Cruise missile is granted within Canadian territory, the air launched Cruise missiles will be dropped over the Beaufort Sea from B-52 bombers and will cruise over the Northwest Territories, northern Alberta, into Saskatchewan in the Primrose Lake Air Weapons Range. This local concern arises over the possibility of a Cruise missile landing in some area other than the Primrose Lake Air Weapons Range. I know the Cruise missile does not have an explosive capability in the initial testing but I think that matters not for someone living in Beauval, Canoe Narrows, Meadow Lake, Pierceland or Goodsoil if this Cruise missile were to land in someone's livingroom or somewhere in those communities. This is a real concern of the constituents of The Battlefords-Meadow Lake about the testing of the Cruise missile.

If this Bill were to pass with the consent of Members of Parliament here and go to committee, it would clear up that concern for a great many people in The Battlefords-Meadow Lake constituency and for people in other areas who are concerned about the testing of the Cruise missile over Canadian territory.

In addition to that, I have a much more serious and global concern about the nuclear arms question. Many people do not see much hope for the future in face of the possibility of nuclear war. Regardless of what some people say, you would have very little chance of limiting a nuclear war once it began. People are concerned about the destructive capability of nuclear weaponry. The two superpowers have likely more parity in destructive capability than they have ever had at any time in our history, certainly since the nuclear arms race began and since the devastating effects of the atomic bomb dropped on Hiroshima and Nagasaki toward the end of the Second World War.

This is not a question of the different countries involved, be it the U.S.S.R., the U.S.A., Canada, or any other country in the world. It is not a political question about nuclear arms and about Canada becoming involved in the nuclear arms race, because it not only affects New Democrats, Progressive Conservatives and Liberals, but the Canadian community and beyond that the global community of this planet.

Canadians have been respected worldwide for a number of years, likely since Confederation, in terms of being a peacekeeping force in the world. We have, however, risen to arms during certain times in our history. Canadians have fought for the cause of this country and our freedom as well as for the preservation of democracy in other places around the world. I am sure in the face of pressing times and world confrontation that Canadians would rise to that call again. Canadians have always been viewed as peace-loving people, but a people that will fight for democracy. We are not aggressors but we do believe in the rights of individuals.

You have to have conventional armed forces, Mr. Speaker. Unfortunately, there may still be a need for them because of other aggressive forces in the world. But that concern and need is very different from nuclear warfare or nuclear weaponry. It is not a matter of a young person fighting in a nuclear war. Conventional armed forces would have very little play in such an event. A nuclear war, once started, would be devastating for all people whether involved in military or in public life.

I believe we have to start looking for a way to gear down, to freeze, nuclear weapons and at some point eliminate nuclear weapons from the face of this earth. I know at this point in time that might seem very idealistic to many Canadians. It is not idealistic to me. It is something that we must seriously work toward if we want to preserve this planet, if not for our

own future, for the future of our children, our grandchildren and for the generations to come.

Canada has respect as a peacekeeper, and I think it is within the realm of possibility that Canada can play a role as a mediator between superpowers. We can start working toward serious arms reduction on the face of this planet, which has an economic cost which boggles the mind. If the amount spent on armaments throughout the world during a two-week period was spent on education, clothing, housing and medical needs, most of the poverty throughout the world would be eliminated. In many cases that poverty has caused some of the world conflicts which we have seen. It is that poverty and lack of equity throughout the world which has caused dissension among different races of people and within races of people themselves.

• (1610)

In order to maintain our credibility, we should not become involved in the nuclear arms race. If we want to seriously strive for a world free of nuclear arms, we must clean our own house before we advise others on how to solve the nuclear weapons issue.

I believe that the argument that we have a NATO obligation to test the Cruise missile over Canadian territory is somewhat false. There are other countries within NATO which disagree with the testing of the Cruise missile and the escalation of the arms race. I believe that Canada should be counted among those countries so that we may keep the respect and dignity which we need and deserve in international affairs.

There is nothing in writing which obliges Canada to test nuclear weapons on or over our territory. I hope that this Bill will pass through Parliament during Private Members' Business today so that it can go to committee where Parliamentarians can begin seriously to address the nuclear weapons issue.

There are presently 32 NDP Members of Parliament in Canada. We are united and have the total support of the NDP caucus for having Canada declared a nuclear weapons free zone and to work seriously toward nuclear disarmament throughout the world.

Since I believe this is largely a non-partisan issue, I wish to point out that there are Members from the Liberal Party and Members from the Conservative Party who support the concept of which I speak today. I do not wish to alienate those Members but have them join us in an agreement that can give Canada the self-respect and international respect that we need to meaningfully work toward having a world free of nuclear arms.

I would point out to the people of Canada that they can play a very important role in this process. Since Canadians have access to their elected officials, I would urge all Canadians who are listening to this debate, watching it on television or who will read it in *Hansard*, to go to their Member of Parliament or provincial member of the legislature, and to their municipal councillors, aldermen and mayors, to ask them to take a stand on the nuclear weapons issue.

With respect to Members of Parliament in particular, I think constituents should be buttonholding their MPs to make them stand up and call for a country that is a nuclear weapons free zone. As a result of public pressure, more Members of Parliament will come onside in support of the intent and purpose of Bill C-678. I believe there will eventually be a majority of Members of Parliament who support what I and my Party are proposing today.

There are many Members of Parliament who are still undecided about the nuclear weapons issue and the most effective way to persuade those Members of Parliament, from a public point of view, is to pressure them to support a nuclear weapons free zone within Canada. As I indicated, it is important that we clean our own house before we begin to tell others how our world can be improved. While our world has great potential, its people face great uncertainty in the future largely because of the nuclear weapons issue.

I also want to say that I believe that unilateral disarmament is an unreasonable scenario, as far as I am concerned as an individual Member of Parliament. A multilateral agreement among all nations with nuclear capability is required to freeze the production of nuclear arms and eventually eliminate nuclear arms throughout the world. Until that happens there will continue to be a great deal of uncertainty about the future of our world. No one wants to face the prospect of another Hiroshima or Nagasaki or face the even greater destruction which is possible today with weapons which are hundreds and thousands of times more powerful than those of World War II.

I will conclude by asking all Members of Parliament to allow Bill C-678, an Act to declare Canada a nuclear weapons free zone, to move into committee where we can give it the very serious consideration that it needs. I would like to thank the Hon. Member for Dauphin for enabling me to bring this Bill to the House, and I would like to thank Members of Parliament for their co-operation earlier today. I ask for that co-operation in continuing to work toward a solution for this real and pressing problem which not only faces Canadians but the world.

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, it has been a long and interesting afternoon so far. My own Bill is to be dealt with this afternoon and I doubt we will be able to deal with the third Bill on this short list.

I have some objections to the form of Bill C-678 which was brought before the House for the first time two days ago. It declares itself to be an Act to declare Canada a nuclear weapons free zone. That is something which this Party has favoured historically and which can be proven in the last 20 years of *Hansard*. It was approximately 20 years ago that the Conservative Government of Mr. Diefenbaker was defeated because of its position on keeping Canada a nuclear free zone.

If I may be forgiven for saying so, this Bill does show signs of being given hasty writing or editing. While it says that this Bill may be cited as the Nuclear Weapons Free Zone Act, the explanatory note says that this Bill would declare Canada to be a nuclear weapons free nation. The Bill continues to discuss

such things as flight testing and the production of components therefor, which deals with many weapons. We are left somewhat puzzled as to exactly what this Bill entails.

Making Canada a weapons free zone is a fairly simple operation. I should first point out to those people who are not conversant with this subject that if Canada is made a nuclear weapons free zone, it in no way gives anyone any guarantee that other nations will respect that declaration and decide not to target us in case of a conflict. It does not mean that everyone in the world will say that they will not bomb Canada because it has declared itself a nuclear free zone. Otherwise, each of us would declare our own domiciles a nuclear free zone as well.

Back in 1979, an interesting development occurred. I was Minister of National Defence at that time and I stated that we would move the nuclear weapons that we had out of Canada by 1982. Having taken that position, which is so much in sympathy with the NDP position, they immediately voted us out of office to make sure it would not happen and put the Liberals back in. This was only history repeating itself. They did exactly the same thing in 1963, when Mr. Diefenbaker outlined his position clearly in the House of Commons. He had been to a NATO meeting in Nassau. He said:

• (1620)

I was in Nassau. I formed certain ideas. I read the communique that was issued there and I come to certain conclusions based on that communique. Those conclusions are as follows, and these are the views expressed also by the United States under secretary of state, George W. Ball: that nuclear war is indivisible; that there should be no further development of new nuclear power anywhere in the world; that nuclear weapons as a universal deterrent is a dangerous solution. Today an attempt is being made by the United States to have the NATO nations increase their conventional arms.

Mr. Diefenbaker went ahead with his speech in which he pointed out why they were not going to arm the Bomarc with nuclear warheads in Canada. At that time Mr. Pearson was the Liberal leader and his biographer, who is the present Prime Minister (Mr. Trudeau), as we all know, pointed out that that great Liberal leader, Mr. Pearson had reversed his position entirely and taken a bunch of sheep with him. Going from direct opposition to nuclear weapons, he turned them into a Party supporting nuclear weapons in Canada. That night, after a speech by Mr. Tommy Douglas that I am sure he would not want to have repeated in the House, the NDP once again sided with the Liberals on nuclear weapons and voted the Conservatives out of office.

So the Conservative Party has nothing to be ashamed about in our position on nuclear weapons in Canada. We were in favour of not having them in Canada in 1963 and we lost the Government over that issue. We were in favour, in 1979, of a stated fixed date to get rid of the last of the nuclear weapons that the Liberals had brought to this country, and to have them out of here in 1982. It is now 1983, but thanks to the NDP support of the Liberal position in December, 1979 we were not allowed to go ahead with freeing this country from nuclear weapons.

Bearing that in mind, one looks with a certain amount of skepticism at this latest endeavour of the NDP to take no responsibility for their actions whatsoever, when they keep on bringing this militaristic, nuclear-favouring Government that we have at the present time into office and getting rid of the Conservatives who agree with them that we would like Canada to be a nuclear free nation.

I do not wish to belabour this point. One can be a little bit cynical about the approach that has been taken to date, but it is a very serious problem. The end that I trust we all wish to attain is to see a control of nuclear armaments not only in Canada but in nations throughout the world, and particularly among the superpowers. This Party would suggest to the Government that their first duty is to do everything in their power to approach both the U.S.S.R. and the Americans and persuade them to do their very best to find a way to have an agreement to de-escalate the arms race, to bring it to a stop, and then start reducing the number of nuclear weapons that are deployed in Europe particularly, but all over the world as well.

In line with this, the President of the United States today stated that he was making a new counteroffer, moving away from the zero/zero option that he had placed before the Russians more than a year ago to an offer that he would cut down the numbers of Cruise missiles and Pershing IIs that they intend to deploy in Europe, provided that the Russians would cut down their number of intermediate-range ballistic missiles that they have deployed anywhere in the world to an equal number.

One of the reasons that I wish to sit down before we hear the knock on the door for Royal Assent is that I would like to hear what the Liberal reaction is to this initiative by the President of the United States. The United States has responded to public pressure and to pressure from allies, and I think has taken a very reasonable and forward step to resolving the impasse that both of the protagonists have had for the last six months in not moving one millimetre from their original positions. Perhaps we could then have a more hopeful Easter.

Thank you for the time, Mr. Speaker, and it looks as if my Bill will be discussed a little later than expected this day.

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, rather than go into any partisan discussion on steps being taken to control nuclear weapons concentration, I would like to give the Government's position as it currently exists.

At the end of the World War II the Canadian Government decided not to develop its own nuclear weapons. Ours was the first country with the ability and means to do so which chose instead to devote all of its expertise to the peaceful uses of the atom. We are a member of an alliance which depends for its security on the nuclear deterrent. But the Canadian Forces do not have a nuclear role in NATO's forces in Europe. When the CF-18 is fully operational, replacing the Voodoo, the last nuclear warheads will be withdrawn from Canada.

Although Canada does not itself have a nuclear role either in Europe or, shortly, in North American defence, we are considering permitting the U.S.A. to test a weapons system, the Cruise missile, which can carry nuclear warheads. I would like to explain why.

In the 1970s the United States and the Soviet Union were involved in negotiating the SALT II agreement to limit at equal levels their strategic intercontinental nuclear weapons. At this point the Soviet Union began deploying a new intermediate-range missile into Europe, the SS-20, exceptionally accurate and carrying three nuclear warheads. With a range of 5,000 kilometres, it represented a potential threat to every city in Western Europe. Several Western European Governments feared that, by introducing a new, devastating missile for use in Europe, while it was codifying a balance in intercontinental weapons, the Soviet Union intended to threaten European NATO members and split the defence of Europe from the defence of North America. Chancellor Schmidt of West Germany first drew attention to the danger.

In December, 1979, at the request of the European members of the Alliance, NATO Ministers therefore took their two-track decision. They agreed to deploy 108 Pershing II launchers and 464 ground-launched Cruise missiles each with a single warhead to replace other shorter-range missiles, in order to balance the threat of the SS-20s. Secondly, they proposed negotiations between the Soviet Union and the United States to limit land-based intermediate-range missile systems on both sides.

The Soviet Union initially said it would not take part in the negotiations unless the deployment track was cancelled. However, it subsequently agreed to discussions and negotiations began in 1981. After consultations with its allies, the United States proposed the zero option, to abolish all land-based intermediate-range nuclear missiles on either side. This would clearly be the best result, because it would remove an entire category of weapon.

NATO has always made it clear that this is not a take it or leave it proposition. NATO members have repeatedly said that they are willing to consider any serious Soviet proposal. As the Prime Minister (Mr. Trudeau) told the House last week, we are not certain that the zero option is a realizeable goal. With other allies, Canada has urged the United States to look at a compromise or an intermediate solution, even though the ultimate goal of removing all of those weapons would remain. At the meeting of NATO defence ministers last week in Portugal, they listed the basic criteria for balanced and effective arms control: significant reductions based on equality of rights and limits between the United States and the Soviet Union, no inclusion of third party systems, global limitations so that Soviet missiles would not just be removed from Europe to Asia, no weakening of the USA contribution to NATO's conventional deterrence and defence, and effective verifiability.

• (1630)

Throughout the period of negotiations the Soviet Union has continued deploying SS-20 missiles. When NATO took its two-track decision in December 1979, the Soviet Union had just over 100 SS-20s. Now it has 351, with over 1,000 warheads. These are in addition to over 250 older SS-4 and SS-5 missiles, which have enormous warheads in the megaton range, equal to a million tons of TNT. The Soviet Union has not yet made a serious proposal which would recognize the legitimate security interests of the West. On the contrary, the most recent Soviet proposal would actually leave them with more missiles than they had when the negotiations began, and allow the United States to deploy none.

On February 10, the Canadian Government concluded a framework agreement concerning the test and evaluation of U.S. defence systems in Canada. Under that agreement, specific test and evaluation proposals may be put forward by the U.S. Department of Defense for consideration by the Canadian Minister of National Defence or his representative. If approved, a project arrangement would be concluded between the U.S. Department of Defense and the Canadian Department of National Defence. Canada may refuse any proposal.

When the framework agreement was concluded, we were aware that Canada would likely be approached for a project arrangement to test the guidance system for the Cruise missile. Because this was expected, the framework agreement specified two restrictions on such testing. Cruise missiles shall be unarmed, and any flight corridors for such testing shall be selected to ensure minimum disruption to civil aviation operations and minimum disturbance to persons on the ground.

Ministers have made it clear that if Cruise missiles are tested, the testing would be linked intimately to Canada's security as a member of NATO and NORAD and to Canada's policy on arms control and disarmament. Successive Canadian governments have supported the NATO two-track decision, which called for the deployment of ground-launched Cruise missiles in Europe if the INF negotiations fail. We are convinced that the negotiations will not succeed if the Alliance shows signs of weakness. We cannot accept a result which would require NATO to abandon the modernization of its forces in Europe while the Soviet Union retains its force of SS-20 missiles intact.

Our European allies have volunteered to deploy new missiles on their soil, in order to provide an incentive for the Soviet Union to negotiate seriously in the intermediate-range nuclear force talks. NATO did not take the initiative in introducing this class of weapons into Europe. Its European members do not want ground-launched Cruise missiles or Pershing IIs for their own sakes, but they want Soviet SS-20 missiles aimed against them even less. They are convinced that the only way to persuade the Soviets to remove these or even reduce their numbers, is to prepare to deploy intermediate-range missiles on our side.

Canada will not be providing sites for the missiles. We expect merely to be asked to help with the testing of unarmed versions of the missiles. As the Prime Minister (Mr. Trudeau)

has pointed out, we would be poor members of the Alliance if we said we would not even consider testing the guidance system of the missiles which our allies will be deploying in accordance with a NATO decision which Canada supported.

The United States has not yet formally approached the Government to conclude a Project Arrangement for testing Cruise missiles. Ministers have made it quite clear that Cabinet will have to consider such an arrangement carefully, and that no prior commitment has been given to the U.S.A. Government. In considering the issue, they have also made it clear, however, that one of the major considerations will be the need to support our allies in carrying out NATO's two-track decision.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, Canadians are very conscious of the alarming number of nuclear weapons presently in the hands of the superpowers. They dread the thought that they might one day be used, and ponder over the dangers inherent in the existence of such arsenals. We are all aware of the devastation that would result from a nuclear war. In the face of the uncertainty that exists, many groups and individuals in the West are calling for an end to the development and deployment of new weapons, judging the quantity already in existence to be ample. This applies to strategic weapons as well as the intermediate-range missiles in Europe. Is it possible to accept the status quo in these two areas, and does it make sense to do so?

The governments of the NATO countries have decided to deploy Pershing II rockets and Cruise missiles in Europe as of this year if sufficient progress is not made in negotiations concerning this category of weapons in the coming months. It would have been much easier, in the short term, to pretend that the gigantic armament effort being made by the Warsaw Pact nations, in both the conventional and nuclear areas, was only a figment of our imagination. That is what the European countries did in the thirties. The imbalance that already existed in 1979, when NATO saw the need to react to the massive deployment of Soviet SS-20 missiles, has now become even greater, because the U.S.S.R. has since almost doubled the number of these missiles. Our allies are being held under a constant threat of destruction by more than 350 of these missiles, for which the West has no equivalent.

Canada has always been an advocate of peace, justice and freedom, but it must honour its commitments. The North Atlantic Alliance, of which Canada is a founding member, was formed to avoid a recurrence of war in Europe. Our soldiers who gave their lives for the liberation of Europe must not be said to have died in vain.

The Canadian Government, in accord with the other members of NATO, is very much in favour of verifiable agreements that would limit and then reduce nuclear weapons stocks on both sides, hopefully leading to eventual elimination. However, such an objective can only be achieved if the West shows its determination not to remain indifferent in the face of what might constitute a means of applying considerable pressure. History has demonstrated that it is impossible to bring about a substantial diminution of armaments when the forces of one side outweigh the other's, as is presently the case in Europe. What reason would the side with the greater forces have to destroy or to dismantle the weapons that give it its hard-earned advantage, when no similar reduction had to be made by the other? Aggression is fostered by a state of inequality and a lack of determination, with the appearance of weakness.

Our policy is not one of confrontation. On the contrary, it is the only way open to us in the slow process of nuclear arms limitation and disarmament. It is based on the concept of deterrence, which has given us a hitherto unequalled period of almost 40 years without a major conflict in this region of Europe where military forces of unprecedented size are facing each other. And this is where the real merit of mutual deterrence lies. There can be no recourse to atomic weapons, because the superpowers have the capacity to resist a pre-emptive strike and to inflict on the aggressor a degree of destruction that would obviate the political acceptability of initiating a strike. Nor has there been any use of conventional weapons, which over the two World Wars alone were responsible for tens of millions of deaths and so much destruction.

There were more victims in the bombardment of Tokyo on March 9, 1945 than at Hiroshima; 83,600 deaths and 102,000 wounded, compared with 80,000 deaths and 70,000 wounded at Hiroshima. That is no exoneration of the travesty that happened at Hiroshima. We all hope and pray that that will never be repeated. It will not be repeated if one side, the West, shows weakness in fight in the face of Soviet might. This is the result of the state of mutual deterrence that has gradually established itself between the superpowers and opposing alliances.

The strategy of non-war and non-use of forces can exist only in so far as the fragile equilibrium is maintained. There exists a moral obligation to keep intact the state of deterrence and to negotiate in good faith nuclear and conventional arms control agreements which are balanced and verifiable and which will reduce the arsenals of both sides to the lowest possible level. It is my hope, Mr. Speaker, that both sides in this very important issue, this issue upon which the very survival of our world depends, will in fact be responsible, so that neither side will proceed to the development of any further new weapons, but will put all of their resources which they are now expending on the development of new weapons into the development of a means of peace, the development of a means of reduction of arms, and the development of the means to achieve a world where men and women and future generations can live without the fear of a nuclear holocaust and can have a reasonable hope that the world, as we know it, will survive. We will then be able to truly progress and leave the world a better place for future generations.

• (1640)

THE ROYAL ASSENT

[*Translation*]

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

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

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

And being returned:

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

Bill C-139, An Act to amend the statute law relating to income tax (No. 2)—Chapter 140.

Bill C-144, An Act to amend the Small Businesses Loans Act (No. 4)—Chapter 141.

Bill C-130, An Act to authorize continuing financial assistance to be provided to certain international financial institutions—Chapter 142.

Bill C-141, An Act to amend the Canadian Human Rights Act and to amend certain other Acts in consequence thereof—Chapter 143.

Bill C-143, An Act to provide supplementary borrowing authority—Chapter 144.

Bill S-34, An Act to revive Polyventreprise Ltée and to provide for its continuance under the Canada Business Corporations Act.

Bill C-145, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1983—Chapter 145.

Bill C-146, An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1984—Chapter 146.

• (1650)

PRIVATE MEMBERS' BUSINESS—PUBLIC BILLS

[*English*]

NUCLEAR WEAPONS FREE ZONE ACT

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mr. Anguish that Bill C-678, an Act to declare Canada a Nuclear Weapons Free Zone, be read the second time and referred to the Standing Committee on External Affairs and National Defence.

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Mr. Speaker, I understand that my name was mentioned just before we had word from the other place. At the same time the Hon. Member for New Westminster-Coquitlam (Miss Jewett) was coming to her seat and had anticipated in the usual course of events to be the next speaker. At this time, if it is agreeable, I will allow her to share the time with me and speak first.

The Acting Speaker (Mr. Corbin): Under normal circumstances we alternate. The Hon. Member for Etobicoke-Lakeshore was recognized to make his speech. He either speaks or he does not. He has to make up his mind. Otherwise the Chair will look to the other side and recognize another Member. That is, unless there is a disposition of the House to proceed otherwise.

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Corbin): Is it agreed that the Hon. Member for New Westminster-Coquitlam speak now?

Some Hon. Members: No.

The Acting Speaker (Mr. Corbin): There is no agreement to the proposal put forward by the Hon. Member for Etobicoke-Lakeshore.

Miss Jewett: Thank a lot, chaps.

Mr. Robinson (Etobicoke-Lakeshore): Mr. Speaker, it is my intention at this time to follow up on the comments of the Hon. Member for Hamilton West (Mr. Hudecki) which he made on behalf of the Government.

The primary objective of any arms control and disarmament initiative, including the concept of a nuclear weapons free zone, is to enhance security. The control and reduction of armaments, particularly nuclear armaments, can constitute an integral component of Canada's security policy. The Speech from The Throne at the opening of Parliament in 1980 outlined Canada's balanced and coherent security policy. The Government expressed its commitment to do its full part in increasing the military capability of the North Atlantic Alliance, to provide security for its members, and its dedication to active cooperation in efforts to achieve international agreements on equitable and verifiable arms control and disarmament measures.

For many years Canada's security position has been based on these two essential and complimentary elements. We have sought, through the vigorous and determined pursuit of arms control and disarmament agreements, to reduce the risk of global conflict and nuclear war inherent in a situation where a nation or groups of nations face each other with large and destructive arsenals. We have done this because any such war would not only threaten the survival of all Canadians, given the destructiveness of nuclear weapons, it would destroy most of our civilization. As stated in the 1980 Throne Speech:

Canada's imperative is clear. This Government must continue its strategy to suffocate the deadly growth in the nuclear arsenals of the world. We must, and we will, actively cooperate in international efforts to negotiate agreements on

verifiable means of arms control and disarmament, and seek to rally others to a cause that is no less than human survival on this planet.

• (1700)

But we have to recognize that nations will not lightly give up the security which military strength and modern weapons provide them. For this reason arms control and disarmament agreements cannot be ends in themselves; their objective is to enhance security at a lower level of armaments. Nor can they be achieved easily and quickly. Acceptable and workable arms control and disarmament formulae are not found in the course of negotiations in which one of the parties is at a significant disadvantage vis-à-vis the other in military power. It is for this reason that the other element of Canadian security policy has required close and, in recent years, increasingly urgent attention. This is in the maintenance of adequate forces to protect Canada by contributing to the collective deterrence and defence capacity of the North Atlantic Alliance.

We are determined to do what we can by negotiation to ameliorate the international security environment, mindful always that it will be a long and difficult task and that we must tread warily. We have no choice but to make the effort. The future of our civilization may be at stake. We have therefore tried, and will go on trying, in conjunction with our friends and allies, to prevent an escalation of the nuclear arms race.

Three Canadian priorities in the nuclear arms control and disarmament field are: to support strongly negotiations to limit and reduce nuclear arms; to promote early progress toward the realization of a multilateral comprehensive nuclear test ban treaty; and to promote the evolution of an effective nuclear non-proliferation regime based on the Non-Proliferation Treaty. The Government has attached particular importance to the implementation of Article VI of the NPT, which commits all parties to pursue negotiations in good faith toward the cessation of the nuclear arms race at an early date, nuclear disarmament and a treaty on general and complete disarmament.

Canada continues to pursue these priorities in appropriate international forums and in bilateral negotiations. The Government takes every opportunity to stress the importance it attaches to the negotiations to limit and reduce nuclear arms. We will continue to promote, through consultations with our allies, progress in the START and INF negotiations intended to limit and reduce inventories of both strategic and intermediate-range nuclear weapons.

The priority which Canada continues to attach to the limitation and reduction of nuclear forces and to progress toward a comprehensive test ban reflects the complementary dual approach which the Prime Minister (Mr. Trudeau) set out in his address to UNSSOD II last year. On the one hand, this approach would include progress to implement the strategy of suffocation through agreements designed to inhibit the development of new weapons systems. A comprehensive test ban treaty would be one of the main elements. This approach would be complemented by active pursuit of agreements on qualitative and quantitative reductions in nuclear arsenals through the INF and START talks to achieve a stable nuclear balance at lower levels.

The strategy of suffocation is being actively promoted in international forums, in particular at the United Nations. Moreover, we continue to contribute concretely to more specific discussions which deal with implementing elements of the strategy. Canada has called for the resumption of the U.K./U.S.A./U.S.S.R. talks on a comprehensive test ban. In the Committee on Disarmament in Geneva, we are actively participating in the work toward the realization of a nuclear test ban agreement and in the efforts of the Seismic Experts Group, which is developing an international verification system for an eventual test ban treaty. We have also continued our efforts to effect implementation of the second and third elements of the strategy. Although we are also doing our utmost with regard to the fourth element, agreements to reduce military budgets cannot be concluded until the U.S.S.R. assumes a more open policy with regard to information about its military spending.

As a strong supporter of the non-proliferation treaty, Canada is fully committed to preventing the proliferation of nuclear weapons. The non-proliferation treaty also requires the sharing of knowledge regarding the peaceful use of nuclear technology, particularly to the energy-poor countries of the world. Canada is also fully committed to doing this, but only if the transfer of such nuclear technology is properly and adequately safeguarded. Canada's non-proliferation safeguards policy has been developed to ensure that our nuclear exports do not contribute to nuclear weapons proliferation.

All Candu reactors are fully safeguarded, and operate under strict international controls supervised by the International Atomic Energy Agency (IAEA). Indeed, Canadian safeguards are more comprehensive than those demanded by competing nuclear suppliers. Despite suggestions that these measures are too restrictive, the Government of Canada has consistently resisted pressure to downgrade its requirements.

It should furthermore be understood that nuclear reactors are by no means synonymous with nuclear weapons. Candu reactor technology is designed exclusively for the generation of electrical power. To produce weapons grade materials, the spent reactor fuel must be reprocessed to extract plutonium. This process is technically sophisticated, enormously expensive, difficult to conceal and strictly regulated internationally. In the contemporary situation it is unlikely that sufficient quantities of plutonium could be diverted, reprocessed and a nuclear device constructed without these actions being detected by international authorities. Accordingly, the sale of Candu reactors abroad cannot be equated with the proliferation of nuclear weapons.

Consistent with our non-proliferation policy, Canada has been strongly sympathetic, in principle, to the concept of nuclear weapon-free zones where they command the support of the countries in the area and promote regional and international stability. While we have not considered such zones to be a fully satisfactory alternative to the ratification of the non-proliferation treaty by the countries of the areas concerned, we

do believe that, in the absence of universal or near universal adherence to the non-proliferation treaty and provided certain principles are observed, the creation of such zones can make a significant contribution to the objective of preventing the proliferation of nuclear weapons. Canada has supported United Nations resolutions calling for such zones in Africa, the Middle East and south Asia. We have also backed measures which would consolidate the establishment of a nuclear weapons free zone in Latin America in accordance with the Treaty of Tlatelolco, in spite of Canadian opposition to a provision in the treaty which allows for the explosion of nuclear devices for so-called peaceful purposes.

We believe that, to be effective, such zones must apply to a well-defined geographic area; be based on proposals which emanate from and are agreed to by most countries in the area concerned, including the principal military powers of the area; not give military advantage to any state or group of states; contain adequate treaty assurances and means to verify that all countries abide by the commitment involved; and not permit countries of the area to have independent nuclear explosive capability.

As stated above, the objective of any arms control and disarmament initiative, including the concept of a nuclear weapon-free zone, is to enhance security. The Canadian Government continues to believe in the concept of mutual security—a collective effort to deter aggression or to counter it if it occurs. That is why we are in the North Atlantic Alliance, which is also the framework for the NORAD agreement with the USA. The Alliance relies on a deterrent strategy in which nuclear weapons play an important part. This is unfortunately unavoidable in the world as we know it. The idea of a nuclear weapon-free zone for Canada would be realistic only if the Canadian Government were prepared to withdraw from the Alliance which has served us well and has helped to preserve peace for more than thirty years. The Canadian Government continues to believe that our defence partnership, cooperation and defence production sharing arrangements with our allies make a greater contribution to preserving peace and security than would our withdrawal into the isolation of a nuclear weapon-free zone.

In order to rationalize the defence production arrangements which we undertake in support of our collective security commitments, Canada has, since 1959, participated in Defence Development and Production Sharing Arrangements with the United States and our other Alliance partners. These were undertaken by the government of the day in recognition of the fact that Canada could not continue funding the development of complex and high cost aerospace and electronic systems for the small domestic market.

• (1710)

The decision to develop certain limited sectors of Canadian expertise has proven highly successful. The Canadian defence industry has established itself as a competitive producer of such diverse products as short take-off and landing aircraft, STOL, airborne reconnaissance vehicles, radio communications and flight simulators. The dual military-civilian application of such technology has allowed Canada to become a major competitor in both markets.

Given that such development and production sharing arrangements put Canadian firms in direct competition with well-established foreign manufacturers, often supported by Government subsidies and military procurement programs much greater than those of Canada, the Government of Canada has provided domestic firms with financing assistance to compensate for these disadvantages. The eligibility criteria of this program were expanded in 1968 to include civilian aerospace and avionics projects in recognition of the spill-over from military technology and Canada's increased ability to penetrate this broader market. In recent years this program has increasingly emphasized more profitable civilian production in order to enhance the return to Canadians on their investment.

Litton Systems of Canada Limited was awarded a subcontract by the United States Department of Defence through its parent company in the United States, Litton Industries, to produce a portion of the inertial guidance systems for the Cruise missile. Such production comes under the Canadian-American defence production sharing arrangement and as such is eligible for and has received financial assistance from the Government of Canada. Litton's participation in a small part of the Cruise missile vehicle program should not be taken as a change in Canadian policies instituted at the end of the 1960s to divest our Armed Forces of a nuclear weapon role. However, it is consistent with our joint defence efforts with our NATO allies who rely in part, as we do, on the maintenance of a credible nuclear deterrent against attack from hostile states.

Finally, as is well known, the only nuclear weapons in Canada are the United States air-to-air missiles which enable the CF-101 to play an effective role in the defence of North America. When the CF-18A have replaced the CF-101, this role will be carried out with conventional weapons and therefore there will no longer be a requirement for these nuclear weapons to be held in Canada.

I think my time is almost up—

Miss Jewett: There are other speakers.

Mr. Robinson (Etobicoke-Lakeshore): I think Private Members' Hour has almost expired. In any event I have a few more things to say. I do not know how much time is left. Perhaps Mr. Speaker will tell me.

The Hon. Member has presented Bill C-678 today. It is a very interesting Bill for all of us because the testing of the Cruise missile has received coverage in our newspapers and on television throughout the country today and in the recent past. There is one thing about the matter which really concerns me. The Bill indicates that it would declare Canada to be a nuclear weapon-free zone. My understanding of the Cruise missile and for what it would be used in Canada is that it would be merely to test certain pieces of guidance equipment, and that it would not be armed in any way. Therefore, in my view it is really not a weapon. It is not a weapon in the usual sense in that, so far

as I know and have been advised, there are no weapons whatsoever on the Cruise missile.

Miss Jewett: There will be.

Mr. Robinson (Etobicoke-Lakeshore): There may be, but in reading the agreements I do not think we have any reason not to test this guidance system, the same as we would test guidance systems for other pieces of equipment which were not considered to be weaponry, in this sense being nuclear weapons.

The Hon. Member for Victoria (Mr. McKinnon) suggested that in effect it was unrealistic to have such a declaration that Canada would become a nuclear weapon-free nation, when other nations may not be inclined to comply. If this is something that Canada would be expected to do unilaterally, it certainly would not be very effective. However, if there were some way that Canada in concert with other countries felt the same way, perhaps this could be considered.

The substance of the Bill would apply not only to the testing of the Cruise missile as such or the testing of the guidance system of the Cruise missile. Clause 3 of the Bill reads:

> No person, corporation, government agency or association of any nature whatsover shall develop, test, manufacture, import, transport or store any nuclear weapon, nuclear weapons system, nuclear weapons support system, or any components therefor, within Canada, its territorial coastal waters, its inland bodies of water or its airspace over which Canada has jurisdiction for any reason whatsover, including the defence of Canada or any ally thereof.

It is such a broad, all-encompassing Clause that in effect it would probably mean virtually no testing or development of any kind. In fact, in my view we would not be able to meet our commitments with the United States in agreements we have already signed. It would seem—

The Acting Speaker (Mr. Corbin): Order. Pursuant to Standing Order 24(2), it is my duty to interrupt the proceedings.

Shall all items listed under Private Members' Public Bills preceding No. 458 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

CANADIAN FORCES SUPERANNUATION ACT

AMENDMENT RESPECTING RETIREMENT FOR MISCONDUCT

Hon. Allan B. McKinnon (Victoria) moved that Bill C-658, an Act to amend the Canadian Forces Superannuation Act (retirement for misconduct), be read the second time and referred to the Standing Committee on External Affairs and National Defence.

The Acting Speaker (Mr. Corbin): The Hon. Member for Victoria (Mr. McKinnon) on a point of order.

Mr. McKinnon: Mr. Speaker, thank you very much for recognizing me on a point of order. I have not been waiting for days to have this Bill considered; I have been waiting for years to have it considered and I find myself at the short end of the afternoon. I would ask for unanimous consent of the House that I be allowed to call it six o'clock and have this Bill considered at the next Private Members' day after the recess, so that all those people who wish to contribute to this very important Bill, which really deserves to pass, can be heard.

Mr. Smith: Mr. Speaker, that is a reasonable request. We on this side of the House always try to be reasonable, and we would be glad to accede to it.

The Acting Speaker (Mr. Corbin): Order, please. The House has heard the proposal of the Hon. Member for Victoria to the effect that his Private Members' Bill, Bill C-658, retain its position on the Order Paper and that we call it six o'clock. Is that agreed?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Corbin): Therefore, it being technically six o'clock p.m., pursuant to Standing Order 2(3) this House stands adjourned until Monday, April 11, 1983 at eleven o'clock a.m., pursuant to the provisions of Standing Order 2(1).

At 5.20 p.m. the House adjourned until April 11, 1983, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, April 11, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

SMALL BUSINESS INVESTMENT GRANTS ACT

MEASURE TO ESTABLISH

The House proceeded to the consideration of Bill C-136, Small Business Investment Grants Act, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Deputy Speaker: There are three motions standing on the Order Paper at the report stage of Bill C-136, the Small Business Investment Grants Act. Motions Nos. 1 and 2, standing in the name of the Hon. Member for Winnipeg North (Mr. Orlikow), should be grouped for debate but voted separately. Motion No. 3, standing in the name of the Hon. Member for Mississauga South (Mr. Blenkarn), will be debated and voted on separately.

Mr. Ian Deans (for Mr. Orlikow) moved:

Motion No. 1.

That Bill C-136, Small Business Investment Grants Act, be amended in Clause 3 by striking out line 20 at page 1 and substituting the following therefor:

"obligation for the acquisition of depreciable assets, or the financing of research and development, or to meet operating expenses and owed by him, the Minister may,".

Motion No. 2.

That Bill C-136, Small Business Investment Grants Act, be amended in Clause 3 by striking out line 5 at page 2 and substituting the following therefor:

"the grant is made to not less than ten per".

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, we have had the opportunity of discussing this Bill and the implications associated with it, as articulated by the Members of the New Democratic Party in particular. I want to take a moment or two to refer to the specific nature of these amendments and the reasons for them.

When one looks at the content of Bill C-136, the Small Business Investment Grants Act, one's first reaction is to be supportive, to recognize it as a positive step in the right direction. It is the Government once again recognizing its obligation to assist the small business sector. If there is a sector of our country that has been overlooked by the federal Government, it is the small business sector. If one were to examine all of the various programs that have been implemented over the years to provide some assistance for the business community, and I use the business community in the broadest sense as including the agricultural sector, the fishing sector and the like, one would find that very few programs have been introduced to provide assistance to the small business sector specifically.

Large businesses—the corporate sector, the international business community—have a variety of programs designed to assist and encourage them, but by and large the small business sector has been overlooked, particularly when it comes to assistance that is real to them. Once again, I am afraid, Bill C-136 has missed the mark. It is a Bill that says to the small business sector that if they are interested in expanding their operation, particularly in terms of new equipment, we are prepared to assist them at this time.

• (1110)

Mr. Speaker, I do not expect that there is a single Member sitting in the House of Commons today who feels that the problem the small business sector is facing today is one of adding new equipment to their operation. The problem of the small business sector today is simply one of survival. Small business people across this country at this moment are clinging on by their fingertips on a daily basis waiting for the banks to move in, waiting for the financial companies that they depend on to foreclose.

It is now the spring season when the small business sector traditionally begins to grow and expand its operation and new jobs are created. But I am afraid that is not occurring in the spring of 1983. If you were to sit down and analyze what was happening to the small business sector in every region of this country, the small business sector is disappearing from the Canadian landscape and being replaced by the international chains, by the corporate sector.

Now, one could simply debate in itself whether or not it is to Canada's advantage to have the corporate sector predominating and growing at the expense of the small business community. I do not think there is any question in terms of the long-term viability of our Canadian economy that we have to be paying more attention to the small, family-oriented business, the business that has a commitment to its community, the business that is 100 per cent Canadian owned and Canadian controlled, the business that has a commitment to Canada, to its Province, to its sub-region and to its community. The international corporation does not have that. Its priority is to its shareholders and more often than not to foreign shareholders and to a foreign board of directors. What we are talking about in this particular Bill, a Bill called the Small Business Investment Grants Act, is a minute step in the right direction

and these amendments address two of the significant weaknesses in this Bill.

Let me take a moment or two to talk about those two weaknesses. The problem is that small businesses today have difficulty obtaining funds for expansion, for buying new equipment and new plants. Small businesses today are having problems operating and just simply staying in business. Most small businesses have cut back on their employees, have cut out all of their expansion plans, have closed off whatever sectors they are able to close off, and are left with the bare bones of their small business operation.

• (1115)

Amendment No. 1 says that the Government has an obligation to assist the small business community during these very difficult times in two critical areas. The first critical area and the most important is assistance with working capital. The Minister of State for Small Businesses and Tourism (Mr. Rompkey) is knowledgeable about the plight of the small business community and knows full well that it is lack of working capital that is causing difficulty out there today. I am sure that if he had his way he would support amendment No. 1, so I hope he does get his way. I suspect that it is his Cabinet colleagues who are holding back.

This would cost the Government some money but there is no alternative. If this sector of our economy disappears from the landscape it will mean a further erosion of the economy, fewer revenues flowing into Government coffers and more flowing out in terms of social assistance programs. We must reverse this tide and the way to do that is to provide assistance to those businesses that are having problems with working capital and through the provision of research and development money.

The small business sector of our economy is going to perform the major part in a recovery program for Canada. That is because it is able to move quickly and take advantage of the changing times much more than the cumbersome international corporation can with its inertia of bureaucracy. The small business community is able to dodge and weave, move and twist and turn to take advantage of the changes in our society. We should encourage that, Mr. Speaker. We should encourage the small business community to come up with ideas for research, for opening up new product lines, for new marketing strategies. We should be behind it 100 per cent, but we are not, Mr. Speaker. If we could assist the community with this particular borrowing procedure then we should do so.

We are not doing that, Mr. Speaker, and that is why the Hon. Member for Winnipeg North (Mr. Orlikow) and myself have decided to offer an amendment that would provide encouragement to the small business sector to carry out aggressive policies, from research and development through to production, and to provide assistance to businesses hard pressed for operating capital. It is a step in the right direction, Mr. Speaker.

I should like now to refer to the second amendment, Mr. Speaker. We feel that there is a psychological barrier that must be broken in this country if we are to give a very clear signal to the small business community that we are on side and expect it to lead a major effort in this recovery. That signal is the level of interest that a small business person must pay when he or she approaches the bank for operating funds or for new development lines.

At the moment, the Bill allows that the interest rate could drop to 12 per cent. That is not particularly comforting, Mr. Speaker. As a matter of fact, it is a jolt. The small business community, 900,000 strong, is waiting for an indication of how seriously the Government considers its plight, and the Government is introducing a Bill to allow it to borrow money at 12 per cent for new plant. That is not a revolutionary breakthrough in terms of assistance to the small business community. If someone went to the FBDB or the Royal Bank of Canada or any lending institution now, they could probably get that same rate.

We should give this Bill some guts, Mr. Speaker, and introduce measures that will assist the small business community. One way to do that, as the amendment suggests, is to provide that the rate be 10 per cent. To my mind that is a psychological point. If we can provide money to the small business community at 10 per cent, it will give encouragement to expand; but during these times, 12 per cent offers little incentive.

With those two amendments, Mr. Speaker, we urge the Official Opposition to support us, but, more important, we urge Members of the Government to give a clear signal to the small business community by supporting amendments Nos. 1 and 2. I know the Minister of State for Small Businesses and Tourism would accept them if he has the support of his caucus colleagues.

Hon. William Rompkey (Minister of State (Small Businesses and Tourism)): Mr. Speaker, I just want to make some comments on the amendments proposed by my colleague. I have a great deal of respect for his knowledge of the small business community and the concern that he has expressed not only today but in the weeks and months gone by. He knows, and I know, that we are dealing today with a Bill which was introduced on October 28 and which has had, in my opinion, and I suspect in his opinion also, a far too lengthy passage through this House. In fact, what we are dealing with is an instrument which was brought in at a time when interest rates were high, and we are dealing with it now at report stage and third reading at a time when interest rates have come down substantially from where they were when the instrument was first introduced.

• (1120)

I believe we must ask ourselves, is this the instrument for the future? Do we want a better instrument than this to serve the small business community? I agree with the Hon. Member that a signal must be sent to the small business community. I want to send it and I believe the Hon. Member wants to send it also. Let us send the message today to the small business community that we realize that they are the main piston in the

engine of the economy, which is private enterprise. They are the job creators. Forty-two per cent of all the jobs in Canada are held in small business. If we want to create jobs we must support them. I realize the business community wants working capital. I know they want to plan expansion now. But is this the best instrument now?

I have been speaking with my small business consultative committee from across the country and we have been consulting with other groups which represent the small business community. We hope very soon to put out a small business strategy, which would be the strategy of the Government of Canada for the support of small business. The question is, however, is a Bill which was introduced on October 28, and which is now receiving final disposition today, the best instrument to support small business for the future? I would urge the Hon. Member and the Official Opposition to pass this Bill today because, really, what we are talking about is an instrument which has served over the years. Indeed, the program went into effect without the legislation. The brochures went out very quickly. We were able to use a vote within Industry, Trade and Commerce to support some of the applications, except for those from farmers and fishermen which, by the way, totalled 62 per cent of the applications under the SBIG. Sixty-two per cent of the applications were from farmers and fishermen from all across the country.

I ask for quick disposition of this Bill because it is a measure which expired, according to the period announced in the budget, on March 31. The information was put in the brochures and on the application forms. Everyone was aware publicly that this was a temporary measure while interest rates were high and which was to expire on March 31. I say to the Opposition now that we should deal with this because 62 per cent of those who applied will not be able to receive the money which we have committed to them. I do not know how many farmers and fishermen there are in Mississauga, but there are many across the country who will not be able to take advantage of this measure. There are 4,000 applications made under this program to date. I am urging the Opposition to accept speedy passage of this Bill so that we can keep our commitment to the farmers and fishermen and the other people who have applied under this program. As I say, it was a measure which was introduced when interest rates were high and I believe what we have to look at now is a much more comprehensive strategy for the support of small business.

While I appreciate the point raised by the Hon. Member for Kamloops-Shuswap (Mr. Riis), that working capital has to be supplied, I would remind him, and I know he knows full well, there are instruments such as the Federal Business Development Bank and such as EDP, which indeed do provide for loans for working capital. What I believe we should be focusing on is our normal lending institutions, our normal lending mechanisms and vehicles. This is a temporary measure and we should be looking now to refine our normal lending mechanisms to support small business. I appreciate the fact that he says that interest rates are still high, as indeed they are, for small business, but they are coming down. I believe we should let market forces continue to work so that they will, as I believe they will, come down in favour of small business.

• (1125)

I appreciate the points made by the Hon. Member, but I say to him let us pass this legislation without amendment now because it is a temporary measure which we have used, and let us look to the future for our policy towards small business. Let us refine our existing lending mechanism so that we can give a clear signal to small business that it has to be the focus, as we come out of this recession. We are for them and we are going to put in place those instruments that they need; but this is not necessarily the best vehicle.

Mr. Blenkarn: Mr. Speaker, can the Minister advise us where in the Bill this measure is limited to March 31, 1983. I notice in his blue and green publicity document that it was limited to March 31, but where in the Bill is there any limit on the life of this grant program?

Mr. Rompkey: Mr. Speaker, number one, it was in the budget.

Mr. Domm: Which budget?

Mr. Rompkey: This is a budget measure, Mr. Speaker. It was limited quite specifically in the budget to March 31. So first of all it is a budgetary item; it was also put in the regulations which we had hoped would be passed long before now, of course, and in all the literature which has been made public in connection with this Bill.

Mr. Blenkarn: Mr. Speaker, if it was in the budget, maybe the Minister could tell us where. I have the budget speech here and I do not see where there is a limitation on this program of March 31, 1983. Was it the intention of the Government definitely to limit the program to that date? If that is the case, will the Minister be seeking unanimous consent of the House to amend the Bill so that it will provide only retroactive approval of advances made under this Bill up to and including March 31, 1983?

Mr. Rompkey: Mr. Speaker, I have to repeat the point I made. We are talking about a measure which was developed when interest rates were high. We are talking about commitments which had been made and a program which would finish March 31, with other mechanisms to follow in its place. I urge the Opposition to pass this measure as quickly as possible so that indeed we can keep our commitments. I think speedy passage would be in the interest of those people who have been seeking help and support under this program up until now.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, the Minister's answers point out the very reason why the House should defeat this Bill. I say that because the Government has no intention at this point of using this measure as a grant program to assist small business to reduce interest costs. Indeed, the Government dillied around with Bill C-136,

refusing to bring it on for debate when there was a need for assistance on interest rates. Interest rates have now fallen to the point where the prime rate is 11.5 per cent, so a Bill which subsidizes interest rates to 12 per cent is not much of an assistance program. The fact is that the Government has all of the mileage it wants out of this Bill.

I want to remind the House that the then Minister of Finance, in order to curry the favour of small business, on June 28 last said:

• (1130)

I am announcing an important new program to reduce interest costs for small businesses undertaking new investment. $400 million is being allocated to this program.

The expansion of many small businesses has been halted by high interest rates. Grants will therefore be made to cover four percentage points of interest charges, over a period of two years, on loans extended by financial institutions to both incorporated and unincorporated small businesses.

There was nothing mentioned about limitation of the grants or anything of that nature. The budget was immediately produced and another fancy brochure was produced describing what this Government would do for small business. The small business community knows what the Government has done to small business. It has raped and pillaged small business. It has taxed and regulated it to death and has destroyed it.

Mr. Cullen: Mr. Speaker, I rise on a point of order. I understand that unanimous consent was given to the Hon. Member to ask questions.

Mr. Deputy Speaker: The Hon. Member has been recognized to make a speech.

Mr. Blenkarn: The former Minister continues to rise occasionally in the House without understanding for what purpose he is doing so.

The fact is that the Government's programs for small business have remained largely at the brochure stage. We have seen such brochures as "ABCs for Small Business" and the "Government of Canada in the Small Business Community". Other brochures have been published by DREE along with other documents from various other sources.

In order to understand what the small business community wants, I would like to refer the House to the evidence given by John Bulloch, President of the Federation of Independent Business, to the Committee on Finance, Trade and Economic Affairs on September 16, 1982. At that time he said:

You can get rid of half the grant and aid programs for small business in Canada. They were all created by bureaucrats in response to Ministers' questions. What can I do for small business, they are putting the heat on me? And up comes another program.

There has been no program in this country developed or asked for by us at the provincial level, and there are something like 800 of them. You could scrap half of them. Go back to the tax system, and you can get a lot of financing. If you want to start cutting budgets and cut into the business sector, we will give you all the support. We say you should be making absolute cuts in the cost of Government and cut into the business sector as well as all your other areas. They do not reach the people you want to reach. They are the bureaucratic response to political pressures. They are bubbling up all over the place; they never stop. And we have never asked for anything.

This was said by the President of the Federation of Independent Business and this program represents exactly that. Our colleagues in the New Democratic Party have put forward an amendment which essentially says that if the Government really means it all, then why not make these grants to subsidsize interest to not less than 10 per cent? Those modest Members in the NDP suggest only 10 per cent.

A review of the interest rates in this country shows that while the Bank of Canada rate is 9.5 per cent, the Government has permitted the chartered banks to set their prime rate at 2 per cent above the Bank of Canada rate. That differential is unheard of since the differential between the prime rate and the Bank of Canada rate used to be somewhere between one-half per cent and three-quarters per cent. The Government has permitted that differential to rise to 2 per cent and remain that way for a number of months.

The Government has the authority and responsibility to drive this country's prime rate down and direct the banks to do so. The fact is that the bank prime rates are significantly higher than they should be. There is no justification for a Government that really pretended to want to help small business to produce this Bill and ask for its speedy passage, knowing that it will do nothing for anyone. The Government refers to farmers and fishermen but it does not give us any statistics on the amount of money involved and why they were included in the Bill initially instead of being covered under other appropriate legislation dealing with farmers and fishermen.

The Government has indicated that it will not accept a proposal that would reduce interest rates for small business to 10 per cent. It is inconceivable that this Government of propaganda and puffery should be allowed to get away with it. I hope that the debate today, tomorrow and perhaps another day will allow us to point out the fraudulent and deceitful nature of the presentations we have heard from the Government with respect to small business. The amendments to the Bill call the Government to task. The amendments suggest that if the Government plans to take action, it should do something about inventory and the cost of working capital. It should strive to drive interest rates down to a level where business can begin to make a profit.

The Government does not do this because it would have to pay something for its advertising program. I suspect that the Government has spent about as much money for puffing up this program in its cross-country advertising as it will spend on grants under the program itself. There is nothing like $400 million in grants. We have not heard the Minister or the Government tell us how much money it has committed to this program. However, the committee received some figures back in December, and since they were modest at that time I suspect they will become even more modest as interest rates drop. If Members seriously analyze the advertising and puffery associated with the program, I suspect they would find almost as much money is spent on advertising and puffery as is spent on grants.

Therefore, we are faced with a situation in which we have a Minister who purports to act on behalf of small business. He purports to be the Minister for small business and he comes to the House to ask us to pass his Bill. He does this so he may put another notch in his rifle to show what he has done for the business community. He is a Minister who does not really have any clout, power, desire or energy to act on behalf of small business. He merely enjoys issuing his brochures but does not accomplish anything. If these amendments are not passed, it is proof positive that he will not do anything.

Mr. Gordon Taylor (Bow River): Mr. Speaker, I wish to say a few words in regard to this matter. The Hon. Minister pointed out that the Bill was introduced on October 28, 1982. It is amazing that the Minister advises us today that the Bill expired on March 31, 1983. That was 11 days ago. In other words, we are being asked to pass a Bill which has already expired. Therefore, those people who were waiting for the Bill to pass so that they could apply for grants will now be unable to apply unless the Minister assures us that applications will be accepted under this Bill for a period of three months or six months from the time it has passed. Otherwise, it is utterly unfair. The normal procedure is for people to wait for a Bill to be passed before they make application. Those who would benefit but have not made application to date are completely out of luck unless the Minister makes that change. I think that assurance has to come. Otherwise we are almost wasting our time.

• (1140)

If it is possible, I would like the minister to tell us how many applications have been received to date. It would be interesting to see how many people really believed the legislation would be passed and applied under the Bill. I submit again that it is utterly unfair to bar people from applying for this benefit because the Bill was not passed before March 31. I urge the Minister at least to make this reasonably fair so that people can apply after the Bill is passed. This only makes ordinary, everyday sense.

The Bill is limited. I like the two amendments introduced by our friends in the New Democratic Party. They certainly improve the Bill and they are being debated together. The real problem today is still high interest rates. The 4 per cent remains in the Bill. There is a maximum of 12 per cent, unless the amendment down to 10 per cent is accepted. This means that a person with an 18 per cent interest rate would obtain a benefit of 4 per cent but would still be paying 14 per cent. Someone with an interest rate of 20 per cent—and there are a number of people over that—would obtain 16 per cent. Those with 14 per cent interest rates under the Bill would only obtain a 2 per cent advantage. If the amendments carry, at least these would obtain a 4 per cent advantage.

I realize that it was not this Minister who introduced the Bill, but he is now carrying responsibility for it. I ask him who we are trying to help?

I have just spent a number of days mainstreeting in my constituency. The real problem faced by farms and small businesses—and farms are small businesses as well—is that people are locked into interest rates. They had to renew at 17, 18, 19 or 20 per cent rates; they had no choice. Back in November the present Minister spoke on second reading and mentioned that $400 million was being provided to help with up to 4 per cent of interest, and this is what the Bill indicates, $400 million.

Recently the agricultural Members of the Progressive Conservative Party submitted a proposal to the Government that would cost $100 million, by which we could buy out all those high interest rates from our farmers. We could buy out those 16 per cent to 22 per cent interest rates for less than $100 million and then have the loans refinanced so that they will pay a stable interest rate. If we do something like that, we would be doing something for small business.

This Bill will be a drop in the bucket. It is too little, it is too late; it is only a drop in the bucket. It does not tackle the real problem bothering small businesses today.

I urge the Hon. Minister to bring in amendments. He could do so with the consent of the House. He could bring in amendments that would take $100 million of that $400 million and really do a job by buying out the highest interest rates, because these people really had no choice.

I do not know how many applications have been received, but the normal procedure is that people do not apply until the Bill is passed. We will not help those who have gone into receivership or gone bankrupt. It is too late for them, but we may still help many people to stay on the land and to stay in business.

Surely, if this Bill has any objective at all, it should be to keep our businessmen, farmers, fishermen and all small-businessmen viable. It is small business upon which we depend for jobs. It is small-business people who went out of business. Sure, we lost many jobs through the big boys, those firms which employed from 2,000 to 4,000 people, but many of the two million are unemployed now as a result of small businesses going bankrupt, laying off help, bringing in their wives to help because they could not afford to pay anyone from the outside, and having their children of all ages help in the store and on the farm. That is how some of them remained viable. Some farmers have gone out and worked at other jobs just to keep their farms going.

This Bill will be of help to some, but not to very many if we do not extend the application date. It could be a great deal of help if the Minister would really do a job of buying out the high interest rates and refinancing at a reasonable level.

There are other things which should be done. As the Minister mentioned, the Bill will not solve all problems. It is too bad it was not passed back in November. I really do not know why it was not. I think there would have been unanimous consent on all sides of the House for this Bill to come in. I do not know why it has taken five months, from November to March, when we took time in the House to deal with Bills which the people do not want, such as Canagrex. We wasted two full days. One

of those days could have been used to pass this Bill. To rush it now, I think we have to have assurance from the Minister that people will still be able to make application, those it will help. Let us help as many as we can. The more we can help, the better. If the change I just mentioned is made, it could help a lot more people.

There are many things which should and could be done to help keep small businesses, farms and our fishing sector viable. It would not cost the Government one cent to keep many farms viable. It could simply change a small section of the Western Grain Stabilization Act, where it would make a pay-out in three years instead of five years. It would put perhaps $150 million into the pockets of farmers who are part of the program involving wheat, oats and barley. It would keep them viable.

I know a farmer who on paper today is rich. He is a relatively young man. He went to college. He obtained his Bachelor of Science degree in agriculture. Now he is rich on paper but almost bankrupt because there is no cash flow. This Bill will not help him very much. These people need help.

I see my speaking time has come to an end. Before sitting down I urge the Minister to bring in some measure with real meat in it to help small-businessmen, farmers and fishermen. They need it, as the Hon. Minister knows.

Some Hon. Members: Hear, hear!

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, we are here today to begin debate at report stage on a Bill, as was mentioned earlier by previous speakers, that was introduced for first reading almost six months ago, Bill C-136 respecting the Small Business Investment Grants Act. It formally enacts certain measures that arose out of one of the series of budgets brought down by the Minister of Finance (Mr. Lalonde) or his predecessor to try and repair some of the damage caused by earlier budgets. To some extent it marks a departure for the Government for, like most of its predecessors, it does little good and, unlike most of them, it does little harm either. Perhaps that is a step in the right direction for this Government and one for which we should congratulate them.

• (1150)

As a Bill, what does it purport to achieve? Not very much that I can see. Essentially it empowers the Minister to make regulations, and that is about all it does. At the present time, it is a near totally irrelevant Bill. At a time when interest rates and the measures contained in the Government's many budgets combine to squeeze the life out of small businesses' working capital, it expressly excludes loans for the purpose of providing working capital.

As my colleague from Bow River (Mr. Taylor) mentioned, he was on the hustings during the Easter recess. I too talked to many businessmen in my riding who pointed out the crying need for working capital, asking where they could get money to stay afloat, they are that close to the line. It is no good providing money to firms already in receivership or bankruptcy.

At a time when the Government's measures have made the purchase of new equipment out of the question for most small businesses, it expressly excludes loans for the purpose of buying used equipment. In short, it displays all the foresight and the understanding of the plight of small business that we have come to expect of this Government.

But wait. It goes even further in displaying the Government's firm grasp of the realities of life in the private sector. We on this side of the aisle have for many, many years been harping on the need for providing incentives whereby industry may step up its research and development. Lo and behold, we find that expenditures for research and development, if engaged in by small business and funded by borrowing, are eligible for inclusion in this program.

I do not want to take anything away from those small firms which have been forced to borrow to finance their research and development, but surely wherever possible a company tries to meet these costs out of earnings. Of course, it depends on the definition one applies to research and development, but for the most part it is just not the sort of thing that a company borrows to pay for.

In other words, the inclusion of research and development under the terms of this Act is not the sort of move that is calculated to strengthen and support Canadian research. Rather, it gives the impression that it is an item thrown in at the last minute so as to be pointed at later as evidence of the Government's deep and abiding concern for research and development in Canada. In short, it follows along in the new familiar Liberal tradition of not doing much good, but at least being something to crow about later. I hope, Mr. Speaker, you will excuse the pun in introducing the word "crow".

Surely the country has a right to expect better of its Government at a time like this. What else is new? The Government is tired. It is spiritually worn out and mentally exhausted. This is the best, literally, that it can come up with. How much better it would be for the entire nation if it were to shuffle quietly off to wherever mortally ill Governments, like elephants, go to die.

The classic irony of it all is, of course, that this Bill offers grants to cover interest charges on small business loans down to a limit of 12 per cent. It is all good stuff, except that the current prime rate is only 11.5 per cent. Inasmuch as small business loan rates are one to two points over prime, once again we see the Government just a little out of step with reality.

As mentioned previously, there is no question that businessmen on their own can in all probability negotiate loans without the assistance provided in this Bill. However, that really is of limited importance at the present time because the Bill has already been in effect for at least six months. I suppose that is what upsets me most about this Bill; it is not what it does, which within its limitations is good, even if it could have been done so much better. So, the most upsetting thing is the way in which it has been introduced.

After the measures legalized in this Bill have been in effect for almost six months, we are asked to debate the legislation at report stage. To do so is a waste of time. There are many more important matters that we should be addressing. Most significantly, that it should be introduced in this fashion speaks volumes about the esteem in which this House is held by the Government.

This is the Government and the Party headed by the man who once declared that Members of Parliament were nobodies once they were 50 yards from Parliament Hill. How much more graphically can this opinion be underlined than by enforcing their writ throughout the country without bothering to legalize their actions for almost a year? Their actions tell us much about this Government. They tell us that they are disorganized almost to the point of confusion. Otherwise it would have produced a Bill better calculated to solve the problems it tries to deal with.

The Government tells us that it has an ill-concealed contempt for Parliament, the parliamentary process and ultimately for the Canadian public that this Parliament is elected to represent. Otherwise this Bill would have been dealt with expeditiously with the other budgetary measures when they were still fresh and meaningful. Lastly, it says a good deal about the Government's sense of values and priorities that it did not deal with these budgetary measures earlier, preferring first, for example, to get all the old age pensioners and Family Allowance recipients under the six and five program.

So be it. The Government has shown us its soul by its handling of these matters. It is a *fait accompli*; let us get it over with. However, we and the Canadian people will remember this Government's stewardship, sense of priorities and confusion. It has taken us for granted for too long. If the polls have anything at all to tell us, it is that the voters know this and are waiting.

I am well aware of the Minister's sympathy for small business. As he mentioned, there are a great many small businessmen, farmers and fishermen in his area. He stated that many applications have been submitted. I believe he mentioned 62 per cent, give or take 4,000. I wonder when they are going to be processed. Are not some being processed at the present time even though the Bill has not received third reading? The Minister can hardly say no one is able to take advantage of the Bill without it being passed.

There are many small businesses in my area of Parry Sound-Muskoka crying out for assistance to help keep them afloat and possibly to expand a bit. Needless to say, they want to do this with a more preferred interest rate than is available today. Thank goodness the rates are down considerably from a year ago.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, today I have ten minutes to speak about another example of the Liberal shell game. The Minister responsible for small businesses stood in this House and said that the Bill was introduced at the end of October and, therefore, it is time to get it through the House and passed. He also indicated that the Bill is the result of a budget introduced well over a year ago. The last time I looked at the regulations for Parliament, it was the job of the Government to propose legislation and the job of the Opposition and Members of Parliament to dispose of it.

We heard earlier today from the Minister responsible for small businesses a public admission of this government's failure to act. It is true that we had a budget over a year ago, it is true that interest rates were very high and that small business was hurting because of those interest rates.

A Government interested in action would have brought forward a piece of legislation of this kind immediately and given it a high priority on the parliamentary agenda. It would have passed and it might have done the country some good. However, for the Minister to stand in this House a year later and indicate there is some urgency for its passage when interest rates are down to the level of 12 per cent, which is specified in the Bill, is to admit that the Government of Canada failed to act when action was necessary.

• (1200)

To stand in the House and castigate the Opposition for not acting when action is no longer necessary is the height of hypocrisy. What has the Government done for small business? All it has done is to advertise a set of what looks like positive public intentions. It said to the small business community over a year ago, "You are in trouble when you are borrowing money; interest rates are too high, so we are going to do something about it and aren't we nice guys." Then it did nothing about it.

In that same budget, however, the Government did a lot of damage to small business. It was as if it said: "Over here on the left-hand side is the help. We will advertise the help which we are not delivering. We will say that we care when we really do not." But hidden in the budget and not advertised were measures like the half-year convention which reduced capital cost allowance to 50 per cent of its former level and hurt every small business in this country.

In that same budget, the Small Business Development Bond was turned into a bail-out bond. The Government turned it into a Catch-22 bond where only businesses that were facing bankruptcy would be eligible for Government assistance. They could go to the bank and attempt to borrow money, but those loans were not to be guaranteed by the Government. The bank had to take the risk and, of course, very few loans were granted. There is another source of help that disappeared. The survival bond did not work and the development bond was taken away from small business.

Deferred profit-sharing helped small business people and their employees prepare for retirement and at the same time put increased cash flow into those small businesses. In that same budget the Government took that away. It increased taxes on employee benefits. In other words, in that budget it took immediate action on a number of measures which hurt small business in this country, which made their survival less likely and their profitability almost impossible. As the Government did that, it did not have the courage to advertise those

things; it simply advertised that it was going to help those small businesses. First of all, it forced them to borrow more money and then it would help them with the borrowing cost.

The fact that we are standing in this Chamber today looking at the piece of legislation that was supposed to help a year ago tells us that the Government did not help. It hurt, but it did not help. What is particularly galling, and so common in legislation proposed by the Liberals since my time in this House, is that we get a piece of legislation and we are asked as Parliamentarians to try and amend it perhaps, but ultimately to vote for or against it. It involves the spending of taxpayers' money generally for some presumed positive social purpose. In most pieces of legislation, and certainly in this piece of legislation, you cannot find a single word about what such money is to be used for. What you find is a clause that says the Governor in Council shall make regulations. What that means is that the Cabinet shall decide who, if anybody, gets the money.

Are Cabinet decisions made in public? No. Are Parliamentarians invited to come before Cabinet and suggest what might work for the people in their riding or the people in this country? The answer to that is no. Cabinet decides on regulations in secret. Cabinet decides basically on recommendations that are put forward by civil servants, people who get a salary, who work for the Government, who do not face the threat of layoff, who do not have to meet productivity standards. They advise the Cabinet on what the regulations should be for small business. Where is the democracy in that? Where is the expert knowledge which small-businessmen represent? Who can speak to Cabinet on behalf of the small-businessmen of this nation?

If you look at some of the material which the Government has put out on this particular piece of legislation and its presumed help, you immediately spot the very first example of the lack of understanding that Cabinet and the civil service has of the world of the small-businessman. One of the small parts of this piece of legislation and the regulations which Cabinet is proposing for its implementation is to tell Canadian small-businessmen that if they buy a new piece of equipment, they are eligible for Government help. However, if they buy a used piece of equipment, they are not.

As a small-businessman who belongs to small business organizations and has done so for years, one who meets with small-business people on a regular basis, let me tell you that they are cost-conscious. One of the characteristics of the small-business people of this nation is that they do not have large amounts of money. Quite often their enterprises are sort of "Ma and Pa" operations, family operations with two, three or four employees. When true small businesses in this country of that size need a truck to deliver things in the city, they do not go out and buy a new truck; they go out and buy a used truck. That is the nature of small business. It is important that as the regulations for assistance in an Act of this kind come forward, those in this Chamber, Parliamentarians who are in touch with small business, have a say in where that money should go. It is not right, it is not appropriate, and it is not helpful for Cabinet alone to make those decisions.

Mr. Mel Gass (Malpeque): Mr. Speaker, today I would like to discuss Bill C-136 which will provide the legislation necessary to implement the Small Business Investment Grants Program, the SBIG, as outlined in the June, 1982 budget. This program will provide grants of up to 4 per cent to reduce interest costs to as low as 12 percent for small businesses in Canada.

Before discussing the substance of C-136, I would like to examine the current state of small business in Canada to provide some insight into the necesssity and feasibility of the proposed legislation. Based on the findings released by the Canadian Federation of Independent Business, to date in Canada there are between 700,000 and 800,000 fewer Canadians employed in the small and medium-sized business sector than there were in 1981. Small business has been hard-hit by the economic situation in Canada, which has worsened over the past couple of years. Over 50 per cent of the small businesses in the Canadian Federation of Independent Business have reported cutbacks in employee numbers during the past two years. These people have joined the ranks of the other 1,598,000 Canadians reported out of work as of January, 1983, not to mention the 500,000 Canadians no longer looking for work.

• (1210)

The President of the Canadian Federation of Independent Business has currently been urging the Government to adopt policies to bring down interest rates and encourage new business to be formed and existing businesses to expand. The development of small business is crucial to the country's economy and the sector's health is fundamental to any economic recovery.

Few businesses at the present time are making any plans for increasing their hiring or their investment. On a national basis 66.7 per cent expect to remain at the present employment level, 7.9 per cent reported they would hire additional people this year and another 9.1 per cent said they would rehire workers they were forced to lay off previously, while 8.2 per cent plan to employ fewer workers this year. Fully 82.3 per cent of the respondents to the CFIB survey have taken some measures of restraint, as 51 per cent reduced the number of employees and just under 30 per cent had present employees working reduced numbers of hours per week.

It is very clear to anyone, then, that the economic situation imposed on this country by our present Government has chronically damaged many small businesses in Canada and discouraged many businessmen from developing their own small businesses. The restraint placed on the small business owners and their employees has increased the already high unemployment rate and added to the dismal state of the economy.

Restraint measures, employment cutbacks and reduction of employee hours have occurred in all regions of Canada in

varying degrees. Restraint measures are at a high in British Columbia where firms imposing restraint have reached a level of 88.6 per cent, followed by Newfoundland at 87.1 per cent. In my own Province of Prince Edward Island, the reduction in employees is at a national high of 64 per cent, with the national average being 50.9 per cent, and it ranks third in the area of employee wage restraint in the independent business sector. How can any businessman be expected to have any confidence in the Canadian economy and general economic policies.

The small business community in Canada, with its entrepreneurial and innovative capabilities which can give us new products, processes, jobs and enterprise, is being dealt a heavy blow by our current economic situation and the present Government's economic policies. The desperately awaited business recovery will not occur without concrete and substantial changes in the business environment.

In view of these worries about public policy and the risk of interest rate increases, the responding businesses are making few plans as of now for increasing their hiring or investment. The independent business universe is a quilt of many patterns and colours. It includes many new firms just starting and growing, mature firms which are growing, and businesses which are being drastically changed to meet altered product demands or technological conditions, as well as many stable and mature firms. Interest rates remain a real concern for the small-businessman and they must be assured the rates will stay down before doing any hiring or investing.

The major factors identified as necessary to hire more workers are increased confidence in government policy and consistency and assurance that interest rates will not shoot up again. Businessmen are waiting for concrete and substantial evidence of a real change in governmental direction before committing themselves. They cannot be blamed for that. The small-businessman must ask the federal Government for concrete policies which will ensure him a stable economic recovery.

The hesitation of independent businesses to expand their operations is understandable when we examine the background of cutbacks they have been made to deal with due to our recession—a recession deliberately brought about by the federal Government. Small businesses have been affected by the restraint measures through the reduction in the number of their employees and the reduction of the employees' working hours per week. They have been forced to reduce or postpone wage increases for their employees and have been restricted in growth.

Wage restraints are even more hard hitting for small-businessmen than for their employees. Owners and managers have been forced to take reductions or lower increases in compensation. The largest element of restraint in a small business is in the area of employment. A good percentage of businesses have been forced to reduce the number of employees and, according to a questionnaire issued in January, 1981 and February, 1983, the net change for the respondents was 42,479 fewer employees.

Traditionally the public sector has enjoyed effective job tenure. Recently, however, there have been notices of hiring freezes and even a few layoffs for public sector employees. From the results of a recent informal survey, it would appear that one to two thousand Government workers have been laid off and some 6,000 to 10,000 in CN, telephone companies, hospitals etc. This does not include several thousand casual workers which Governments have not kept on, and doubtless others in the numberless Crown corporations.

A further measure of restraint is the reduction in weekly hours of work for remaining employees. It is striking that just under 30 per cent of all respondents had reduced working hours per week. Laying off workers is a last resort for most firms, both because of concern for workers and because of the cost of recruiting and retraining workers later.

The impact of recession and restraint measures on the small business sector was relatively uniform across the country, yet to the extent that there were variations, the heaviest impact came at each end of the country. The response from British Columbia, Alberta, Prince Edward Island and Newfoundland indicates that about 88 per cent of businesses had imposed restraint measures. Saskatchewan and New Brunswick were at the low end with 76 per cent each. British Columbia and Alberta had experienced more rapid economic growth for several years up to 1982, and had experienced a more rapid relative decline. This was shown in earlier surveys in 1981 and 1982 conducted by the Canadian Federation of Independent Business.

The same regional and provincial differences show up in reduced numbers of employees. In British Columbia and Alberta, 63 per cent and 59 per cent respectively of respondents indicated they had reduced the number of employees, compared to 51 per cent nationally. For Prince Edward Island and Newfoundland the percentages were 64 and 58 respectively. On the other hand, in Saskatchewan only 41 per cent of firms indicated they had laid workers off.

The small business consultative committee has raised a number of concerns in the area of small business. It has approached the present Government, concerned over the current imbalance of debt over equity in the financing of small firms and the role that the Government can play in providing an environment for entrepreneurship and investment in small business. The contribution of small business to the Canadian economy has been a large one. I would like to note some of these, Mr. Speaker. Some 645,000 small businesses account for 42 per cent of business employment and 25 per cent of business' Gross National Product. They demonstrate the entrepreneurial spirit and are the risk-takers to provide productivity to the economy in that some 150,000 business start-ups occurred in 1982.

There have been business failures and this is regrettable. In 1982, there were 10,765 business bankruptcies there were 410 farm bankruptcies and there were 30,463 personal bankruptcies, for a total of 41,638. In 1982, the amount of losses through business and farm bankruptcies was $2.33 billion.

Some of these people will make it back and some will not. But there are survivors—and this is the resiliency of small business.

In conclusion, the small-businessman has faced many obstacles in the path of surviving and expanding. The economic situation and policies of the federal Government have hindered the small-businessman and I would urge that the federal Government take steps to assist the small-businessman in any way it can.

• (1220)

Mr. Scott Fennell (Ontario): Mr. Speaker, it is interesting to note once again that the Minister responsible for this Bill always leaves the House just before I stand up to speak. I notice the former Minister responsible for small businesses is in the House so perhaps he has a greater grasp of the issue than the present Minister.

I would like to comment on a few points raised by the Minister. He indicated that this Bill ran out on March 31. The final Clause of the Bill says: "This Act shall come into force on a date to be fixed by proclamation." That does not mean it runs out on March 31, Mr. Speaker. The Minister is dreaming when he comes up with that one. He said the program was in the budget, but the budget did not mean very much because it was so far off on every number that to add another $400 million does not mean anything to this Government. I am sure they spent the $400 million somewhere else.

I am delighted to see the Minister back in the House. I would like to point out to him that I believe the 42 per cent figure he gave for small business employment is quite inaccurate. Perhaps if you include all the civil servants, all the municipal civil servants and all the other government employees in Canada, he may come close to that figure, but we are talking about the people who produce products and make this country work. Right now there are 1,600,000 people unemployed. Of that number, Mr. Speaker, over 50 per cent are from the small business sector. In addition, we have 500,000 people who have lost their jobs. In my own riding, Mr. Speaker, many former one-man businesses, "Ma and Pa" businesses, with two or three people working within the organization, are out of a job and out of Unemployment Insurance. They are "out" period. I would say, first of all—and there are statistics out on this—that the small business sector provides almost 70 per cent of the total employment. Therefore, the total of the unemployed from the small business sector is probably 70 per cent of the 1,600,000 who are unemployed. This is a very serious matter.

There is a degree of blackmail when the Minister says we must pass this Bill through the House. I cannot see our passing this Bill through the House quickly because it is not a total program. It is another band-aid used to try to patch up something after the fact. They are talking about a 12 per cent interest rate. Perhaps the banks will jump in and someone who has an interest rate of prime plus one will have it increased to prime plus five, and the banks will pick up the 4 per cent from the Government coffers. Therefore, it is a bad Act presented at a bad time. It is not doing a real job. That is the important point, Mr. Speaker.

I do not like the "grants" approach. I find it smells of partisanship. I like economic reasons for doing something. I believe the program should be managed by the banks. They are in the front line. We in Ottawa do not know what is happening in Victoria, British Columbia, or St. John's, Newfoundland. We must have people on the scene. Furthermore, the banks this year are going to show an astronomical profit because they have recovered many losses which they anticipated and which are not going to occur. They had reserves in their books and they are going to recover those reserves. I believe the banks should participate and do their share during a period of high interest rates. They encourage people to come into the market to borrow money to expand when they need to get their money out. When all of sudden interest rates shoot up the fellow they encouraged to borrow money at the beginning is hurt because of the high interest rate policy. I believe that is totally unfair to Canadians, to small businesses, to the "Ma's and Pa's", to the fishermen and the farmers of this country.

I believe the Government is doing a bad job in trying to get out of the mess it got itself into. As an example, the Royal Bank of Canada is saying they will lease the land back to the farmer. I have had probably as much experience as anyone with the problems and hardships of people who have had their land expropriated. What happens to that land when it is tenant farmed is that the barns fall down, the houses are not painted, the land is unkept. It does not work, Mr. Speaker, to have tenant farmers. If the Royal Bank is so keen on putting the farmer back on the farm, then it should give him the farm and take lease payments against interest. Whatever the bank may get is better than what it had before, and it is much better off with an owner on that farm than a tenant because a tenant is not inclined to preserve somebody else's property.

For almost four years I have spoken about this subject, Mr. Speaker. What we need is a total, comprehensive plan for the micro, small and medium-sized industry. The SBIG is only a band-aid. It is not bad legislation, Mr. Speaker, but it does not do the job. It is not meeting the need. During severe times when interest rates go up is when we need relief, and not 4 per cent. We must give stability to our small industry. It cannot afford to go up and down with the Government interest rates, because the Government prints money to solve its problems and issues more bonds and runs into deficits. We need a secure plan to give those people in small industry the security which they require so that they can solve the one major problem we have in Canada, and that is creating jobs. It is jobs that we need. The Minister of State for Small Businesses (Mr. Rompkey) knows that as well as anybody. He comes from an area which is in a tragic condition today. The unemployment situation in Newfoundland is serious and no one knows it better than he.

The Canadian Press wire had some very good points, one being that we need to restore a sound and lasting basis for real economic growth. But you cannot have a sound and lasting

basis with interest rates soaring and then dropping. This situation does not provide this country with any stability.

Second, we also must address, Mr. Speaker, the importance of the entrepreneurial spirit by individual Canadians. This is their country. This country does not belong to this House of Commons, nor does it belong to the civil servants who work in Ottawa. This is the country of the Canadian people and they must be given a chance to establish a lifestyle based on the entrepreneurial spirit which built this country right from the beginning. The intervention by the Government, the regulations imposed, among other points raised by the Hon. Member for Calgary West (Mr. Hawkes), took this away from small businessmen. They must be removed to encourage them. We must encourage youth. These youths coming out of college cannot get jobs; everyone knows that, Mr. Speaker. We must encourage them and give them the opportunity to fund their own businesses, small as they might be. For every business which is born, one out of ten will develop into something which will create numerous jobs throughout this country.

This legislation is the absolute opposite of what is needed. The Government is now trying to patch up all the tax measures which were in the budget. For instance, the 12.5 per cent on small business dividends, Mr. Speaker, is inequitable. Canadians own those businesses! If it wants to adopt the New Democratic Party policy, it should put that tax on the multinationals. I do not agree with that, either. We need those people to create jobs also. I see my time is up, Mr. Speaker.

Mr. Rod Murphy (Churchill): Mr. Speaker, I rise to speak on Bill C-136, which is the Small Business Investment Grants Act, and on the amendments which have been put forward by the New Democratic Party.

The impact of the legislation which the Government has presented to the House is being diminished by the events which have taken place over this winter. When the business investment grant was introduced as a piece of proposed legislation, interest rates were much higher. It is necessary that the legislation the Government introduces reflect the fact that interest rates have fallen to some degree. If this legislation, which is so important to small-businessmen, is to be effective, then I think the amendments put forward by my colleague, the Hon. Member for Winnipeg North (Mr. Orlikow) must be passed by this House.

• (1230)

It is important to realize that there is not really that much legislation passed by this House which helps small business. One piece of legislation with which I am more familiar is the Regional Development Incentives Act. When I was the regional development critic for this Party, I found that most of the money for regional development under the RDIA was going to large businesses. In one recent year over $70 million went to businesses classified by the Government as large businesses, and $20 million went to smaller businesses. For the $70 million to large businesses, 4,690 jobs were created. For the $20 million that went to small businesses, 4,680 jobs were created. In other words, the Government of Canada spent an extra $50 million to help large businesses and created only ten more jobs than it had with the $20 million for small businesses in this country. That demonstrates that much of Government legislation does not help small business. It also points out that small business is very important to the employment of Canadians.

A recent survey done by the Canadian Federation of Independent Business indicated that the current recession has resulted in small and medium sized businesses hiring 700,000 to 800,000 fewer people than they would have in the economic situation as it existed prior to the recession. That is 700,000 to 800,000 fewer jobs because of the recession. So when there is a Government program which is supposed to help small business, it is very important that it actually does.

The two amendments put forward by my colleague do two things. The first one allows small businesses to use this program not only for the acquisition of new equipment but for the acquisition of used equipment and the use of working capital for operating expenses. That is very important, Mr. Speaker, because 66 per cent of small businesses indicate that they are not planning expansion at the present time. Another 12 per cent indicate they will actually be reducing their production over the next little while. Those businesses are looking at economic survival. They do not want to join the 80,000 small businesses that went under last year. They want to stay in business, which means cutting operating and capital expenses. So if they can get a used cash register or scales, or other used equipment, that is a saving which might keep that business in operation. For those reasons it is important that the Government accept these amendments. I hope all Members of this House would support that.

The second amendment offered by my colleague would reduce the effective rate of interest on a loan to 10 per cent from 12 per cent. I think that is a very reasonable amendment, and it reflects the fact that when this legislation was introduced, interest rates were higher. Now, with interest rates lower, I think the Government can afford to decrease the rate so that businesses would have to pay only up to 10 per cent on a loan and still be eligible for the program. I think the Government should do this because this morning we woke up to find out that there were 1,600,000 Canadians officially unemployed in this country.

Mr. McDermid: Over two million.

Mr. Murphy: That means that in reality there are in excess of two million Canadians unemployed. We have heard from small business that they could be providing at least 700,000 or 800,000 jobs, so it is very important that we have legislation in place to help small business. Remember, small business provides about half of the private sector jobs in Canada. It is very important that the legislation we pass in this House actually assists those businesses, farmers and fishermen who qualify under the Act so that they can use this program to hire people, reduce the unemployment and welfare rolls in this country, and increase the purchasing power of many Canadians to get this economy moving again.

I am afraid that if the Government refuses to accept the NDP amendments, then this will be a hollow Act. It will not help very many Canadians. It may produce a lot of public relations, a lot of advertising by the Government as it promotes its program, but it really will not help the people it is meant to help. It will not help the small-businessmen, the farmers and fishermen who qualify. It will not help the 1.6 million unemployed Canadians. Those are very important considerations, Mr. Speaker, and I urge Government Members to support our amendments.

One of the concerns I have in the riding I represent in northern Manitoba is the fact that this Act as it is now presented allows for the purchase of new equipment only. Our amendment, which would allow the money to be used for used equipment or for operating expenses, would help many businessmen in remote communities, not just in northern Manitoba but in northern Ontario, in Atlantic Canada and in other parts of this nation. These are the businesses who have high costs because of transportation, because of their remoteness, because they tend to be dealing with smaller markets than business in communities like Toronto and Montreal. So for them new equipment is quite often out of the question. They are in a situation where they have to look around for used equipment that they can afford. When you have a potential market of only 5,000, 6,000 or 8,000 people in your community, you are not out to buy new equipment or build a new shop. You are there to try and make a few dollars to keep your family and your business going. For those businesses not to qualify under the Act as it now stands means that some of them will be going under in the future, Mr. Speaker. I urge the Government and Government Members to consider the small communities and small businesses who cannot afford new equipment. Remember them when this legislation is passed. Therefore, I urge all Members of the House to support the amendments of my colleague, the Hon. Member for Winnipeg North.

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, I am very pleased to have the opportunity to participate in this discussion on Bill C-136, the Small Business Investment Grants Act. I have been in the House for quite a few years and I thought I had seen a great many absurdities perpetrated by the Government, but I must say this exercise in which we are now engaged seems to outclass them all, for a number of reasons. It was pointed out this morning that this is one of the provisions of a budget that was introduced over a year ago. Of course, we are now urged to pass it quickly so that it can become effective.

• (1240)

As has been pointed out, this is a measure which has already become obsolete because the circumstances which existed at that time have changed and we are now faced with a totally different situation. As well, this measure fails to engage the most pressing problem, which is the need for capital at reasonable rates to assist in weathering the economic storm until the economy is stabilized and ready to move forward. I believe that, at best, the Bill in its present form would have minimal effect and, at worse, would be completely useless. The two amendments which have been proposed and are before the House now would have some beneficial effect if they were to be included in the measure and the Bill was to become effective. As I have said before, I suggest the entire exercise is rather futile because of the economic situation having changed so dramatically since the Bill was first introduced.

For a number of reasons I consider this sector to be one of the most important in our national economy and the most deserving of consideration by the House, not just for a few minutes as suggested by the Minister but for a considerable length of time. First, it is an area of activity that provides almost unlimited scope for the expression and productive investment of individual initiative and enterprise. We are all aware of the fact that there are business and commercial enterprises in which an individual tends to become a cog in a big machine. Possibly, these large operations are essential—which I do not deny—and may be acceptable to some because of the security which they promise. However, there are many people who believe that meaning and purpose in life is found in the establishment of one's own business, farm or fishing operation, as the case may be. Perhaps it is in an area where a service is required, where one can become an integral and vital part of the community. Such entrepreneurs have usually become participants, and in many instances leaders, in the voluntary sector of those communities. Therefore, they not only render a service as far as making a living and providing employment opportunities are concerned, but also in the broader services provided by voluntary agencies.

Furthermore, we are reminded that the small and medium sized business community is the source of possibly 60 per cent of the job opportunities in this country. I believe it has been pointed out that about 42 per cent of that could be classified as small business. It is clear that the contribution that this sector has made is incalculable in terms of personal achievement, service to the community and the nation and job opportunities provided to others.

This road has never been an easy one. From the opening up of this country by venturesome individuals up to the present time, the odds have been many, their risks great and the labour tedious. In the past few years, however, the pressures have been overwhelming and these entrepreneurs have been facing insurmountable difficulties.

As has been pointed out, in 1982 a record 10,765 businesses were forced to close their doors. Business bankruptcies in 1982 were 33 per cent higher than in 1981, 63 per cent higher than in 1980 and 91 per cent higher than in 1979. This has resulted in an ever-increasing unemployment rate, as has been underlined again by the increase in unemployment figures which were just released this morning.

A recent article states that a very substantial percentage of the unemployment roll is made up of those who had previously been employed in the small business sector. In fact, one Hon. Member who participated this morning has placed that figure at approximately 50 per cent. Unemployment is increasing not

only because of an increasing labour force but by a decrease in the number of jobs available. These jobs are disappearing and while this situation remains, make-work or short-term work opportunity and programs will not solve the problems facing us.

I refer Hon. Members to the first page of the summary of a booklet put out by the Federation of Independent Business which points out that this country has not been overly solicitous to the welfare of the small business community. While the Government has outlined great programs and large projects, it has been pointed out in the article that small entrepreneurs have had great difficulty even to survive let alone make their way in their field of activity.

The provisions of Bill C-136 include the farmer and fisherman. We recently saw an example of what the Government thinks about those in the farming sector who, in order to pay their bills and keep their farms intact, take off-farm jobs. Operations are reclassified and moved into a higher tax bracket because they have the audacity to take the initiative and spend more time off the farm to make a little more money in order to pay the bills and keep the farm operating. In some instances, it means that a farmer must sell out in order to pay the taxes being imposed on his operation. It is no wonder that the Government is going down the drain.

There is a growing concern over the Government's bail-out assistance for the Domes, the Fergusons and Maislins, on the one hand, and the "sock-it-to-them" treatment of the little guy on the other. The question is: Is it less important to retain 2,000 employees in many small enterprises than to maintain one or two businesses that employ an equal number? The government's actions, I suggest, have spoken in favour of the latter.

A litany of programs and procedures has been given time and time again in response to charges that the Government is reneging on its responsibility to create and maintain an economic climate conducive to strong and virile business activity. The fact remains that Canada's economic performance has been much worse than practically all other industrialized nations in the world. Apparently there is something drastically wrong which no patchwork operation or band-aid approach will solve. It will eventually come to the point where the Government must introduce a fundamentally different approach that will effectively meet the challenges facing our business community today.

I was pleased to hear a proposal by the Minister this morning, perhaps one of the most interesting proposals he has made, that the Government is working on a strategy that seems to promise some over-all benefits to the business community. I do not know how long it will take to implement that strategy. I suggest that this current situation should constitute a shock treatment to the Government but, unfortunately, instead of taking the initiative in providing the encouragement required, it moves only when it is forced into action and only to the degree that it hopes will make it appear that something is being done.

I appreciate the opportunity to have said a few words about the measure which is before us.

• (1250)

Hon. Jake Epp (Provencher): Mr. Speaker, it is my intention today to put a few comments on the record regarding the Bill before us, the Small Business Investment Grants Act. I will not repeat for preservation of time some of the comments I made prior to the Easter recess when I referred to some of the banking surveys conducted by the Canadian Federation of Independent Business and its suggestion that we should have a better mix of banking. For instance, the Federation related it to the experience in the United States and the relationship to commercial banks, as well as the establishment of local banks. While the risks might be higher, the concomitant effect seemed to be that at least in smaller communities there was a larger incidence of industries established in smaller communities, whereas in our situation we have the larger national chartered banks with a very extensive branch network. We have not quite had the same experience. I know there are other factors which have to be taken into consideration, but I do not have time to get into them today.

Today the unemployment figures show that 1.6 million Canadians are unemployed. In fact, that figure could be higher. I want to put that in context with an average riding, the riding I represent. I took a look at my riding just the other day. Other than one business and one federal Government operation, namely the atomic energy research facility in Whiteshell, every other business would be classified as a small business. When I talk about business in my riding, it is small business, with the exception also of Abitibi Price at Pine Falls which is a large pulp and paper operation. I want to get into that because we deal with the forestry sector as well. By the way, the best benefit which the forestry sector has had is the exchange rate, because it has been favourable for that sector in terms of export. It has not been in terms of the Canadian climate that that sector has been able to survive, it has been because of the exchange rate. I think we should be careful about what we are talking when we talk about small business. We are talking about small-businessmen and women, farmers and fishermen along the east shores of Lake Winnipeg in my riding.

What will the Bill do? I will get to the amendments in a minute, but the Bill will bring into effect a statement made in the previous budget, namely, that up to 4 per cent of interest could be reduced to a minimum of 12 per cent; or, putting it another way, for the borrower a maximum of 12 per cent. The Government will subsidize or give a grant to a maximum of 4 per cent or reduce the rate to 12 per cent. I believe the NDP amendments reduce it to 10 per cent.

My colleague who preceded me always gives us the benefit of his valuable experience. As he indicated, I wonder whether the Bill will have any effect on the small business community. The proposal was more valid at the time it was made in the budget when interest rates were obviously at levels higher than they are today. The question must be asked: Is the Bill simply

fulfilling the Government's promise in the budget? That might be meritorious because we have not seen the Government follow its promises in the past with that kind of keenness. In that sense I commend the Government; but will the Bill have any effect in my riding or in other ridings? The Bill indicates what one can do to be eligible. There is a $400 million ceiling, to be used for new disposable assets or financing research and development.

Last Saturday I received a telephone call from a farmer in my riding. He is trying to survive. When we talk about farmers and small business people, I guess we are talking about the most independent sector in society. They do not like to telephone their Members of Parliament and tell them that they are in trouble. It is not in the nature of these people. As was mentioned already, they are entrepreneurs and they are independent. They make their own decisions and they take their risks, but today we are receiving calls from these people. This gentleman laid out the problems he was facing as an individual farmer. Yes, he made one mistake. His mistake was that he gambled on Canada's economy and its future. That is the mistake he made. Many Canadians have made that mistake, but the difference this time is that with high interest rates he simply has difficulty surviving. In fact, this gentleman has been in farming for some period of time. I am not talking about a small farming operation. He is now on a family budget from the bank in order to retain his farm.

The Hon. Member for Ontario (Mr. Fennell) spoke about tenant farmers. In essence, this gentleman has become a tenant farmer on his own farm. I was shocked when he told me that last year—and I do not have the figure down to the penny as he did—he personally spent approximately $60 on clothing in 12 months. If we drive past his place, we see a farming business and good machinery. The fellow is working like many other farmers, not only from dawn to dusk but later. Not only did the figures hit me, but the fact that he said: "Jake, that I can handle. What I cannot handle is the instability and fear of the future". That is the situation which is being faced.

I respect the Minister as a person and as a Minister. I ask him whether the legislation before us really helps. Does it help this kind of person? If it helps or has the chance of helping a smidgen, it should be passed; I guess that is the rule of thumb around here. But I raise this case because I am sure every Member has similar cases in his or her riding. What are we doing for people who have been the risk-takers? Are we losing risk-takers? What I meant when I referred to them as being independent was that this man did not ask me for a grant. I found that interesting. I said: "Do you want a grant?" He had certain choice words to say about grants, but he said no. That was the essence or summary of what he said, but he wanted some kind of understanding that either a moratorium or a bank arrangement could be made which would allow him to continue farming, retain his dignity, and eventually pay his debts including interest charges. He was not asking for all kinds of forgiveness; he was asking for the opportunity to continue his operation.

I am one of the fellows in the House who argues for the marketplace. I have to ask what arrangements can be made in the public sector so that these people can continue operations outside the grant system. Let us face it, the Government is not in a position to give grants. With $30 billion of indebtedness, the Government is not in a position to give grants. All the Government is doing is borrowing to give grants. The argument is made that we should stimulate the economy even more. How much do we want to stimulate the economy—$30 billion of stimulation federally? How much provincially, another $10 billion? Can anyone on the other side guarantee that if we stimulated it by 10 per cent more we would have a better economy?

May I call it one o'clock?

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock later this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

TOURISM

EMPLOYMENT POTENTIAL

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, the newly released figures on unemployment show that the actual number of those out of work has officially passed the 1.6 million mark. It would be over 2 million if we included those no longer drawing or eligible for benefits. They further reveal that this includes some 620,000 young people.

I have repeatedly stood in this place and pointed out to the Minister and the Government the tremendous multiplier effect exercised by the tourist industry in Canada. I have further pointed out that, because of that industry's wide geographic dispersion, any recovery initiated in and by this sector would have a much more widespread beneficial effect that could be generated in almost any other way. Yet the tourist industry is decidedly pessimistic at the present time.

TIAC, the Tourist Industry Association of Canada, is now predicting that its industry will generate 100,000 fewer jobs in the coming year than in the previous year. What a monument to the Government's economic expertise!

There are steps that could yet be taken to encourage a turn-about in this crucial, and I mean that literally, crucial sector. A major cut back on federal gasoline taxes would be a good place to start.

A new budget has been promised us next week. The Minister should know that we all—for all of our ridings have a significant tourist industry component—are watching and waiting for what the budget will include.

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VETERANS AFFAIRS

DEPARTMENT'S PROMOTION PRACTICES

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, in the Veterans Affairs Branch of the Public Service Commission of Canada there exists a problem which must be brought to the attention of the House and of the Government.

Apparently in the past few years promotions in the Public Service Commission have been based on the "merit principle". The important elements of career service and experience appear to have been eliminated. Decisions for promotions are now made on the basis of a competition. The competition exercise is a subjective assessment by the examiners of the candidates. In the Department of Veterans Affairs this competition takes very little account of the experience of those candidates who are actually veterans and who are in the upper age category. The ensuing result is that nominations for the important jobs of counsellors and supervisors, in the Hamilton area at least, fall into the hands of younger people who have had no history of serving in the Armed Forces and who do not have the benefit of years of experience in handling the problems of veterans.

I am all for giving young people a proper chance to establish themselves in key positions in the Public Service, but there ought to be special consideration given to those Public Servants who actually are veterans, and who can fully relate to the problems of veterans, when appointments as Veterans Affairs supervisors and counsellors are made.

I feel that there is some basic malfunctioning in the system. There is no question that the merit system is most commendable, but there is certainly a need in the Department of Veterans Affairs in particular to take into consideration—

Madam Speaker: Order, please.

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PORTS

EFFECT OF PROPOSED CROWSNEST PASS RATE CHANGES ON PORT OF CHURCHILL

Mr. Rod Murphy (Churchill): Madam Speaker, I rise to speak on the issue of the changes to the Crow rate and how they affect the port of Churchill. One of the rationales given for the desertion of the historic Crow rate in western Canada is that it will improve rail services in the West and help to transport more grain.

S.O. 21

In Saturday's *Free Press* an official of Canadian National Railways, Mr. Doug Campbell, is reported as having told the Manitoba Legislature's standing committee that there were no plans to fix the rail track to Churchill. In addition, he said that there are no plans to prevent the shrinking of the boxcar supply in western Canada. This will result in less cars available for the transportation of grain to Churchill, Manitoba.

Since the Government has found that the only reason for changing the Crow rate is that it will improve transportation and rail services in western Canada, and given the evidence of Mr. Doug Campbell that this will not happen as far as CNR is concerned, I would ask that this House ensure that this Government does not change the Crow rate, but that it keep it there for the protection of westerners, in particular western grain shippers.

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CONSUMER AFFAIRS

GENERIC DRUG MANUFACTURING

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, there is something smelly about the politics surrounding the Liberal Government's imminent resolution of the prescription drug war. I am worried about a real danger facing Canadian consumers. They may soon be paying tens of millions of dollars more than they do now for the price of good health.

A critical question faces the Minister of Consumer and Corporate Affairs (Mr. Ouellet) who must make his recommendation to Cabinet this spring. Will the Government allow Canadians to continue to be protected under Section 41 of the Patent Act so that consumers may still buy generic copies of brand name drugs? Or, will the Government bow to pressure from the world's largest multinational drug companies which accuse smaller Canadian generic companies of piracy, in effect of stealing the rights to drugs which the multinationals spend years and many millions of dollars developing?

The multinationals are mounting an incredibly heavy lobby to get rid of Section 41 of the Patent Act. That is understandable, but who should emerge as key adviser to the Minister of Consumer and Corporate Affairs and lobbyist for the multinational drug companies? Why, none other than a former Liberal Cabinet Minister, the Hon. Martin O'Connell, who worked until last January as a consultant to some major multinational drug companies and also the Pharmaceutical Manufacturers' Association of Canada.

I have some questions I would like to put, if I have the chance later this day, to the Minister of Consumer and Corporate Affairs, such as: will Canadians end up paying anywhere from $100 million to a quarter of a billion dollars more on the cost of prescription drugs because of Liberal Party politics? How much money will Martin O'Connell be raking off—

Madam Speaker: Order, please.

S.O. 21

NATIONAL REVENUE

REFUSAL TO REGISTER MONTREAL CHARITABLE ORGANIZATIONS

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Madam Speaker, there has been a great deal of disillusion and suspicion among certain voluntary charitable groups in Montreal recently which have been refused their charitable registration numbers by the Department of National Revenue. For the most part these are neighbourhood action groups which help low income people, the poor and the aged, and work on local problems. They are disillusioned and suspicious because they know of other groups which have received charitable registration numbers and which, from all appearances are less charitable and more political than they. They are extremely disturbed with the lack of reasonable criteria to determine charitable status and the arbitrary manner in which the Department of National Revenue decides which group is charitable and which is not.

This is extremely urgent since these groups not only will not get charitable registration numbers to collect funds, but are also being refused funds by Centreaid, the United Appeal group in Montreal. I remind the Minister and the Government that it is absolutely essential that the Government be consistent in its policy for granting charitable status. I intend to pursue this at every possible opportunity.

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VETERANS AFFAIRS

BOOKS OF REMEMBRANCE—PLEA FOR PRESERVATION

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, the Government of Canada is planning to change the Books of Remembrance which list the names of those who gave their lives for freedom in the Great Wars, the Korean War, and the Boer War. It is changing them to make them bilingual.

The planned procedure is to take the parchment, scrape off the ranks now in front of the names, and reprint them in the two official languages; scrape off the dates and replace them in the two official languages; scrape off the division numbers and replace them in the two official languages.

These Books of Remembrance are historical documents, and to alter them in any way is to desecrate our Canadian history. If we must have bilingual Books of Remembrance, then print duplicates, but leave these historical treasures as they were originally created.

• (1410)

The President of the Royal Canadian Legion, David Capperauld, and the Legion's 600,000 members have expressed their outright opposition to this move, as have countless Canadian citizens, not because they oppose bilingualism but because they do not want history changed, and this Government is doing just that when it alters books. I call on the Government of Canada to withdraw its plans to alter the historic Books of Remembrance contained in the Peace Tower in Ottawa.

* * *

LABOUR RELATIONS

CONFRONTATIONS AT LEGAL PICKET LINES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, over the course of the last 20 years on a number of occasions I have witnessed confrontations developing on picket lines during a period of time when there was a legal strike. I raised this matter numerous times when I was a Member of the Ontario Legislature, and I raise it here today in the aftermath of an event on the weekend which saw a young man who died because a picket line that had been set up legally was breached by a truck and that young man happened to be in the way.

I want to ask that the Minister of Labour (Mr. Caccia), recognizing the split jurisdiction in labour relations, take a serious look at the problem of having a legal picket line violated by strikebreakers set up in many instances strictly for the purpose of disrupting a legal strike, and look at whether or not it is possible to set an example at the federal level whereby it will be possible for a picket line to be maintained and set up in an orderly way without threat to the lives of the individuals who are there. I think that what has happened is unfortunate, and I note with interest and some degree of satisfaction that the company involved has agreed that, as a result of the accident—

Madam Speaker: Order.

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NATIONAL SECURITY

PROPOSED ESTABLISHMENT OF CIVILIAN AGENCY

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, last month the Solicitor General (Mr. Kaplan) tabled in this House some revealing answers to my questions about the new civilian security agency. In short, the agency does not exist as yet and, I quote, "A date has yet to be fixed for the new agency to become operational".

In 1968 the Mackenzie Royal Commission on Security recommended the establishment of a new civilian agency; thirteen years later, the McDonald Royal Commission, after spending three times as much time and some 30 times as much money, came in with the same recommendation. In August, 1981, the Solicitor General announced the Government's decision to implement this recommendation and to appoint Mr. Fred Gibson as the first boss of the new service. One year later Mr. Gibson was promoted to greener pastures, and was replaced by another seasoned bureaucrat, Mr. Ted Finn.

Today there is no trace of any draft legislation pertaining to this new agency. In the meantime the operations of the RCMP Security Service suffer intolerably, in spite of the pro-forma

denials by the Solicitor General. The Government's inaction is accompanied by a discreet silence on the part of the senior security officials, although no doubt some of them will eventually step forward from the safety of their superannuated status, in the best Canadian tradition of civilian as well as uniformed mandarins. Too bad they would not do it now.

I hope, Madam Speaker, that it will not be too late for a new Government to repair the damage done to our national security by neglect and commission ever since 1968, the year in which the reorganization of our national security was first recommended and the year in which the Trudeau administration began.

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ST. LAWRENCE SEAWAY

WELLAND CANAL LOCKAGE FEES

Mr. Girve Fretz (Erie): Madam Speaker, I rise today to discuss an issue of considerable importance to my riding, that of lockage fees. Although all vessels using the Welland Canal are subject to lockage fees, the fee structure is designed in such a way as to effectively cause smaller boats to pay five times the rate for full-size ones. The position of the ministry on this is that the fees, which can add $3,500 to the cost of a round trip through the Canal, are needed to offset rising costs and falling revenues.

I wonder if the Minister has considered why revenues are falling? Is it because the exorbitant fees are driving many shipowners to switch to land transportation? This sounds like the classic case of the dog chasing its tail. It is a policy which defeats its own purpose. If the authorities wish revenue and usage of the Welland Canal to increase, then they should lower the fees and watch the lakers line up again to get in.

It would appear, then, that larger boats are getting preferential treatment. Why should this be the case? The smaller vessels serve ports and markets which the larger ones cannot touch. Their versatility makes up for their small size. When these ships are priced off the lakes and into the scrapyards, rest assured that the towns which depend on them will suffer. The welders who build and repair boats, the crews who work on them, and all those who rely on the Seaway for their livelihood, will be penalized as a result of the discriminatory lockage fees.

In conclusion, I would ask the Minister responsible to re-examine the lockage fees policy, in light of its harmful effects on the economy of the Great Lakes region.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

INCREASE IN NUMBER OF JOBLESS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, my question is for the Minister of Finance. As he will note, the unemployment figures have been released today and they show the highest level of unemployment ever recorded in this country. What cannot be calculated is the human misery and the human suffering that are involved in those figures.

Last month when the figures came down for unemployment, the Minister of Finance responded to the slight drop in the number of unemployed by saying, "A recovery was taking place in the economy." I would like to ask him what his explanation is this month in that the number of jobless has increased again.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would like first of all to indicate to the Hon. Member that what we have now is maybe the highest number of unemployed in our history but not, as she said, the highest rate of unemployment. The rate of unemployment is lower than it has been as recently as last December.

Second, I would like to point out to the hon. lady that we also have probably the highest number of employed people in Canada at the present time that we have known for a long time, if she is talking in terms of numbers. She should keep these things in perspective.

Nonetheless, the level of unemployment or the numbers of unemployed are a source of great concern to this Government. We took a number of measures in my October economic statement, and I will be addressing this issue again in my forthcoming budget next Tuesday. I hope that the Hon. Member will be satisfied with the measures that will be contained in the budget at that time.

REQUEST FOR INCENTIVES TO HELP CREATE JOBS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, it is not a question of whether or not I will be satisfied. It is a question of whether more than two million Canadians who are out of work will be satisfied.

Some Hon. Members: Hear, hear!

Miss MacDonald: That is the question. The Minister talked about numbers. I would like to point out to him that in the area of long-term unemployed—that is, those who have been unemployed for more than three and a half months—that figure has more than doubled in the last year. It has gone up to almost a million people. These people are out on the street, they are looking for jobs, they are putting in resumes, they are suffering at home, and none of the Government's programs have been of any benefit to them.

Does the Minister have any measures in hand which will provide any kind of assistance to these people through incentives to small business, or by way of wage subsidies or tax incentives that would help the long-term unemployed of whom there are now almost a million in the country?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I invite the Hon. Member to wait for the budget next Tuesday and to find out whether there are measures of the kind she has talked about. I would like to remind her that last month Statistics Canada indicated that employment grew last month by .03 per cent but the total labour force grew by .04 per cent, thereby adding 18,000 people to the number of unemployed, but employment, that is, the number of jobs, grew last month as it grew the month before.

It is interesting in that regard that a number of statistics have been produced by Statistics Canada in the last few weeks that I am afraid my hon. colleague is not aware of, but I do not think I have time in answer to her supplementary question to give all the details.

PLIGHT OF LONG-TERM UNEMPLOYED

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, the Minister does not seem to get the import of what is going on in the country. It is not me he needs to ask to wait. He is asking these two million people to wait; including the one million who have been out of work for three and a half months or more. He is asking them to wait again.

• (1420)

Let me give a specific example of a man who had worked for 25 years. He had a good work record, but has been laid off for eight months. He has filed over 400 applications but has been turned down again and again because his age is against him. He is 49 years of age.

I want to ask the Minister what is happening to people in this category, the long-term unemployed, who can no longer afford to wait, as the Minister says?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I was ready to introduce a budget in March but it was the Conservative opposition that refused to pass the Income Tax Act amendments and delayed refunds amounting to $6.5 billion for over 11 million Canadians. That is what the Conservative opposition did last March. So I have not been waiting. The budget has been delayed through the tactics of the Conservative opposition—

Mr. Nielsen: Rubbish!

Mr. Lalonde: —which delayed tax refunds to thousands and thousands of Canadians. They have delayed the refunds of 6.5 million Canadians. I am glad that those refunds are now taking place in a very expeditious manner.

I should like to remind my hon. friend that in the last few days Statistics Canada has indicated that, according to the latest statistics, industrial production has known the highest rise in more than 50 years. Second, the gross domestic product has had its highest growth in seven years. Third, according to a Conference Board of Canada survey, a record high number of Canadians indicate that they expect the economy to grow in the next six months.

That is the environment at the present time. The statistics on housing indicate that over 177,000 units are available at the current rate at the present time.

These are figures which indicate growth is taking place in the country.

* * *

THE ECONOMY

SIZE OF PUBLIC DEBT

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, my question is directed to the Prime Minister. He is surely aware of the human tragedy caused by unemployment. He must know that youth unemployment stands at over 21 per cent. It must have been 100 per cent predictable that we would encounter these problems when one considers the policies of the Liberal Government over the last 15 years.

For example, Madam Speaker, the national debt is $150 billion. Parliament allocates $18 billion for interest on the debt, and only $1.8 billion for post-secondary education across the land, only $112 million—

Madam Speaker: Order. Order, please. The Hon. Member knows that he should be asking a question.

Mr. Nielsen: Equal time!

Mr. Lalonde: I took the same time she did.

Mr. Thacker: Madam Speaker, surely the young people of this country can look to the Prime Minister, who holds the highest office in the land—

Madam Speaker: Order, please. Order. Does the Hon. Member have a question? He must ask it now. This is Question Period.

Mr. Thacker: How could the Prime Minister have permitted this debt to go so high, and the interest on the debt to mount so high, to the real detriment of young Canadians coming on stream today?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, as far as the question concerning young Canadians is concerned, the Minister of Finance has just reminded the Opposition that the budget will be brought down in eight days. It will be up to the Opposition to judge whether we are making enough efforts and policy initiatives in order to try to alleviate the unemployment problem.

On the matter of interest rates, as the Hon. Member knows, that was debated abundantly in the past year. It was a matter of an interest rate being set in the United States and, because

of the open market between Canada and the United States and the free flow of funds in the United States, it was unthinkable, if we wanted to maintain a reasonable level of the dollar, that we would have an interest rate that was way out of line with that in the United States.

Mr. Thacker: Madam Speaker, I was not talking about the interest rates. I was talking about $18 million to service the debt when less than $100 million goes to agricultural research.

EMIGRATION OF YOUNG PEOPLE

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, in the last few months 40,000 young Canadians have had to leave the country of their birth, a country with fish, forests, and agricultural potential unsurpassed in the world. How does the Prime Minister explain that over 40,000 of our young people have had to leave the country in order to find a better future for themselves elsewhere?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, that is a very general question. One would have to know where these 40,000 Canadians went to. Perhaps some of them were taking the despondent view of Canada's future—

Mr. Nielsen: Following your advice.

Mr. Trudeau: —that is so prevalent amongst the Opposition these days. The Minister of Finance has just indicated that, in terms of growth potential and in the reality of the statistics in the past few months, the gross domestic product, for instance, had been growing at a rate unsurpassed for seven years.

I wish the young people would look at the reality of these statistics rather than at the gloom that is forecast by the Opposition. The Opposition talks as though it would want the Canadian economy to perform badly. It is performing well, and the Opposition is not happy about that, Madam Speaker.

* * *

LABOUR CONDITIONS

LEVEL OF UNEMPLOYMENT—GOVERNMENT POSITION

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, most Members of the House have spent the past week travelling around their constituencies, talking to people. What has become very clear in all regions of the country is that not only is our economic structure being stretched to the breaking point, but so is the social fabric of the country. A human tragedy is unfolding in many homes today as a result of the 12.6 level of unemployment. The Minister has stated on a number of occasions that we have to accept that 12.6 level or thereabouts for the next number of months.

Another leading industrialized nation virtually declared a state of emergency when its unemployement rate reached the unacceptable level, the crisis level, of nearly 3 per cent. When a country, not unlike Canada in many respects, declares—

An Hon. Member: Name the country.

Mr. Riis: Japan is the country I am talking about. When unemployment reached nearly 3 per cent it declared it to be a crisis situation requiring extraordinary measures.

Why must we accept 12.6 per cent for the next number of months, or the immediate future?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, it is not a question of accepting those figures; it is a question of facing reality and what can be done in a realistic and responsible way. I am afraid that my hon. friend has not addressed that in his question.

We took measures in the budget of last June and in the budget of last October, and we are going to take measures in next week's budget. I want to stress to my hon. friend, again, that there are a number of recent indicators that Canada is very much on the way to recovery. Those indicators point to a gradual reduction in the rate of unemployment in the country and a significant rate of growth in the economy. We should take all necessary steps to try to speed up that recovery, nurture that growth, and reduce the unemployement level as fast as we can.

Mr. Riis: Madam Speaker, what becomes obvious, in spite of the Government's attempts to reduce unemployment, is that the number of unemployed continues to increase month after month. No noticeable recovery is taking place.

REQUEST THAT BUDGET INDICATE GOVERNMENT POLICIES

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, in budget after budget, and Throne Speech after Throne Speech, the Government has indicated that it does not know where the country is going. There is no direction in the country. The people of Canada do not know what the Government is attempting to accomplish these days.

I want to ask the Minister of Finance if the budget that will come down in the next few days will give every Canadian in every region of Canada, in every walk of life, a very clear indication of where the country is going in the years ahead, for the first time ever.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am glad the country has not been waiting for the NDP to indicate where they want to take the country. I can tell the Hon. Member that the Government has indicated quite clearly what its strategy was and what its broad thrusts are. The former Minister of Finance tabled a document in the November budget entitled "An Industrial Strategy for the 1980s". The Hon. Member should read that document. It indicated the broad thrust that the Government is pursuing in terms of trying to equip the country with what it requires in order to grow rapidly during the 1980s and to fight the problem of unemployment and to equip the country to compete in the world.

I will address this issue again in my budget next Tuesday. I hope that the answers provided in that budget will be satisfactory to my hon. friend, although that is only a hope, a wish. I am afraid I already know the answer he will give.

• (1430)

Mr. Riis: Madam Speaker, I believe it would be of interest to the people of Canada to know what this industrial strategy is that the Government has in place, particularly when the Minister of Industry, Trade and Commerce says it does not exist and it cannot exist. I believe there is a real problem, Mr. Minister.

PROSPECTS FOR YOUTH

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, my third question refers to the nearly one million young people who, in the next ten weeks, will be entering the job market. They will be competing for jobs which simply are not there. This will make it very difficult, if not impossible, for many young people to return to their studies and training and upgrading programs. In spite of what the Minister has said about the Government's job-creation programs, I would like to ask the Minister why the Government of Canada appears to be turning its back on, and abandoning, its most obvious resource, the young people of our country.

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I think the statement made by my hon. colleague is totally unfounded. The Canadian Government is spending more than $1 billion annually on training young people through its direct training programs, and that does not include the billions of dollars sent to the provinces as our contribution to post-secondary education. These amounts are being spent by the Canadian Government for the benefit of young Canadians. This year, considering the very specific problems facing young people who are about to enter the labour market, and I am thinking particularly of students, we have added another $70 million, thus raising the funding for this summer's Student Employment Program from $100 to $170 million, and recently, the Secretary of State announced an increase of $60 million for the Student Loan Program over the next two years. These are measures that were taken in recent weeks, Madam Speaker, and they clearly indicate our concern for young people and their position on the labour market at the present time, and I expect to be raising this matter again when the budget is brought down.

Before making accusations of the kind he just made, perhaps my hon. colleague would like to look at the facts and at what the Government has done in recent months, and if he does, he will realize that the Government has taken very substantial steps to try to resolve the serious problem of unemployment among young people.

[*English*]

TRUST COMPANIES

LEGISLATION TO INCREASE DEPOSIT INSURANCE LEVELS

Mr. John Evans (Ottawa Centre): Madam Speaker, my question is directed to the Minister of State for Finance. As Madam Speaker will remember, the Minister has introduced legislation into the House to raise the deposit insurance limit from $20,000 to $60,000, as was recommended by the Standing Committee on Finance, Trade and Economic Affairs some time ago. Would the Minister consider moving this legislation forward to the earliest possible date for final passage because, even though it will be retroactive back to January, many of my constituents are expressing great concerns to me, and it is causing some confusion?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, I would like to repeat what I have said on many occasions. The position of the Government is that we are prepared to proceed immediately with passage of that legislation on consent of all Parties. I understand the position of the New Democratic Party is they are in agreement with it. Therefore, we wait upon the Conservative Opposition as to whether they will give consent to the passage of that legislation immediately.

* * *

LABOUR CONDITIONS

INCREASE IN UNEMPLOYMENT AMONG PROFESSIONALS

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is directed to the Minister of State for Economic Development, who will know that unemployment among professional architects and engineers has reached almost 10 per cent. There are 12,000 of these professionals now out of work in Canada, virtually double the number of one year ago, following a dramatic increase in the month of March. This is particularly disturbing since architects and engineers, when they are working, create thousands of jobs for others.

Does the Minister recognize that there is a considerable lag of time between the initiation of new projects and the time it takes for work to trickle down to engineers, architects, contractors and labourers? Does he realize that the lack of new projects on the drawing boards right now means a crisis situation will probably confront unemployment professionals, and others, for some time? And what specific steps is the Minister prepared to take to stimulate a rejuvenation of major engineering projects across Canada?

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, it seems perfectly clear that, in a period of economic slowdown, all sectors suffer. I certainly appreciate the comments of the Hon. Member who himself, as I recall, is an engineer. The point is well taken. It is a matter of concern

to us and it is a matter of concern to the professional associations, which make representations on a regular basis to the Government. But all you have to do is look at the record, Madam Speaker, at the projects which have been initiated by the federal Government to date to see the jobs which have been created in those sectors. Of course, at the same time we must deplore the fact that there are many engineers and architects who are unemployed.

* * *

MINES AND MINING

CYPRUS ANVIL MINE IN YUKON—REQUEST FOR INTEREST-FREE LOAN

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my supplementary question on the problem of unemployment is directed to the Prime Minister, in the absence of the Minister of Indian Affairs and Northern Development. The Government has not yet made any decision on the future of the Cyprus Anvil Mine and the jobs of hundreds of Yukoners. Why is the Government continuing to dither on this matter, bearing in mind that the Minister responsible first pledged help over six months ago, and the latest proposal of March 3 would not require any grant or permanent bailout from the federal Government? Would the Prime Minister at least tell this House, and the people of the Yukon, where he personally stands on the request for an interest-free, fully repayable loan, which would save the livelihood of so many people in the mining town of Faro, Yukon, and, indeed, in all of the Yukon?

[*Translation*]

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Madam Speaker, the Minister of Indian Affairs and Northern Development explained this quite clearly a few weeks ago, when he answered a question on the same subject. The problem is far more complicated than the Hon. Member is inferring. Markets must be found and the material cannot be stored indefinitely. That is why we are taking the time to look into this matter.

* * *

[*English*]

TRUST COMPANIES

LEGISLATION TO RAISE DEPOSIT INSURANCE LEVELS

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is supplementary to the question raised by the Hon. Member for Ottawa Centre and it is directed to the Minister of State for Finance. The Minister will know that the Canada Deposit Insurance Bill was not on the well publicized letter of priority legislation issued by the Government House Leader. Will the Minister raise this issue with the Government House Leader in order to bring forward this legislation and to have the Government treat it with priority?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, what I would like to do is to indicate to the Hon. Member, and to all Canadians, that the position of the Government is that in 25 minutes we would be prepared to pass the legislation at all stages immediately in order to give the benefit of the $60,000 to all Canadians. Why are you fooling around? What kind of games are you playing? You cannot fool Canadians all of the time.

REQUEST THAT LEGISLATION BE GIVEN PRIORITY

Mr. Doug Lewis (Simcoe North): Madam Speaker, my supplementary question once again is directed to the same Minister. Will the Minister make representations to the Government House Leader in order to have this made a priority on the Government House Leader's plate?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, the legislation to which the Hon. Member refers is on the Order Paper. The Government House Leader—

Some Hon. Members: Oh, oh!

Mr. Cosgrove: The Government House Leader has indicated his consent and his agreement that this legislation can be dealt with by this House as a priority, with the consent of the Opposition. Why is the Opposition withholding that consent?

* * *

VETERANS AFFAIRS

REQUEST FOR PRESERVATION OF BOOKS OF REMEMBRANCE

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is directed to the Minister of Veterans Affairs. Has the Minister received a letter from David Capperauld, President of the 600,000 member Royal Canadian Legion, objecting to the alteration of the historical Books of Remembrance of Canada in order to make them bilingual? If so, is the Minister going to support their request not to alter recorded history in this manner and preserve the books as they are? And if not, why not?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Yes, Madam Speaker, I have received a letter from Mr. Capperauld, the Dominion Command President of the Legion. May I say to Hon. Members that a number of months ago I was requested to look at ways and means by which the Books of Remembrance could be brought into greater conformity with the Official Languages Act.

A number of options were looked at, one of which was the possibility of varying the existing books, and in so doing I approached a number of experts in the field. I can tell Hon. Members that the initial response which I received has been

negative. I can also say to Hon. Members that no decision has been made as to any option.

I can also say that it is my intention to examine the options, and I can assure Hon. Members of the House that it is not my intention to proceed with any of the options until such time as I have had an opportunity to discuss the concern of the Legion and of other veterans' organizations and have satisfied them.

I may say to the Hon. Member that I was in conversation this morning with the Dominion Command President of the Legion and we have organized a meeting at the first opportunity to discuss the matter further.

• (1440)

REQUEST FOR COMMITMENT NOT TO ALTER BOOKS

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, that is not good enough.

Some Hon. Members: Oh, oh!

Mr. McDermid: I want a commitment from the Minister that he will not support the alteration of these historic documents one iota.

Mr. Nielsen: Just leave them alone.

Mr. McDermid: They are part of our national historic treasures and, if they are altered in any way, it will be a desecration of Canadian history. Will the Minister give us that commitment today?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, as I have already indicated to the House, the professional opinions we have received concerning the option of altering the existing books would suggest that is not a wise course of action. I am saying to the Hon. Member that there are other options under consideration with respect to bringing the Books of Remembrance into greater conformity with the official languages policy. Those options will be pursued, and the concerns of the Legion and other veterans' organizations will be fully addressed and met.

* * *

CONSUMER AFFAIRS

FREEDOM TO PURCHASE GENERIC DRUGS

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, my question is directed to the Minister of Consumer Affairs, and it comes back to the Martin O'Connell business I raised earlier today.

Is it a fact that the Minister of Consumer and Corporate Affairs in a few weeks will be taking to Cabinet a decision, one way or the other, on whether to allow Canadians to continue to buy generic prescription drugs, a practice strongly opposed by the major multinational drug companies? In addition, has the Government received representations from generic drug companies about the propriety of the minister of Consumer and Corporate Affairs hiring a former Cabinet colleague, more recently a consultant to the multinational commercial drug industry, to advise him on a study of revisions to the Patent Act in which the commercial companies have a strong pecuniary interest?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, this matter is of course being discussed at the present time in other Government departments besides my own, and especially at the Department of National Health and Welfare and the Department of Industry, Trade and Commerce. The provinces have also made representations. I received letters from provincial premiers asking to have the Act reviewed and possibly amended. Before proceeding with recommendations to Cabinet, I thought it would be a good idea to seek advice on the various aspects of this problem. The Hon. Member will agree there is nothing wrong with asking for the views of a former colleague, Mr. O'Connell, whose experience and knowledge of the Canadian pharmaceutical industry are considerable. Mr. O'Connell is giving me his views on the matter. I intend to look at his position and I shall look at other views I shall receive before preparing representations and specific recommendations for my Cabinet colleagues.

[*English*]

HIRING OF MINISTERIAL ADVISER

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, is the Minister of Consumer and Corporate Affairs trying to tell this House that the hiring of a former Cabinet colleague and former consultant to multinational drug companies, to advise on matters which may benefit those companies, does not constitute a clear conflict of interest and an affront to whatever shreds and tatters may be left of the Prime Minister's guidelines? Is he really trying to make us believe that?

[*Translation*]

Hon. André Ouellet (Minister of Consumer and Corporate Affairs): Madam Speaker, the Hon. Member can think whatever he likes, but it is absolutely vital to consider various viewpoints before a decision is made either to amend or not to amend this legislation. There is nothing wrong with asking Mr. O'Connell to advise me on certain aspects of this question. The decision is not up to Mr. O'Connell and will, in the final instance, be my responsibility and that of my Cabinet colleagues. Asking someone who is very knowledgeable about the pharmaceutical field may appear to be wrong in the mind of the Hon. Member, but I am afraid it is so in his mind only, because Mr. O'Connell is advising me on an enormously complex matter that is very important to the Canadian pharmaceutical industry and to consumers of pharmaceutical products in Canada.

I should be glad to hear the views of the official opposition on this matter. Does it want to encourage the Canadian

pharmaceutical industry or does it have no views on the subject at all?

* * *

[*English*]

UNEMPLOYMENT INSURANCE

LEVEL OF PREMIUMS—GOVERNMENT POSITION

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is for the Minister of Employment. On a day when unemployment has reached an ever higher level the Government has issued a report on work sharing, a program which was supposed to prevent lay-offs, but the real impact of which has been to reduce people's income, including the raising of UI premiums last fall. To get on this program you have to take a lower wage, and fully 50 per cent of the people who go on the program are laid off shortly after the program ends.

Will the Minister assure this House that he will not follow the suggestion in the work-sharing report to increase unemployment insurance premiums further?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I think it is important to point out that the evaluation indicated the work-sharing program has received wide support from both the users of the program and the workers in the program itself. Over 90 per cent of the workers and 80 per cent of the employers agreed with and support the program. In fact I should point out that 80 per cent of Canadians who were asked said they would approve an increase in UI premiums for the continuation of the work-sharing program. That is the voice of the Canadians who are speaking to it, because they realize it is very important to save jobs and create a sense of security against lay-offs. That is exactly what work sharing has done in this country; it has provided very major protection for over 260,000 workers during this difficult period.

Mr. Keeper: Madam Speaker, the Minister knows full well that the work-sharing program symbolizes the Government's approach to unemployment, which in fact is to reduce workers' income. I am shocked that he has failed to assure this House that he will not raise unemployment insurance premiums.

INCOME OF WORKERS

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, work sharing has reduced people's income. Going from work sharing to lay-offs reduces them further. Going onto the NEED Program reduces people's income. The policy of the Government toward unemployment has been to reduce the income of those people who continue to work. Will the Minister reject the suggestion in this work sharing report that he reduce the benefits of workers under the UIC which they have collected while on the work-sharing program? In other words, will he stop this practice of reducing the income of people who are working as his approach to unemployment?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Hon. Member is very sadly mistaken. The purpose of this Government is not to reduce people's income; it is to help and protect them, and give them security in the job market. If through the work-sharing program we can help avoid lay-offs, help keep people working and keep their community stable, then that will continue to be the purpose of this Government, a purpose which has obviously been broadly endorsed by all those in the program and the broad number of Canadians who were asked that question.

I did not say we would be increasing the premiums, Madam Speaker. The Minister of Finance has indicated, as have I, that we would like to maintain stability in the UI premium increase. But we must look at the new realities in the job market and take advantage of the opportunities which work sharing provides us in order to help protect workers. I am very surprised, Madam Speaker, that a Member of the NDP would be so critical of a program which has been so helpful in the protection of job security in this country.

* * *

• (1450)

[*Translation*]

FINANCE

POSSIBILITY OF CREATING PERMANENT JOBS

Hon. Roch La Salle (Joliette): Madam Speaker, my question is directed to the Minister of Finance. The Right Hon. Prime Minister asked us earlier to look at the reality. I realize, in considering the unemployment statistics that were released this morning, that the Government has created 29,000 new temporary jobs between October 1982 and March 1983. However, the Minister of Finance will have to admit that Canada has lost 47,000 full-time jobs.

In that case, how can the Minister of Finance, although the indicators would have us believe that an economic recovery is around the corner, how can the Minister, when he sees these figures and these statistics referring to the creation of 29,000 temporary jobs and the loss of 47,000 full-time jobs, how can the Minister still talk to Canadians about this immiment economic recovery?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, perhaps my hon. colleague would like to look at the figures I mentioned earlier, which indicate that consumer confidence is now at its highest level, according to a survey by the Conference Board. Perhaps the Hon. Member would care to note that during the month of January, industrial production experienced its highest rate of growth in fifty years, and that during the same period, our gross national product experienced its highest growth rate in seven years. There are very clear indications that are apparent throughout our economy, including housing starts and increases in automobile sales, and if he

looks at the figures published by Statistics Canada this morning, my hon. colleague will see that employment has increased. More specifically, over 75 per cent of the jobs created during the month of March were for adult male workers, which indicates thet there certainly has been some improvement in this area, where previous months had shown a substantial drop. I feel that from these indicators it is clear that there will be a recovery, and I hope that unemployment will drop in the months to come.

Mr. La Salle: Madam Speaker, it is not the first time the Minister has said that indicators are encouraging. His predecessor also made highly encouraging predictions, but we all know how these turned out, and the Minister should realize that the Government has failed if he looks at the figures that were released. Today, since we are talking about reality, as the Prime Minister said, and more specifically, about the fact that we are losing twice as many full-time jobs as we are creating temporary jobs, could the Minister of Finance inform the House whether in a week's time, he will be able to give some indication and make some commitment with respect to the creation of full-time jobs and not just jobs that actually boil down to welfare or unemployment insurance?

Mr. Lalonde: Madam Speaker, I made it quite clear that in March, employment increased by 0.6 per cent, with double the average benefiting adult male workers. Nearly the entire increase in jobs for adult male workers is due to an increase in the number of full-time, not part-time jobs. Of course there is always a lag between economic recovery and job creation, as there is a lag between the orders that cause production to increase and the company's decision to hire more workers. These lags are normal and understandable.

I hope that the recovery that has now become apparent will, in the coming months, produce these new jobs, as the figures for March seem to indicate. In March, more jobs were created than in February. Unfortunately, there were also more people entering the labour market than in February, and that is why we had an increase of 0.1 per cent. It is our aim, especially through the private sector, to create as many permanent jobs as possible as quickly as possible. That is the Government's position, and I hope that the measures adopted in the budget will be along those lines and that my hon. colleague will realize that as soon as the budget is brought down next week.

* * *

[*English*]

SOCIAL SECURITY

REQUEST FOR REVIEW

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Prime Minister. He indicated earlier that he thought that people should be more optimistic about the future of the country. I agree that the future for Canada is, in fact, great. I am always disappointed when things do not happen.

The Minister of Finance said some time ago that structural unemployment in the future would be higher than we have been accustomed to in the past. Does the Prime Minister think that it might be appropriate to review the current income maintenance programs such as unemployment insurance and the various welfare schemes that are available, and take into account that there will be significantly larger numbers of Canadians who will be seeking employment and unable to find it, but whose needs for a stable and reasonable income will be maintained, and to bring forward some proposals which concern revamping the income maintenance programs in this country as they exist today?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member raises a subject for which I have expressed concern, and I know it concerns other Ministers.

We are faced with a rather contradictory situation since some Provinces seem to be determined, at least one of them, to reduce the social benefits and social net which is available to all Canadians.

There is the problem of an aging population which is being addressed by the Government, particularly in the publication of our paper on retirement benefits. However, I think the Hon. Member correctly links the subject to the problem of structural adjustment. I want to tell him that it is a subject of concern to the Government. It is one that I addressed in my television talks last September and to which I referred again in my speech to the Liberal Convention in November, and one which the budget is very carefully examining.

Perhaps the Hon. Member's points could be expressed during the budget debate when he sees what importance we have given to the need for structural adjustment.

Mr. Deans: Madam Speaker, I think that the child who is crying in the gallery is crying for his or her future.

AGE OF RETIREMENT

Mr. Ian Deans (Hamilton Mountain): While reviewing the problems of employment and income maintenance, which the Prime Minister has said he is already doing, has he considered that the technological change that is occurring simultaneously with the increase in structural unemployment will undoubtedly impact the greatest on younger people?

Has he considered the possibility of shorter work weeks, and earlier retirement with a more adequate level of pension, as a means of ensuring that individuals and their families will not only be able to find employment in their younger years but will also be able to find a sufficient source of income in their older years to allow them to retire and maintain an adequate level of income and standard of living?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member asks if I have considered that. I believe I have done the same type of reading on the subject

that the Hon. Member has been doing recently. He will note that there are other ways of tackling this problem. One is to forbid overtime work to the workers, and it is not certain that we would get easy co-operation from the unions in that regard. I know that the Hon. Member would help persuade them.

Mr. Deans: Unions do not schedule overtime.

Mr. Trudeau: There are many avenues open to us, including some used by some countries of lowering retirement age, and increasing retirement age by other countries in order to be able to finance more easily the funds necessary for the retirement of the increased size of that segment of our population.

We are all concerned with that problem. We are all reading about it. I think it is a bit premature for me to announce any policy change. However, I repeat that we would be happy to hear from the Hon. Member during the budget debate—

Mr. Deans: Will you stay and listen?

Mr. Trudeau: Well, I may not stay and listen if the Hon. Member tells me that he will beat his breast. But it does not mean that his ideas will not make their way into the minds of Canadians who are always attentive to the Hon. Member's thoughts on this subject.

* * *

HOUSING

PLIGHT OF HOME OWNERS WITH HIGH INTEREST RATE MORTGAGES

Mr. G. M. Gurbin (Bruce-Grey): Madam Speaker, my question is directed to the Minister of Finance. Several weeks ago the Minister of Finance suggested that he was prepared to undertake to see that Canadians who are locked into high mortgage rates would be treated in a fair and equitable fashion. CMHC has suggested that perhaps 715,000 Canadians are locked into interest rates above 17 per cent.

In the meantime a representative of one of the major lending institutions has suggested that Canadians are "SOL", simply out of luck, because there is no way they can be accommodated. Does the Minister have any specific program or plan of action to deal with this problem?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have indicated that, according to the figures I have seen, most of these high rates of mortgages related to rather short terms like one year. Many of them are being renewed now at much lower rates.

• (1500)

In addition, there are obviously standard rules about penalties which are understandable if someone wants to get out of a contract into which one entered voluntarily at a particular time. It is important that those penalties not be excessive, however. I have indicated what has been the general or standard practice in that regard which I found to be reasonable.

At the same time, however, there are obviously financial institutions which are in a situation where they are getting their funds in the form of, for instance, guaranteed income certificates that they have issued and for which some people are receiving 16, 17 and 18 per cent interest rates for five years. The same institution cannot issue a mortgage at 13 per cent and pay 17 per cent on guaranteed income certificates. As a matter of fact, this can happen in the same family. I was shown a case where a father had invested in trust company five-year certificates at 18 per cent, and his son had borrowed at 19 per cent. Now the son wants to have his mortgage at 13 per cent but the father does not want to give away the guaranteed income certificates at 18 per cent. There is a problem of balancing between the cost of money and the cost it takes to borrow that money.

* * *

PETITION

MR. TAYLOR—CALL FOR REINSTATEMENT OF CAPITAL PUNISHMENT

Madam Speaker: I have the honour to inform the House that the petition presented by the Hon. Member for Bow River (Mr. Taylor) on March 30, 1983, meets the requirements of the Standing Order as to form.

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. YURKO—LOUIS DAVID RIEL

Mr. Bill Yurko (Edmonton East): Madam Speaker, I rise to present a petition to the House by Joseph Ignace Riel, grandnephew of Louis David Riel. The petitioner humbly prays that this honourable House may be pleased to pass an Act for the purpose of granting Louis David Riel a posthumous pardon. Based on British parliamentary practice, a pardon can be granted by a decree by Order in Council, a Government Bill to which royal consent has been signified, a Private Member's Bill to which royal consent has been signified, or a private Bill to which royal consent has been signified.

[*Translation*]

THE BUDGET

DESIGNATION OF ORDER OF THE DAY

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, pursuant to Standing Orders 64(2) and 64(3), I request that an order of the day be designated to allow the presentation of a budget speech on Tuesday, April 19, 1983.

* * *

[*English*]

QUESTION ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 4,707.

[*Text*]

CANADIAN WHEAT BOARD—ADVERTISING EXPENDITURES

Question No. 4,707—**Mr. Mayer:**

What amount did the Government spend during the calendar year 1982 on advertisements either signed by, or quoting, the Minister of State (Canadian Wheat Board)?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): The amount was $11,496.60.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 4,619 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: The question enumerated by the Parliamentary Secretary have been answered. Is it the pleasure of the House that question No. 4,619 be deemed to have been made an order for return?

Some Hon. Members: Agreed.

[*Text*]

OFFICE OF NATIVE CLAIMS

Question No. 4,619—**Mr. Manly:**

Since the inception of the Office of Native Claims, for each negotiator named by the Office for all claims accepted for negotiation, what was his/her (a) name (b) salary (c) staff allotment (d) duration as a negotiator for the Government?

Return tabled.

[*English*]

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

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

SMALL BUSINESS INVESTMENT GRANTS ACT

MEASURE TO ESTABLISH

The House resumed consideration of Bill C-136, Small Business Investment Grants Act, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs; and Motions Nos. 1 and 2 (Mr. Orlikow) (p. 24327).

Hon. Jake Epp (Provencher): Madam Speaker, I have just a few additional comments that I would like to place on the record regarding Bill C-136. Prior to the luncheon break, the point I was making was that small business, at least in my riding, refers to everyone conducting a business. That includes commercial enterprises and farmers.

An announcement was made today about the number of unemployed in Canada. There is no doubt in the minds of most Canadians that the best way to create employment is through the private sector. One reason I suggest we have lost as much employment and therefore have such a high rate of unemployment is that, as studies show, when businesses are asked whether they cut back—

Mr. Deputy Speaker: Order. I regret to interrupt the Hon. Member but the time allotted to individual speakers at this stage is ten minutes and his time has expired. He may continue with unanimous consent of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Epp: Mr. Speaker, I will not misuse the time the House has give to me. The point I want to make is that when small businesses were asked whether or not they have cut back on employment or have reduced employment, up to 51 per cent said that in fact they had.

In order to create employment we have got to get back confidence in that business community or sector. I say to the Government that its upcoming budget has to address that question; it cannot be done through grants. It should create a climate of confidence and give small businesses a tax regime which allows them to make a profit. They will create the jobs.

That is how we will restore the economy rather than through this program, which in fact time has already passed by in terms of its effectiveness.

Mr. Bill Kempling (Burlington): Mr. Speaker, if the actions of the Government ever equalled its rhetoric, we would probably make some progress in the House. This Bill was introduced for first reading on October 28, 1982. It had second reading debate on Monday, November 8, 1982, and there were four speakers. Here we are on April 11, 1983, continuing report stage debate.

What has happened in the intervening five months? In November, 1982 there were 961 bankruptcies, in December there were 764, in January, 1983 there were 828, and in February, 1983 there were 978. We do not have the March figures available yet, but the projected figure is 1,028 bankruptcies in that month. If we total that up, there were approximately 4,560 bankruptcies in the five months since this Bill which was supposed to help the small business sector in some way was introduced. It is deplorable that a small six-clause Bill which is three or four pages long, with not too much in it, has had to wait so long. It is an indication of the disarray in which the Government is at the present time.

When I look at the Bill I wonder just how realistic it is today. Its purpose is to give a grant in the form of an interest abatement to certain small businesses, an abatement up to 4 per cent to reduce the interest rate paid on the acquisition of assets down to 12 per cent. Thank God bank rates have dropped in that five-month period. So the value of the Bill is somewhat questionable today.

When we look at the restraint measures which the small business community has taken, they are really staggering. Eighty-two per cent of the small businesses surveyed recently have taken restraint measures, 51 per cent have reduced the number of employees they previously employed, 30 per cent of those still employed are working with reduced hours, and 66 per cent of the companies have either reduced or postponed wage increases. Most say that in comparison with what they have done, the six and five program put in place by the Government is too generous. Their action has been one of survival.

• (1510)

What they need now is something to assist the equity crisis they face. They have responded to the downturn in the economy by reducing their staff, cutting inventories and cancelling capital programs. That is the classical way that a small business has to react to this sort of thing.

Now they are faced with a tremendous lack of equity funds. If you talk to most small businessmen who have managed to survive, they will tell you that their earned surplus account, which is the accumulated profits that they retained in their business over the last few years, has disappeared because they needed the funds for operating. Many of them are operating today on the good graces of their bank manager. If tomorrow he is a little nervous about them, they could join the ranks of those either in receivership or bankruptcy.

Aside from the difficulties of the recession and the fact that they have had to cut back their staff and inventories and cancel capital programs, they are faced with a movement in the economy. While there is not too much reduction in the number of unemployed, they see a little bit of blue sky down the road. Those I have talked to do not want to analyze where that blue sky is coming from because a cloud might cast its shadow and it will disappear. However, they feel there may be some light at the end of the tunnel.

When they look around, they feel that if they do make a profit they will be faced with a small business dividend distribution tax of 12 per cent. If they apply to buy capital assets, they still have the capital cost allowance that was included in Bill C-139. That has a disastrous effect on their cash flow. If they try to retain their employees by giving them deferred profit-sharing, that will be wiped out for new plans. They still face a great deal of difficulty in trying to operate their business.

We need an equity program. For too long the small business community has had to rely on the banks. I am not decrying the banks; they have shareholders and they have rules and regulations they have to live by. The fact is that ever since the capital gains tax was introduced, the alternate sources of equity financing for small businesses have disappeared. They have dried up. Consequently, the only place the small-businessman can get term funds today in order to operate his business is pretty well from the banks. That is one change that has to be made.

When the Minister brings down his budget on April 19, I hope he will recognize that fact. I hope he will include in the budget a provision that will allow the small business sector to acquire equity funds from other sources.

The Minister might be wise to look at what the Province of Ontario has done with the small business investment corporations. It gives a 30 per cent tax credit to people wishing to invest in small business as a small business investment corporation. There could be something along that line. A dozen different proposals have been put forward by various small business associations, such as the Canadian Federation of Independent Business. They put forward a number of suggestions for equity planning that will get the small-businessmen out of the banks and into another type of investment funding.

To some extent the small-businessman today is being held hostage. He has to go to his bank. The banks are faced with bankruptcy statistics. They become nervous and do not want to put their shareholders and their operations in jeopardy any more than they are at present. They become nervous and tend to keep a business on a month to month basis. The bank manager says that they will take another look at it next month or the month after. You cannot plan a business on a month to month basis. You need time, projections and many other things.

In the past the banks have traditionally supplied short-term funds. They financed the accounts receivable, giving short-term financing where required. In the normal course of events they were not long-term lenders or suppliers of equity funding for the small business community. That is the area we must move in.

Looking at this Bill, I would venture to say that it could have passed in one day or a day and a half had the Government put any priority on it. Five months after its introduction, we are still dealing with it today and probably will be tomorrow. It will pass and go to the Senate where it will pass in one day because they are told it is a priority Bill. It laid around for five months. Another 4,000 to 5,000 bankruptcies have been recorded by Statistics Canada in that five-month period.

I hope that some of the high-blown rhetoric the Minister used when he introduced this Bill in the first instance and some of the press releases surrounding it will translate into action. We could then go forward with other legislation which would address the problems I have mentioned.

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, while this Bill means well, it is another rather feeble and consequently ineffectual attempt to help small business in a very selective way, without assessing the root cause of the difficulties affecting the whole spectrum of our economic activity. The lack of a proper economic climate, caused by the intervention and manipulative actions of this Government over the years, means that band aid measures are of doubtful value, even though I must say they are welcome.

Before proceeding further in my remarks, the attention of this honourable House ought to be directed to a very important point made by the Hon. George J. McIlraith in the other place on Wednesday, March 30 of this year. He asked the Leader of the Government about the legitimacy of what was being done in continuing this present session without a Speech from the Throne. Personally, Mr. Speaker, like yourself, I have always had great respect for Senator McIlraith and I believe that what he says deserves serious consideration in this Chamber. I am going to put on the record a few of the remarks which he made on that date in the other place. He said:

> Honourable senators, I want to ask a question of the Government in connection with this matter.
>
> Assuming, as appears to be possible and perhaps even probable, that the delivery of the budget on April 19 is based on the continuation of this session beyond that date, could the Leader of the Government please arrange to explain to the Senate, when it reconvenes on the afternoon of the nineteenth, by what right the government is authorized to deliver a budget for the consideration of the House of Commons without having a throne speech?

The Senator was referring to the long established practice of having a reasonable duration of time to outline the parliamentary program. One can only imagine and reflect upon the changes that have been made in the Canadian economy, partly through the intervention and manipulation of this Government since April 14, 1980, and the advisability of struggling along in the same session with this kind of change, without doing the House and the country the courtesy of bringing in a Speech from the Throne. Senator McIlraith went on to say:

> My understanding of the long-established, traditional practice—established well before Confederation and continued ever since—is that the government must submit a throne speech at the opening of a session of Parliament, and then, when it has the vote of confidence from the House of Commons that is required—we are not involved in that procedure here—it is enabled to submit its program for the consideration of that body, and, of course, by us following upon that.

• (1520)

Now, we are dealing with a measure to help small business and we are all looking forward to the introduction of a budget. The whole thing in many ways seems to be putting the cart before the horse. To be dealing with select measures which, as pointed out by the last speaker, really are already partly out of date because interest rates are falling and because of other measures that are perhaps not truly indicative of what has to be done, is really an unacceptable breach of what I would consider this Parliament's sense of order and dignity to be. I just want to put this on the record because I believe that Senator McIlraith has done the country and the House of Commons a great service in demanding some explanation from the Government Leader in the Senate for what he considers, on the basis of his long and distinguished parliamentary career, an unacceptable practice by this Government. I note that Senator Olson in the other place has promised to supply Senator McIlraith with an answer on April 19.

Getting back to this particular measure, it is pretty obvious that it does not do very much for the average small business person. It is also clear that the goal of most small businesses today in this economic climate is to survive and not necessarily to expand. This Bill does not address the question of survival. For one thing, sir, it applies only to new equipment. Many small businesses and farmers very wisely buy used equipment. They do this for different reasons. Sometimes, as you know, sir, used equipment is of better quality and more suitable than new equipment. I have seen, as I am sure many Members of this House have seen in the past, small businesses lured by programs, whether under the Department of Regional Economic Expansion or under previous programs of the Department of Industry, Trade and Commerce, to invest to a far greater extent than really their businesses permit because they are under the illusion that they are getting something for nothing. Therefore, they spend far more money than they had originally intended to spend. As a result, the viability of the businesses they are attempting to improve sometimes goes down the drain. Simply because the Government is so preoccupied in trying to sell new equipment, they forget the very obvious truth that there are many, many businesses in Canada which have large inventories of used equipment which they would be very happy to sell and which in some cases, as I say, would be far more suitable to the aspiring business people who want to use them than the more expensive and sometimes inferior new equipment.

This Bill is also very vague and provides for far too much discretion to be granted to the Governor in Council to make regulations concerning the operation of the program. The only details specified in the Bill are the 12 per cent ceiling and the 4 per cent maximum grant. Also, the right of the Government to

get back money that was granted to those not entitled to the money is there, and the authority to make these regulations is there. My colleague from Mississauga South (Mr. Blenkarn) is proposing an amendment that would require parliamentary approval of all Orders in Council governing the operation of the program. It seems to me that this is a far more advantageous way to go about it than to leave so much uncontrolled discretion in the hands of the Government.

Mr. Speaker, I suggest that while we are waiting for the budget to come in and hoping that the Government will have done something for a change to encourage Canadian businesses, we should look at ways to do something far more imaginative to help small businesses than is encompassed in this rudimentary and very unimaginative piece of legislation.

In the United States of America, I think there are 17 or 18 duty-free ports. Just imagine, with a little bit of initiative, what we can do with a duty-free zone in Nova Scotia, one in New Brunswick and one on the West Coast, where we could establish assembly plants, and also use some of the techniques that the Americans have used with their DISK program. We could export these components, the parts of which we could bring in duty-free. We would not sell them domestically, of course, but we could export them to countries which in many instances would be only too pleased to buy them and it would improve our balance of trade. But this Government does not seem to be interested in taking any fundamental initiatives. It has the idea that you can just continue to put forward band-aid approaches and subsidize people, tell them what to do and manipulate them and hope that something will happen that will cause things to improve.

This Government and the Liberal Party have come a long way from the days when they followed the advice of Adam Smith, when they believed in free enterprise and individualism, when they believed in reform. Now, they have gotten the whole spectrum of our economy so tangled with their interventionist and manipulative strategies and their suffocating regulations that they have defeated the very purposes for which they once stood. This Bill does nothing really except provide some filler for the House of Commons to debate and raise a very few hopes in a carefully selected and very narrow area of business without really addressing some of the causes or offering much hope.

My colleague who just spoke pointed out that it is the banks which are the primary source of funds and they still require a tremendous amount of extra collateral and security for small business. There is nothing in this legislation or in any legislation to help or encourage banks to be a little bit more forthcoming with the kinds of collateral requirement that they need.

Mr. Speaker, I am sure you know many businessmen in your constituency who are sound, who are well set up and financed, and yet whose houses and businesses and inventories are covered by some sort of floating charge or mortgage that really constricts these people if they want to take a chance and get into some kind of related enterprise based on their own good training and business experience.

I do not understand why the Canadian banks are so preoccupied with covering their collateral again and again rather than allowing businessmen to have a little bit of flexibility, particularly when they have built up a good track record. The history of our country is just full of instances where, because of the ultra-cautious nature of Canadian banks and the short-sighted policies of various Governments in the past, Canadians have had to go abroad to develop and prosper. I know of one instance where a prominent businessman was asking a major Canadian bank to finance his initiatives in offshore oil development. The bank studied his proposal and they said to him: "Yes, sir, we will, but you will have to sell your house in Canada and establish a residence in Bermuda, and you will have to do it offshore. On that basis, we will finance you."

Mr. Speaker, I do not know how you feel about it but as a Canadian it makes me sick to see the kind of evasions and manoeuvres that have to be taken by a Canadian who wants to get involved in developing his own country but has to go offshore, with the co-operation of Canadian banks, to do it because of the unimaginative tax policies and the business constrictions that this Government keeps imposing.

• (1530)

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I am pleased to be able to speak this afternoon on the Small Business Investment Grants Act. It provides for an interest grant of up to 4 per cent per annum for two years to be paid to lending institutions on behalf of the borrower by the federal Government on loans made to eligible small businesses for specified purposes.

This temporary program, which has a ceiling of up to $400 million, is designed to reduce the cost of borrowing for the acquisition of certain new depreciable assets or for the financing of research and development.

I think the foregoing is the key to the Act and is important when discussing the amendments we have offered. The Bill was placed before the House in October 1982, when it was sorely needed.

Our first amendment would have the effect of allowing the grants to be applied to loans for operating expenses and other requirements. The second amendment would reduce the interest rate to 10 per cent, rather than 12 per cent. These two amendments were placed before the House on November 23, 1982, when they were sorely needed to help small business to survive. They are needed even more today.

At the present time, in April of 1983, 5,000 bankruptcies later, the need for the Bill has been reduced considerably. A lot of small businesses and farms have already gone down the drain. The need has also been reduced considerably because interest rates have come down. Instead of the 4 per cent reduction provided in the Bill, 2 or 3 per cent would probably be sufficient. Very few of the businesses that are still around hope or intend to expand.

There is still a need for our amendments, however. The events that have occurred in the economy since last October prove the validity of those amendments. The money is not

needed for expansion but for survival, and therefore should be provided to the small businesses at a rate as low as is possible.

What we have here is another case of the Government failing to act when action was needed. Now it is ready to act when the cost will be less. But even if the Government decides to act now, it has not taken cognizance of its own research and studies which have cost the taxpayer two years of time and approximately $2 million. This was the cost of the small business financing review which indicated the need for financing small businesses and the need for lower interest rates if they are to survive.

The Government assures us that the Bill will solve the problem of small business. It has not defined the problem as survival, however, but only as expansion or research. If the problem is survival, let us remember that during this recession small and medium-sized businesses have released 700,000 or 800,000 employees. That is a major portion of the number of unemployed people in the country. The Government offers small business slightly reduced interest rates for expansion and research and, by those terms, has excluded over 66 per cent of the small businesses which may need money but cannot get it at a reasonable rate as things stand. These figures come from a survey conducted by the Canadian Federation of Independent Business.

The amendment put forward by the Hon. Member for Winnipeg North (Mr. Orlikow) would provide money at a more reasonable rate. The philosophy behind this kind of assistance needs to be examined. For instance, in Saskatchewan a Tory Government has been in office for one year. Recent Statistics Canada figures show that in Saskatchewan there are now 40,000 registered unemployed people. That is not counting the 12,000 who have returned to the farm and claim that they are farming. It is an increase of 14,000 people over the number unemployed a year ago, or a jump of 54 per cent in one year. This is the situation in a Province where the Government promised to bring the children home to good jobs and prosperity.

Other Provinces have not fared quite so badly, but the Governments of Saskatchewan and Alberta and the federal Government are adopting the same kind of philosophy—to help out the big corporations by reducing royalties and inviting them to invest, while giving very little important help to small business, farmers and fishermen. They are given only token support, Mr. Speaker.

That is exactly what this Bill offers—token support in an area where more than 66 per cent of businesses cannot use it. Unless the Government accepts our amendments, the value of the Bill is negligible. Why is it that when the Government claims it is going to do something for small business or to assist people, it throws in conditions which make it impossible for them to take advantage of the offer?

For instance, over the last year there have been a number of programs designed to help people in dire straits. However, if a small businessman wants to apply for a Small Business Bond, a bank can claim that he is not a good risk and refuse to lend the money. If he is not in dire straits and the bank would lend him the money, then the Government says it would not advance money because he is not in dire straits. Obviously, if the bank would lend him money, he is not in a bad enough condition to need the money.

Until a few months ago, farmers who tried to get money from the Farm Credit Corporation faced the same dilemma. If they were not in dire straits they could not get money; if they were in dire straits, they could not get the money because they were not considered a good risk.

Could it possibly be that the Government is incompetent? Let us hope that if the Bill passes with our amendments, it will work well to support small businesses through the recession.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, Canada is a nation of small business. There are well over 1 million such enterprises in the country. They are the lifeblood of the nation and employ in the vicinity of 2.5 to 3 million Canadians. That is approximately one-fifth of the labour force.

These businesses account for something like 25 per cent of the Gross National Product, so when the Canadian small business sector thrives, the whole country thrives; when the small business sector falls upon hard times, so do hundreds of thousands of individual Canadians. That is what we see at the present time. In fact, it is what we have seen for the past couple of years. No sector of our society has been hit harder by recent ill-conceived and ill-timed economic policies initiated by the Government than has the small business sector.

I say that because I think it is unfortunate that this has happened. The Government, having no consideration for this sector, having no forethought about what might happen, did not foresee the blows it would hammer upon the small businesses of this country. Its misguided high interest rate and its disastrous budget of November, 1981 dealt devastating blows to the small business sector of this country. About 80,000 small businesses have either gone into bankruptcy, into receivership or into insolvency as a result of these measures, Mr. Speaker.

• (1540)

Just recently the Canadian Federation of Independent Business carried out a survey on what kind of impact these measures have had on the small business sector. They found that roughly three-quarters of a million Canadians—roughly one-half of the total of those who are out looking for work today—were laid off by small and medium sized businesses in the last year. That was reported, Sir, in the Ottawa *Citizen* of March 23, when the details of their survey were released. In *The Globe and Mail* business supplement of March 25 there was further comment about the survey which had been carried out by the Canadian Federation of Independent Business. They had this to say, and I quote:

> The survey showed that 51 per cent of the responding businesses had reduced the number of their employees since early 1981. Few had plans for increasing hiring or investment. Nationally, 66.7 per cent expect to retain present employment levels, 9.1 per cent would be rehiring laid-off workers, and only 7.9 per cent would be hiring additional people.

The picture on investment intentions was similar: 61.2 per cent planned no change, 8.8 per cent planned to bring investment back to pre-recession levels, 11.2 per cent planned decreases, and only 11 per cent planned increases.

In other words, Sir, what the Canadian Federation of Independent Business was able to establish very clearly from the data of this survey was a reflection of the doubts and suspicions which the business sector has toward this Government, doubts and suspicions, which, I may say, are very well founded. I have talked to a great many business people, both in my own riding and elsewhere in the country, about their concerns, about the pressures and the tensions and the worries to which they have been subjected as a direct result of this Government's high interest rates policies, of the reluctance of the chartered banks to provide any kind of relief to those who find themselves in difficulty, and of the continuing uncertainty which they face as to what blows the Government will be aiming in their direction next.

The budget of November, 1981 and its regressive tax measures has deeply scarred the business community of this country, not just businesses as such, not just the business sector, but the individuals who work within that sector. The budget of June, 1982 followed. It did very little to reassure the small business community that this Government knew where it was going. Oh, yes, it did impose a six and five restraint program on certain Government spending programs, but really that was nothing compared with the restraint which the small business sector had already disciplined itself to abide by.

The Bill which we have before us today, Sir, Bill C-136, the Small Business Investment Grants Act, comes out of the budget of June of last year which I mentioned. Anything which proposes to improve the position of small business operators in this country is welcome and, indeed, this piece of legislation is welcome, but in reality it will have very little impact. It offers a 4 per cent reduction in interest rates for the acquisition of certain new depreciable assets or for the financing of research and development, but it applies only to grants which are above a 12 per cent interest rate floor. It does not apply to used equipment and, as my colleagues on this side of the House have said, so many small businesses deal in used equipment. They do not always want to lay out the cost of new pieces of machinery. It also does not deal with the needs of businesses which are desperately in need of funds simply to survive.

One can say, I suppose, that this Bill is designed to encourage expansion, but if that is the case, Sir, it underlines very clearly the fact that it would have done absolutely nothing for the 80,000 businesses which went bankrupt or which went into receivership in the last couple of years. Nor will it really be of any help to the great majority of businesses which are unable to contemplate any expansion in the next year. As the survey of the Canadian Federation of Independent Business shows, they are not planning or contemplating any expansion, they are hoping just to be able to retain the status quo. Of course, these businesses, or the great majority of them, will not be able to avail themselves of this particular piece of legislation.

One of its major deficiencies, as has been pointed out on a number of occasions, is that this Bill makes it mandatory that much of the operation under its legislation will be carried out by as yet unknown Government regulations and by Orders in Council. My colleague, the Hon. Member for Mississauga South (Mr. Blenkarn), has addressed himself to this very issue, that is, the ongoing tendency of Government to do everything in secret. He addressed himself to this particular aspect of the Bill by putting forward an amendment which would require Parliamentary approval for all Orders in Council governing the operation of the program, and that, Sir, is a much needed improvement to the Bill. I hope the Government has taken very clear note of it and that it will accept the proposal which my colleague has put forward.

The Canadian Federation of Independent Business has declared that more confidence in Government policy and consistency is really necessary before a full recovery of the economy can begin. Nothing is more important, Sir, than that we have a climate and environment in which the business sector can flourish. Certainly, if that were to be so—and it is not so at the present time—no group would avail themselves more of opportunities to develop and to expand than would the small business sector.

It was very interesting to look at this morning's insert in *The Globe and Mail*. Their complete report on business referred or directed itself to small business only, and the major headline read, "Independent Entrepreneurs are a Developing Force". Well, they have been a force in this country throughout its history, and they will continue to be a force if the climate and environment permit them.

It is in that spirit, Mr. Speaker, that we on this side of the House are not only urging the Government but praying that the Government help provide that climate and that environment when the long awaited budget of next Tuesday is brought forward.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, unfortunately, as in so many instances in this Government's programs, this Bill addresses only part of the requirement of small business. It is to be hoped, of course, that when the Minister of Finance (Mr. Lalonde) brings in his budget, he might then address the balance of the problem, and I would like to address part of that problem this afternoon.

The tax structure of this country has mitigated against the family business, whether it be the farmer, the garage man, the manufacturer or the fisherman. It started out, of course, with the inheritance tax. Later came the capital gains tax. Now we have the reduction in the capital goods depreciation allowance. As a result of these moves, the little business guy has found himself in considerable difficulty in attempting to perpetuate his business. Small businessmen are the backbone of their communities, big or small. To supplement the figures of the Hon. Member for Kingston and the Islands (Miss MacDonald) let me say that when you include the farmer, fisherman, the serviceman and small manufacturer, you find that small business provides between 60 per cent and 70 per cent of the total employment in Canada. I do not contradict her figure

of 25 per cent because I think that refers primarily to businesses other than those in the primary sector. I merely supplement what she has said. I wish to address those facts to the Minister responsible for this Bill as well as to the Minister about to be responsible for a new budget, because small business must be given some consideration.

• (1550)

I can well remember Mr. Lewis, the Leader of the New Democratic Party, referring to "corporate welfare bums". He said that they were leaning on the Government for subsidies and assistance of one kind or another. Let me point out that they did not, either then or now, get into that position through their own choice. They are there because of the burden of taxation imposed upon them. That is why they fell into that category so aptly described by Mr. Lewis. When are we going to get to the point where there is an incentive for business, small or large, to produce and employ? When are we going to realize that overtaxation creates unemployment? When are we going to realize that by reducing taxes we assist in the accumulation of working capital and stimulate demand which, in turn, will cause business to expand production and employment? We have long since reached the point of diminishing returns through taxation. Until we address that problem, all the Supplementary Estimates and legislation we may introduce are not going to succeed.

Under the current economic situation this kind of legislation should be compulsory. It does in fact lend some help to small business in all spheres of activity. But, again, it is dependent upon the public purse for assistance, which then entails regulation and interference in the small business world.

I accept the fact that there is an element of urgency in this Bill, because my constituency has a multitude of fishermen and farmers who have not been eligible for Government benefits. Therefore, I subscribe to the idea that this Bill should go through, but I also subscribe to the idea that it only partially addresses the probem. When we talk about tax consideration for individuals, not necessarily incentives but a reduction in taxes, this is the greatest stimulator of employment. If small businesses had a more favourable tax structure, how many thousands more would they employ? Yes, they might not pay as much to the Government, but then how much less would the Government be paying out? How many hundreds of millions of dollars are being spent in Government programs to provide temporary employment, and how many tens of millions of dollars might be spent to stimulate employment in the small business area, employment which is so badly required in this country? For example, our Party recently released an agricultural program in which it agreed that there should be a tax consideration for that industry of not less than 20 cents per gallon of gasoline. I submit to you, Mr. Speaker, that this tax reduction would make a major contribution to the farming industry. When this Government decided it should tax gasoline to the extent of roughly 80 cents per gallon, it imposed on the farmer, fisherman and forester a massive increment in costs. Then we turn around and pass a Bill which will pay grants to those same people who, if they could get tax considerations from this Government instead of tax punishment, would probably never use this legislation unless it were to create much greater employment.

How badly has the Government interfered in these spheres of endeavour? Well, let us first discuss the fishermen. In the fishing industry, we have interfered in licensing, in the qualifications of people who, in many instances have been in the industry for 10 to 40 years. They are told they are not fishermen, they should not have a licence, they cannot get a new licence. However, if they get a licence, the size of their boat is regulated, and after that the size of their catch is regulated. In other words, the fishing industry is strangulated by regulation.

With regard to the forest industry, we recently had a new commission appointed, which has in turn been placed under the jurisdiction of the Minister of Industry, Trade and Commerce (Mr. Lumley). It is another fragmentation of the administrative function of this Government. It is rather interesting to note that in the makeup of that commission, which is to study the forest industry in some fashion or other not particularly clear to me from the news release, there is not a single member of the Department of Forestry of the Government of Canada who is to be present at meetings and therefore who will be cognizant of the statements which will be made for the betterment of the industry. It just cannot be, Mr. Speaker, that we should have under Industry, Trade and Commerce a committee which is going to make recommendations with respect to the forest industry when we already have a Minister who is responsible for forestry. This does not make much sense.

When are we going to recognize the requirements of the small-businessman in the forest industry? When are we going to return to him the tax structure under which he developed his industry and without which he probably cannot continue to function? When are we going to extend to these primary industries those things which would eliminate the necessity for grants and create the opportunity for employment so badly needed?

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, once again I see it is only Members of our Party who are rising to speak on behalf of small business in this country. No one on the Government side or the NDP side is rising. That is typical, Mr. Speaker, because this is another Bill which does not really do much for the small business community. The Government makes announcements across the country: "Look, folks, we are doing this, and this and this", and yet it is five months since the Bill was brought forward, and the Government has not given it any priority at all. In the meantime, hundreds of companies, which means men and women like you and me, Mr. Speaker, have lost a fortune because of broad Government policies which have bankrupted the nation as a whole.

I know the Bill is going to mean an interest abatement of some 4 per cent to bring the real interest rate on loans to 12 per cent, but that is not really going to help most companies these days because it does not really address the fundamental

problem affecting small business across this country, that of a loss of confidence. It is a loss of a good business climate so that men and women will not even invest their dollars and take a chance on a small grocery store. Why could anyone put his or her money into a venture like that and work 18 hours to 20 hours a day when they will simply be taxed and hounded to death by regulations at both the federal and provincial level?

• (1600)

That brings me to the major point I want to make in the ten minutes that I have. The unseen battle which has been occurring in this country of which most people are not aware is the federal-provincial battle over tax jurisdiction. This battle has meant that ordinary Canadians, and small businessmen in particular, have been hurt. This battle relates to the enormous growth of Government since the Second World War, and certainly during the last 15 years under this Prime Minister (Mr. Trudeau) and the Liberal Government.

There are over 400 federal Crown corporations. Those Crown corporations have subsidiary corporations and sub-subsidiary corporations. As well, the Provinces have Crown corporations with similar subsidiaries. The federal-provincial battle has ensued in this area because there is no cross taxation between the different levels of Government. When the federal Government establishes a Crown corporation that is not subject to real provincial tax, the provinces respond by setting up their own Crown corporations. The over-all result is that the tax base has been reduced so that individuals are paying an enormously enhanced rate of tax to enable the federal Government to raise the $88.9 billion that it needs. We know that it will only raise approximately $50 billion since its yearly deficit for which it will have to borrow is over $30 billion.

Part of the solution to this problem is to create a business climate in which there is a proper balance between the federal and provincial Crown corporations. I argue that they should be forced to operate in the marketplace and pay their fair share of taxes, rather than escaping them and having them foisted on individual Canadians and small-businessmen. Naturally, I would prefer to see far fewer Crown corporations and more genuine private enterprises conducting these businesses presently run by Crown corporations. I believe in this approach because when Crown corporations are established and are made responsible to a certain Minister, that Minister will assume the responsibility for that corporation. Therefore, it will succeed if it takes every tax dollar and every subsidy that can possibly be obtained since it is a reflection on the Government if it fails. Therefore, whenever any of these 400 federal Crown corporations experience difficulty, they simply go back to the public purse and they are protected by various means, including a direct influx of tax revenue.

An example of this is Petro-Canada. There was $6 billion or $7 billion of national wealth poured into that corporation, not for it to create anything new, but simply to buy existing corporations which were paying taxes. Is Petro-Canada paying tax? While they may funnel in a few dollars each year, when one looks at the Estimates it can be seen that Petro-Canada receives again this year almost $400 million in spite of the fact that even the dummies in the oil industry have been making profits and paying taxes to the nation. Petro-Canada is still into our pockets and we are facing a lower standard of living in order for that corporation to succeed, because it is ours. So the first step should be to create a proper balance between private enterprise and Crown corporations.

Another drawback of Crown corporations is their size. Normally, when a new technology emerges, there are dozens of corporations and individuals who are competing for that technology. Once an individual or corporation secures that technology and adapts it, it then becomes the normal mode of operation for that particular industry. Although some corporations go bankrupt in the process, they are small and those who are employed in those corporations can easily be absorbed elsewhere. However, when a Crown corporation is established, it becomes larger and larger. It cannot face failure because tens of thousands of people are put out of work and must fall back on Unemployment Insurance. As a result, a greater amount of our tax revenue is poured into the corporation even though the technology has changed.

I will cite a classic example of this technological change, one which will never be permitted to happen again. Only a few years ago there were service stations on practically every street corner, and on the four corners in certain areas. Due to the technological change in cars, the industry was forced to adapt and to reduce to approximately a quarter of its original size. Since these service stations were owned by private individuals and competing corporations, a reduction process was evolved and self-serve stations were established.

Would this change have been permitted to occur if they were all Petro-Canada stations which were owned by the state as a whole? Of course it would not because the Crown corporation would have been able to come to us, politicians, and since it was a state-trading corporation which could not be allowed to fail, we would have had to kick in a large amount of tax dollars.

Another example concerns CNR for which we have to write off over $800 million every few years. Air Canada has to be given all kinds of special and privileged regulatory positions such as monopoly lines. As well, it receives low interest bonds. I recently read its annual report which indicates that Air Canada still has some bonds outstanding at 5 per cent interest. That is an enormous subsidy which we do not get as individuals when we go out to borrow. But our Government is not helping us a bit.

It is evident therefore, that the tax base has injured us rather dramatically. I wish to talk about the solution because the real solution lies in the business climate. There are two practical steps the Government could take to help the small business with which I deal mostly, that is, the farming community. It concerns gas taxes. Since the introduction of the National Energy Program approximately six new gas taxes have been levied on a gallon of gasoline. In western Canada particularly there are millions and millions of acres which have to be traversed at least five times a year. In the spring the

farmer must go over the land to prepare his seed bed, then go over it once again to seed. He then must go over it to spray chemicals, and often once again to spread fertilizer. The land must then be swathed in the fall, then harvested, and finally gone over again in before the winter. In my Province of Alberta, the federal taxes and royalties are almost 60 per cent of the price of that gallon of gasoline. If the federal Government wished immediately to help small business, it could remove that 9 per cent sales tax, which would represent 20 cents on a gallon of gas. This would be an enormous help to small business in that area.

A second major step would be to abolish the capital gains tax. As we know from our past discussions here, the increase in value of farmland and small businesses has nothing to do with real gain. It is solely the result of inflation, which we know is the result of deficits, which in turn lead to inflation, high interest rates and ultimately to a collapse. I see that my time has expired, Mr. Speaker.

Mr. Hovdebo: Mr. Speaker, I rise on a point of order. I am sure that the Hon. Member for Lethbridge-Foothills (Mr. Thacker) did not mean to mislead the House when he suggested that the NDP was not putting up speakers. We had a speaker from Kamloops-Shuswap (Mr. Riis) and another one from Churchill (Mr. Murphy).

Mr. Deputy Speaker: The Hon. Member is not making a point of order. The *Hansard* record will plainly disclose those who have spoken.

Mr. Howard Crosby (Halifax West): Mr. Speaker, in speaking at report stage of Bill C-136, the Small Business Investment Grants Act, let me begin by saying that it is very difficult to develop a critique of the legislative provisions contained in this Bill in the short time that is available to us.

It should be pointed out that these provisions are largely academic. They were brought forward to the House of Commons in the form of Bill C-136 at a time when interest rates were much higher than they are today. Therefore, the measures that were intended to benefit small-businessmen might be largely lost as a result of a reduction in interest rates. Hopefully, those small businesses which are now seeking to borrow funds for investment purposes will find an available interest rate that is not too far above the minimum permitted by this Bill, namely 12 per cent. Nevertheless, what is important is the spirit that, hopefully, is evident in the provisions of Bill C-136. That spirit is an indication that the Government is finally looking toward that sector of the economy known as the small-business community to build for the future. It goes without saying that those of us who embrace the Progressive Conservative Party philosophy of support for small business welcome any measure which will encourage the small-business community in Canada.

• (1610)

It is difficult to develop any particular theory with respect to the development of small businesses in Canada over the next decade, in the time available, but let me begin by considering what is the greatest economic problem in Canada today, that is, unemployment. We learned today that unemployment has again risen to a level of 1.6 million unemployed Canadians and a rate of 12.6 per cent. That is only part of the story because, in addition to the many thousands who are unemployed, there are those Canadians who have given up looking for work and those Canadians who are employed at jobs much below their level of qualification or employed only part-time. When we put all those numbers together, we have over three million Canadians with an employment problem. I want to look at this great economic problem in relation to the small-business community.

We must be aware, as other speakers have pointed out, that the Canadian small-business community accounts for employment of almost 42 per cent of the working force. When we include in that statistic medium-size businesses, the percentage of persons employed in Canada rises to 66 per cent. If we are looking for a method of relieving the unemployment problem, which as I said is our greatest economic concern, then we are right to look to the small and medium businesses across Canada to relieve that problem and to create the employment necessary to eliminate or at least minimize the problem.

In order to find answers to what will help the small-business community generate the jobs which will allow us to reduce our unemployment problem, we should consult with persons engaged in the operation of small businesses. It is interesting to note that organizations like the Canadian organization of small businesses and the Canadian Federation of Independent Business have looked at all these problems and have made presentations which in part provide answers to the question of how we in the Parliament of Canada can help small business in its future undertakings. Basically it comes down to the fact that we have to advocate and embrace in our economic system the principle of free enterprise. We have to acknowledge that it is essential in Government, as in business, to balance the budget, that is to say, to relate Government expenditures to Government income to ensure that there is not a drain on the financial resources of the private sector in Canada.

This means that in endorsing these principles we will create an atmosphere in Canada which will be conducive not only to small businesses but to business activities at all levels. That is the first message which these organizations bring to Parliamentarians: that we must embrace the principle of free enterprise and recognize the economic fact of the necessity of a balanced budget. If we adhere to those principles, we will create an atmosphere in which it is possible for small businesses to be established and to succeed. As one Member of Parliament I want to endorse those principles and to ask and beseech the Government to give full recognition to them when it establishes its economic policy in its forthcoming budget.

The importance of establishing those principles is that they are far-reaching. They mean that a person who makes the effort to invest in and to establish a business or a business activity has a right to the profits of that business or activity and that profit ought not to be taken away by a taxation system which deprives a business person of the incentive to establish a business and to carry it on even through difficult

times. When we talk about basic principles, we must recognize at the same time that they have far-reaching results.

There is an aspect which business organizations representing small-business operators across Canada bring to Parliament which I would like to underline—they fully recognize their ability to create jobs in Canada. Let me give the downside of that statement, because the Canadian Federation of Independent Business reported that in the year which elapsed between January 1981 and January 1982 there was a loss of between 700,000 and 800,000 jobs in the small and medium business sector. This gives us an idea of how this small-business sector reflects on the over-all picture with respect to unemployment and in turn the over-all status of the Canadian economy.

What can we do to help small business reverse that trend and not have a job loss in its activities in the country but have job creation throughout its activities? It is very clear—and we have been told time and time again—that the Government has to provide financial assistance to start small businesses in Canada. The Canadian Federation of Independent Business pointed out, in a presentation which was provided to Members of Parliament, that notwithstanding the difficult times we have experienced in Canada in the last few years, small-business operators have continually come forward as entrepreneurs to start new businesses. In fact, in 1982 there were 150,000 formulations. This organization pointed out that with a potential upturn in the economy in 1983 we could expect some 200,000 formulations, that is, entrepreneurs across Canada who will attempt to start small businesses. Also it was pointed out by the Federation that if these 200,000 formulations were to start up and in each case hired one or two persons, as many as 400,000 jobs would be created.

What is necessary and required from Government to encourage the start of small-business formulations is financing. It is as simple as that. Does the Government have the ability to provide financing for small-business start-ups? That is a difficult question. We are looking at a Government which has piled up a budget deficit of some $30 billion. That in itself has made difficulties for business because it raises the rate at which one can borrow funds for business purposes from every lending institution across Canada.

My answer to that is a very simple one. We cannot afford to deprive small businesses of the kind of financial assistance they need to start because if we deprive small-business operators of that financial assistance, we will simply sink into the abyss of economic depression. We have to build and rebuild the Canadian economy. We have no choice. Our only choice is to do it with the co-operation of small business.

We have seen in the House of Commons and across Canada in the past year or two the collapse of project after project, such as the Alberta tar sands project which would have employed 10,000 people directly and many more indirectly. On the East Coast we see offshore development failing to yield the kinds of jobs we thought would be yielded through energy developments in the 1980s. While I would not negate the possibility of large scale development across Canada, the hard economic fact is that we have to look to small and medium size businesses to create activities which will generate jobs and correct the unemployment problem in Canada. If financial assistance is needed to start these businesses, that is what the Government of Canada must provide.

Mr. John McDermid (Brampton-Georgetown): Mr. Speaker, I rise to speak on Bill C-136 and the amendments we are discussing at the present time. I, as I would imagine a number of Members of Parliament who do not have suntans, have spent most of the holiday in my constituency visiting small businesses and those who are experiencing certain problems in today's economy. The small-business sector is one which is extremely hard hit by what we are going through at the present time. Probably the greatest single deterrent to small businesses today is the fact that they lack confidence. They lack confidence in the Government. They lack confidence in the economy. In many instances they lack confidence in themselves because of the position in which they have been put over the last number of years, specifically in the last couple of years, by this Government. Some of these businesses have money to invest, expand and hire more people, but they do not trust the present administration. They have a very real concern.

• (1620)

The question they ask me is what the Government is going to do to them next. They want to know what rules are going to be changed next in the middle of the game. Confidence will not be restored unless on April 19 we have a commitment from the Minister of Finance (Mr. Lalonde) and the Government, as much as that will be worth, to leave the small business sector alone. They want to be promised that the tax regime now in place will not change and that the rules of the game will not be changed part way through without proper notification and consultation. Right now they are gun shy of this Government after the three budgets that came forward in a year and a half. I believe there have been 65 or 70 changes since the infamous budget of the then Minister of Finance, now Deputy Prime Minister and Secretary of State for External Affairs (Mr. MacEachen).

Small businessmen want to be assured that the rules of the game will not be changed come April 19, 1983, 1984 or 1985. If they had this assurance, they would be prepared to invest and expand. I am hearing far too much about those looking south of the border to invest. They are being invited to expand in that country, to set up a plant or move their operation to the United States where they will receive certain guarantees that there will be no interference in their business.

This bothers me. It concerns me greatly. I have to hear businesses or individuals talk about leaving this country or moving their business elsewhere. The April 19 budget must restore some of that confidence to Canadian businesses, especially small businesses which are the backbone of our economy, which hire the people and produce for Canadians.

I now want to talk about the amendment of my colleague from the New Democratic Party. The Act now clearly states that these loans can only be made for new depreciable assets or

for the financing of research and development. As I travel around the communities of Brampton and Georgetown, I see more and more vacancies in plants and small operations in the industrial sections of the community. For the life of me I cannot understand why these loans would not be available there.

I questioned the Minister as to why these loans were not available for older, second-hand, used equipment as well as for buildings. I know they are not eligible for land, but they are for buildings. I asked why these moneys were not approved under this program for used buildings. I cannot see the sense of erecting new buildings to take advantage of a plan like this when there are so many vacant buildings across this country. Therefore I, along with my colleagues, support the amendment brought in by our colleague. I urge everyone to support that amendment.

I now want to talk about the closing date of this program. It is not mentioned in the legislation, but the regulations state that this Act is null and void as of April 1, 1983. It is now April 11, 1983, so we are debating a Bill that has run out of steam. We are talking about a few loans that must be made to those who have applied and are waiting to receive them. We will not hold those loans up unduly.

This Government continues to say that the Opposition holds up this type of legislation when it in fact controls the timetable of this House. To blame that on the Opposition Parties is heresy. It is completely untrue. This Bill could have been put through well before Christmas and the loans made. There is no excuse whatsoever for debating a Bill that has run out of time. It is after the fact.

We will be introducing an amendment later that I hope will be supported by this House. If the Bill were to be passed as it is now, it would not serve any real purpose. On loans to small businesses, they cannot charge any more than 1 per cent above prime. Prime is now 11.5 per cent. Therefore, loans under the Small Businesses Loans Act would be at 12.5 per cent. This Act, with all the bureaucracy, forms to be filled out and everything else, would not make much sense. It would be much smarter to go under the Small Business Loans Act.

We understand that the applications that are before the Minister and have not been approved must be approved. We support that. Now that interest rates have dropped, this Bill will not have any real effect. It will be a duplication of the Small Businesses Loans Act.

I am sure the Minister has received input into his April 19 budget. I encourage him to give confidence to the business community, especially the small business community. Let him assure them that the rules of the game will not be changed when they are part way through trying to expand, trying to create employment and getting Canada back on the road to recovery.

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I am glad to have the opportunity to take part in this debate on Bill C-136, the Small Business Investment Grants Act, as it applies to operators of small businesses in Canada. It has been widely ascertained that neither the federal nor provincial Governments have ever agreed upon or accepted an economic definition of small business. What is more amazing is that people all across Canada who profess to be proponents of small business have not agreed on a clear definition either.

When talking about the size of business, Governments emphasize the size of assets, the size of sales, the number of employees and so on. I believe that size is less important in defining small business than many other factors. I believe that small is a relative term. What is small in one industry could be termed medium or large in another sector.

I believe that a small business definition is one in which a business is independently owned and managed and has at the most 500 employees. This definition of a small business is the law in the United States, and many other countries around the world have adopted it. The 65,000-member Canadian Federation of Business, the largest business organization in Canada, has also adopted this definition.

This Government, on the other hand, has not been able to reach a consensus on a general definition. The Government has resisted the concept of owner-management, preferring to use a much more vague one which allows employee-managed plants to be classified as small businesses. Hopefully this problem will be resolved in the near future to the satisfaction of everyone concerned.

• (1630)

The substance of Bill C-136 will provide the necessary legislation to implement the Small Business Investment Grants Program outlined in the June, 1982 budget. This program, as we already know, will provide grants of up to 4 per cent to reduce interest costs to as low as 12 per cent. This Bill also has a ceiling of up to $400 million and is designed to reduce the cost of borrowing for the acquisition of new depreciable assets or for the financing of research and development. Those eligible to receive such a loan include farmers and fishermen, small businesses and corporations eligible for the low corporate tax rate, and also partnerships and proprietorships. However, those engaged in a profession or those wishing a loan for the purchase of land, automobiles and certain other passenger vehicles and leasing do not qualify for such loans. In order to qualify for a small business investment grant, a loan application must be for an amount not less than $10,000 or greater than $500,000.

One of the problems with Bill C-136 is that since this Bill was first considered about six months ago, the interest rates have fallen to the point where the 12 per cent ceiling really means that very little assistance will be available. As well, this Bill does not address the question of the survival of small businesses, which is the most immediate concern of many small businesses today. Another concern is that this Bill applies to new equipment only. Many small businesses and farmers buy used equipment in an effort to keep cost to a minimum, and this Bill will not help in this regard. This Bill is also very vague and provides that far too much discretion be granted to the Government to make regulations concerning

operations of the program. The only things specified in the Bill are the 12 per cent ceiling, the 4 per cent maximum grant, the right of Government to get money back which was granted to those not entitled to the money, and the authority to make regulations.

Small businesses, as we all know, are generators of employment and income in every region and virtually every community in Canada. Small businesses provide important goods and services that might otherwise be unavailable or limited in type and quality. They are the mechanism for much of the innovation and the risk-taking that is essential to our economic system. They are also the source of new materials, concepts, production techniques and goods that larger enterprises would perhaps not be forced to develop. As well, the owners of small businesses are usually the backbone of the community in which they live, contributing to it in many ways at a personal level. In the case of Canada, the contribution made by the small business community is indeed impressive. The one million small businesses in Canada provide 42 per cent of the private sector employment in this country. They offer a rich diversity of projects and services and have been a major factor in industrial growth, innovation and job-creation.

While we are happy to see that interest rates have fallen somewhat in the past few months, we must be aware that the ceiling of 12 per cent spelled out in Bill C-136 will now mean that little or no assistance is provided to the small business people and farmers forced to resort to this type of borrowing. I suggest, therefore, that consideration be given to lowering the ceiling of 12 per cent, which would indeed be a step in the right direction. I would also suggest that this Government immediately work on de-regulating the business and farming communities in Canada and leave the business and farming communities which have the necessary expertise and experience to run their own businesses and enterprises. Let them do the job that they are both capable of doing. This is something which is totally lacking in Governments which have an abundance of theorists but totally lack practical and business-oriented people who know what it means to meet payrolls. This country was built on the sweat and toil of free entrepreneurs with little or no Government interference. Motivation, incentives, and the desire to better oneself were the key motivators toward the goal of success. Government intervention only serves to stifle those goals, and I believe the Government has interfered long enough. The results have been disastrous, to say the least. I believe it has had its turn and has been found wanting. I believe it is time for industry to remove the shackles of Government, assert their independence, and thus get our country back on track again to improve our economy, to reduce unemployment, and to eliminate and discourage inflation.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Victoria (Mr. McKinnon)—North Atlantic Treaty Organization—Request that Minister report on meeting in Portugal—Request that Prime Minister make statement; the Hon. Member for Mississauga-South (Mr. Blenkarn)—The economy—Investment in corporate sector—Request for measures to promote investment; the Hon. Member for Carleton-Charlotte (Mr. McCain)—Canadian National Railways—Reported purchase of Cast Corporation—Query respecting role of private enterprise.

GOVERNMENT ORDERS

[*English*]

SMALL BUSINESS INVESTMENT GRANTS ACT

MEASURE TO ESTABLISH

The House resumed consideration of Bill C-136, Small Business Investment Grants Act, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs; and Motions Nos. 1 and 2 of Mr. Orlikow (p. 24327).

Mr. Pat Nowlan (Annapolis Valley-Hants): Thank you, Mr. Speaker. I am, I think, happy to speak on Bill C-136 but I am really not that overjoyed. While I agree with the thrust of what was originally contained in the budget of many moons ago, back in 1982, I want to say to the House most seriously that if there ever was an example of morass and stagnation in Government business, this simple little Bill, which is high in principle and very short in pages, is to me one of the best examples that we could find. I have no intention of involving the Minister who introduced the Bill in first reading on October 28 and second reading on November 8, 1982. The Minister of State for Small Businesses and Tourism (Mr. Rompkey) is a very honourable man. I gather that this was his initial baby in the House since he obtained his new portfolio, and he was congratulated on the day the Bill was introduced.

Some Hon. Members: Hear, hear!

Mr. Nowlan: I must say, Mr. Speaker, compared to a multitude of Bills that we have had in this House which actually give you a tendon problem in the elbow because they are so heavy and multi-faceted and contain many subjects, this Bill C-136 was quite unique. It has two and one-half pages and

six Clauses. It does all the things that other Members here today have said that it was intended to do, and it came at a time, of course, when interest rates were unconscionably exorbitant and in fact was to provide a base, a ceiling, of 12 per cent, giving a subsidy in effect, as I understand it from the very brief provisions of the Bill, of up to 4 per cent to reduce interest rates to 12 per cent. That is very commendable. No one objected to that. What I really cannot understand, as some Members have pointed out today, is why in the name of common sense are we debating this Bill today just one week and one day away from another budget. Today, other Hon. Members have asked what is going to happen in the budget of April 19 and whether small business, big business, individual taxpayers and the unemployed will get the help and assistance they so richly deserve from a Government that has been incompetent.

• (1640)

I do not know what is in the budget, and I do not think the Minister of State for Small Businesses and Tourism (Mr. Rompkey) knows either. Small business and tourism are two areas which can do more to promote jobs and build the substructure for the country, which provides the sinews of the economy in taxes and jobs, than almost any other factor or feature of Government operations.

I am glad the dean of the House is with us today but I do not know whether he is going to be greatly excited about what I have to say. This matter was touched upon by the Hon. Member for Central Nova (Mr. MacKay) and I think it is something that is of increasing concern to Members of the House. Like Old Man River, this session just goes on and on. Today is the 487th day of sitting of the first session of this Parliament which started on April 14, 1980. Is it any wonder that the life has gone out of the Government and a lethargy has taken over that is suffocating any interest in regenerating the country? When a Government that is supposed to control its own business goes on and on like Old Man River with no focus, no direction and no definition, then things are serious.

I am not going to argue matters of procedure but today the Senate is supposed to give an answer to Senator McIlraith who was a well respected House leader for the Government years ago. On Wednesday, March 30, he asked the Senate what the legal status was for the Parliament of Canada to consider anything, let alone another budget, when a couple of budgets had already been considered in this session but there had been only one Speech from the Throne. There have been budgets and financial statements and other statements of exculpation—they might even get up to five financial statements in this session as it drags on.

Bill C-136 is just two and a half pages and six clauses long. It was introduced for first reading on October 28, 1982 with only four speakers, taking a total of seven and a half pages in *Hansard*. The debate started at 7.25 p.m. and ended at 8.30 p.m. the same night. The Bill was then referred to Committee where it was debated in one session for an hour and a quarter and was disposed of on November 23, 1982. Then, low and behold, it lost its priority. Interest rates started to change.

Frankly, Mr. Speaker, I think the House is wasting time debating this Bill until we know what will be in the budget of April 19. That will do more to restore confidence than anything in the Bill. Although the Minister spoke in glowing terms about the $400 million provided in the Bill, I understand that he has reduced the amount to $60 million now. Perhaps he or someone else will be able to tell us the amount in the applications that have been approved or are still in front of the Minister at the present time. I venture to say that we are not dealing with $400 million or $60 million now.

I should like to know how necessary it is that we deal with this piece of legislation today. It has just been sitting there since it was dealt with in Committee on November 23. I surmise that the reason it has not been pushed ahead is that it has lost its relevance. Interest rates have come down. There may be a good psychological argument that because it was there, it helped bring interest rates down. I will give credit where credit is due, and if that factor, amongst others, helped bring interest rates down, I am pleased.

The report of the Canadian Federation of Independent Business shows that today 700,000 or 800,000 fewer Canadians are employed in small and medium-sized business than were employed in January 1981. The Bill would not have much effect on that situation anyway.

It is ironic, Mr. Speaker, that according to the terms of the Bill, it has already expired. As I understand the Minister's explanation, the Bill does not apply after March 31, 1983. The Bill was started with some fanfare, and it was not held up in the House. It has been kicking around since the budget of 1982 but was not pushed ahead. The Minister did not approach the House to get it through because there was a need for it. Interest rates went down.

Frankly, Mr. Speaker, it is a great example of stagnation in the legislative program of the Government that we take the time of the House to deal with a Bill that is no longer relevant. I should like to know how many people are directly affected by it. If there are any, the Bill could have been passed by some type of House order and agreement with the Opposition. In principle, we are for the Bill, but the factors have changed so fundamentally that the whole thing is a farce.

Mr. Thomas Siddon (Richmond-South Delta): Mr. Speaker, I should like to make a contribution to the debate on Bill C-136, not to cover old ground but merely to recognize that we are being asked to pass, almost retroactively, a measure that is quite unnecessary at this time and which will do nothing for small business in the months and years ahead. The costs and the burden of the various Government programs make it difficult for people to remain in business in Canada, and the Bill does not address those serious problems.

The Government has bungled its priorities once again. When this Party and the Party to my left from the end of 1979 until late last winter called for assistance with the high interest rates that affected home owners and small businesses, the

Government was preoccupied with finding ways to bail out its big corporate friends and totally ignored the plight of the small business sector.

With a lot of pushing from this side, the Government finally begrudgingly agreed to implement the Small Business Development Bond Program which was introduced by the Hon. Member for St. John's West (Mr. Crosbie) in his budget of 1979. Had that program been adopted immediately, many of the small businesses which no longer exist in the country might have survived the worst economic depression since the mid-1930s.

We dragged the Liberals into the 1980s, screaming and kicking, and tried to get them to realize the plight of the small business sector. Today, in 1983, we are about to adopt legislation which is applicable only to March 31, 1983. It is designed to help people whose interest rates exceed 12 per cent, although the prevailing market rate is 12 or 12.5 per cent. The Bill is practically worthless.

The Government has failed to deal with the fundamental problems that have been crushing small businesses and leading to an unprecedented rate of bankruptcies. The small business sector employs more than 70 per cent of people who work in private agencies in the country. We have seen a massive and phenomenal rate of bankruptcies amongst those businesses which are the mainstay of our economy, and this has evolved from measures such as the National Energy Program which has destroyed the climate and the enthusiasm for investment in this country. It was compounded by the budget introduced by the former Minister of Finance on November 12, 1981, which was subsequently corrected and adjusted in December of that year, then replaced by another budget on June 28, 1982, then corrected by another economic statement in the autumn, and finally the residual measures were adopted in this House a few weeks ago by way of the amendments to the Income Tax Act, the Ways and Means legislation.

• (1650)

Then the new Minister of Finance (Mr. Lalonde) introduced 26 new amendments to the Income Tax Act to enact measures which he did not want to accept as amendments to the principal Bill, Bill C-139, I believe it was, because he would have to admit that the Opposition had been right in much of their criticism of those various tax measures. But he introduced the changes retroactively after the Bill was passed, Mr. Speaker.

The point I want to make, Mr. Speaker, is that all of this turmoil and confusion, this talk of taxing the imputed benefits of employees of small businesses, and the taxation of automobile allowances, the imposition of a regime of taxation on fuels, oil and gas and other energies which are used in the manufacturing and production of goods by our small business, all of these measures have imposed a punishing burden upon the small businesses of Canada.

Then there were the Statistics Canada experts who went around to many businesses with long and detailed forms which this Parliament never approved, with a myriad of complex and often very personal and penetrating questions, and these businessmen were told that they must comply under the threat of imprisonment or major fines. That, of course, takes away from the time they have to service their customers, to service their deficits and to make the financial and management decisions which are important to keep those businesses viable.

There is also the Metric Commission and the impact it has had on the retail sector, which consists of small businesses primarily, and the hassling of people who would sell gasoline by the gallon, carpeting by the yard and lumber by the 4 foot by 8 foot sheet size. We now have this very confused situation where you can still buy two by four lumber and four by eight sheets of plywood and three inch nails in building supplies, but you are not allowed to buy gasoline by the gallon if a merchant chooses to sell it that way, even though many Government agencies still dispense gasoline by the gallon and oil by the quart.

Therefore, Mr. Speaker, we have this morass of costly and confusing burdens which this Government is imposing on the small business sector of this country. Then it asks us to come into Parliament and pass retroactively a piece of legislation which cannot have any benefit to the businesses of the country beyond this day. So we ask what the Government is doing about all of this other nonsense, the offshore purchasing policies, for example Mr. Speaker, where a number of semi-submersible lifeboats are to be purchased to supply the coast-guard of Canada. Small business in my riding has produced such vessels satisfactorily, not only for the Canadian coast-guard but for the coastguards of other nations and the major oil companies, the multinationals which are operating in the Arctic and off the East coast of Canada. These boats, which are produced in Richmond, British Columbia, are being used very successfully in those cases, but when the Minister of Transport (Mr. Pepin) decides to buy a new lifeboat, he goes offshore to purchase it because certain people within the search and rescue service have decided and predetermined that there is only one type of vessel which will meet their needs. It is not so bad to have a specific type of design in mind, but when you rule out the right of Canadian small businesses to bid competitively for the right to supply such systems, then there is something drastically wrong with Government policy in the purchasing areas. That, again, is another example of the tremendous imposition of costly burdens on the small business sector.

Certain provisions of the Official Languages Act are imposing costs indirectly upon small businesses which must compete with Government-run or Government-regulated agencies which do provide services in both official languages, even in some parts of the country where it is not necessary. Small businesses which are trying to provide competitive services are forced very often to print and to publish in both languages at a considerable additional cost to them even though there is no additional return at the sales counter.

We could well spend more time reviewing the banking practices within this country. I know that this Parliament, and the Committee on Finance, Trade and Economic Affairs, has

just gone through a major revision of the Bank Act, but, Mr. Speaker, if you had had occasion to visit your banker to borrow money, as I have had recently, you might be astounded at some of the extra costs which are being tacked on over and above the basic interest charge. For example, if you want a short-term loan for a couple of weeks, many of the Canadian chartered banks now charge you not only a set-up fee, and not only straight interest, but an additional service charge because you are not borrowing the money for long enough, which pushes the effective interest rate up to near usurious levels.

All of these measures and initiatives which have frustrated and hamstrung the small businesses of our nation have contributed to the present high levels of unemployment, which we learned about in the recent Statistics Canada figures which were debated earlier today in this House. To waste the time of the people of Canada in this Parliament in an attempt to enact legislation which is no longer effective, which is not going to be retroactive except with respect to certain applications which were entered into prior to March 31, 1983, just seems to be a ridiculous and foolish illustration of the total misdirection of priorities by this Liberal Government. As the Gallup poll indicated last week, I believe the people of Canada have had enough. They would like to throw this Government out and we would like to also.

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

An Hon. Member: Question.

The Acting Speaker (Mr. Blaker): I remind Hon. Members that Motions Nos. 1 and 2 were combined for debate, but are to be voted on separately.

Is it the pleasure of the House to adopt Motion No. 1?

Some Hon. Members: Yea.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Blaker): All those in favour will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it. I declare the Motion negatived on division.

Motion No. 1 (Mr. Orlikow) negatived.

The Acting Speaker (Mr. Blaker): We will now deal with Motion No. 2. Those in favour of the Motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Blaker): Those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion, the nays have it. I declare the motion negatived on division.

Motion No. 2 (Mr. Orlikow) negatived.

Mr. Don Blenkarn (Mississauga South) moved:

Motion No. 3.

That Bill C-136, Small Business Investment Grants Act, be amended by adding immediately after line 21 at page 2 the following:

"5. (1) An order of the Governor in Council under section 4 shall be laid before Parliament not later than the fifteenth sitting day of Parliament after it is made.

(2) A motion for the consideration of the House of Commons to the effect that an order referred to in subsection (1) be confirmed, signed by a Minister of the Crown, shall be filed with the Speaker of the House of Commons not later than the twentieth sitting day of Parliament after the said order has been laid before Parliament pursuant to subsection (1).

(3) Where a motion for the consideration of the House of Commons is filed as provided in subsection (2), the House of Commons shall, not later than the sixth sitting day of Parliament following the filing of the motion, take up and consider the motion.

(4) A motion taken up and considered in accordance with subsection (3) shall be debated without interruption for not more than three hours and, on the conclusion of such debate or at the expiration of the third such hour, the Speaker of the House of Commons shall forthwith, without further debate or amendment, put every question necessary for the disposition of the motion.

(5) If a motion described in subsection (2) is taken up and considered by the House of Commons in accordance with subsection (3) but is not adopted by that House, the particular order to which the motion relates shall stand revoked.

(6) If a motion described in subsection (2) is taken up and considered by the House of Commons in accordance with subsection (3) and is adopted by that House, the particular order to which the motion relates comes into force immediately on the adoption of the motion by the House of Commons."

and by renumbering the subsequent Clauses accordingly.

He said: Mr. Speaker, far too often this House of Commons is presented with legislation such as is represented in Bill C-136, and it is with that in mind that Motion No. 3 was introduced.

Motion No. 3 requires that when an Order in Council is made, under the provisions of this Statute, the Order in Council must be put before Parliament and that there be a three-hour debate and a vote on that matter if it is required by Parliament. The concept here is to make sure that, when we have legislation which implies massive numbers of Orders in Council, somewhere along the line the people of Canada, by their elected representatives, should be able to say something about that type of legislation. This particular Bill in its definition, and the definition section is the kind of definition section that you are always concerned about, speaks about the word "prescribed". And what does "prescribed" mean? It means prescribed by regulation. Then when you get to the main granting section of the Bill, that is Section 3, it says, "On application to the Minister by a person who establishes . . . " what? In a form prescribed:

—that he is, pursuant to the regulations, eligible to receive a grant in respect of interest payable by the person on a prescribed small business investment debt—the Minister may, subject to the regulations, make a grant—

• (1700)

Well, the fact of the matter is that Section 4 of the Bill says:

The Governor in Council may make regulations prescribing anything that by this Act is to be prescribed and providing for all other matters and things as he deems necessary to carry out the provisions of this Act.

One begins to wonder what happened to legislation by Parliament if this type of uncontrolled regulatory power is allowed to exist. Yet it does, and it is a most dangerous type of precedent. Here we have a Bill which in no way controls the kinds of grants a Minister may make, other than that it cannot be for more than 4 per cent of the interest amount of the loan and cannot reduce the rate of interest on a loan to below 12 per cent. Other than that, there are no terms and conditions. The grants can be for anything. The grant could be to blue-eyed Liberals. It could be to people engaged in raising marijuana. It could be to anyone engaged in any kind of business the Minister decided to prescribe. There is no control. The Minister could authorize a loan to what he describes as small business, which is not necessarily a small business under the Income Tax Act. It could be a small business like Canadair or de Havilland. They are small businesses. As a matter of fact, their profits are small. As a matter of fact, their profits are non-existent. Massey-Ferguson could qualify because they could be described as a small business under the regulation. If you think about it, as long as the subsidy is only 4 per cent and the interest rate is reduced to not less than 12 per cent, there is absolutely no limit to what could be granted under the terms of this Bill. It is open all the way.

It is with that in mind, Mr. Speaker, that we introduce this kind of amendment. I say to you, Sir, that it is absolutely essential that when legislation that must perforce give the Governor in Council power to make regulations is brought before the House, it must also curtail the power of the Governor in Council to bring forth those regulations. We have seen this problem in metric conversion where we have people raising before the courts of this country the issue of whether regulations made under the Weights and Measures Act are proper. We have that kind of section in this Bill where the Governor in Council may make regulations prescribing anything. When we pass legislation of that nature, what we have really done is say to our constituents that we are here for no purpose other than to give the Government power to do what ever the Government wants to do. In a very serious and real sense we have abandoned our responsibility to the people of Canada. We have left the door open for any kind of dictatorship the Party in power wants to impose upon the country. When we had before this House legislation concerning metrication, there was no suggestion at all that metrication would be compulsory. But it was compulsory because of the provision which allowed the Governor in Council to make regulations which were never contemplated by anyone in this House when the legislation was dealt with. The same possibility exists here.

The Minister says, quite properly, that he is not going to make any grants under this Bill unless they were applied for with respect to loans made prior to April 1. We will take him at his word and we may have a further matter to bring before this House later this afternoon in that regard. But as the Bill stands now, there is the possibility that a Minister of the Crown could come forward, maybe a year or two years from now, and decide to make grants to small-businessmen carrying on business in Corner Brook, Newfoundland, and only them. That would be quite proper under this Bill. There is no requirement that what was said in a budget debate in June, 1982 need apply. The Bill becomes a statute of Canada, and that allows the Minister to make regulations to allow any kind of a grant as long as it is not in excess of 4 per cent and it does not reduce the interest rate on a loan to below 12 per cent. So a Minister of the Crown—the current Minister, and he is a good Minister—may piously say that he would not do that type of thing, but this legislation does not tie the hands of any future Minister. No one else is bound by that. This Minister may not be the Minister responsible for small business a month or two down the pipe. Some other Minister may have a new jolly green program with new jolly green brochures for jolly green grants. He may want to, as my colleague, the Hon. Member for Annapolis Valley-Hants (Mr. Nowlan) says, hand out some jolly green dollar bills to his jolly green friends. And, Sir, he can do it. All he has to do is to get the Governor in Council to pass the regulations, and away we go.

So I say to this House that when this type of provision is included in the statute, this House must insist on an amendment in the form that I have presented to this House this afternoon, a provision that these regulations may be tabled before Parliament and that there be a debate—not a long debate, but one of three hours—and it be brought to a vote so that Parliament has an opportunity to express itself with respect to regulations. It is on that basis, Sir, that this amendment is presented.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am very pleased to have this opportunity to speak to this amendment put forward by the Hon. Member for Mississauga South (Mr. Blenkarn). There is no question that the amendment is a good one in that it identifies once again one of the major weaknesses of Bill C-136. Section 3 of that Bill reads as follows:

On application to the Minister by a person who establishes in the form and manner prescribed that he is, pursuant to the regulations, eligible to receive a grant in respect of interest payable by the person on a prescribed small business investment debt obligation owed by him, the Minister may, subject to the regulations, make a grant to the person or his agent of such amount, not exceeding four per cent per annum of the principal balance outstanding from time to time of the debt obligation, as would reduce the effective rate of interest on the debt obligation for the period in respect of which the grant is made to not less than twelve per cent per annum.

• (1710)

In a nutshell, what that says is that the Minister may decide to target certain groups for particular incentive programs. It is possible that the Minister would identify under the terms and conditions in a set of regulations that this particular Bill ought

to apply to certain sectors of the small business community. Perhaps it would be small businesses involved with tourist services, perhaps those which are involved in the high-tech industry or those which are emphasizing the fishing industry or certain service industries.

What is important is that we must realize that it is open-ended. This amendment attempts to bring some accountability to the Government benches. If the Government wishes to target certain groups in the economy for some special assistance, then the purpose of this amendment is to have the Government come forward to Parliament and present the issue in such a way that Parliamentarians have an opportunity to react to this selective incentive program.

Quite frankly, I have little quarrel with that procedure. I like the idea of seeing the day when the Government of Canada will have an economic and industrial strategy in place which will enable it to target particular sectors of the economy for special encouragement and support. After all, this is not a particularly new concept. Many other countries spend a good portion of their budgets on the encouragement of certain industries. As a matter of fact, if we examine the Canadian Government's estimates carefully, we will find that this is already taking place today. There are complete sets of incentive programs for certain kinds of enterprises.

The problem concerns the fact that these programs lack any direction. They are not part of any particular strategic program and do not strive to obtain a particular goal. It is simply an ad hoc and random approach to whatever business is able perhaps to lobby most effectively or to whatever enterprise might bring a particular advantage to a selected region of Canada. These particular enterprises are being provided with certain incentives today. However, it is in the absence of a comprehensive industrial recovery program that these incentives are taking place. That is one of the major weaknesses of the program.

I am in favour of the concept of regulations being drafted that would provide encouragement for certain selected sectors of the economy which Canada sees as sectors that perhaps would bring some strategic advantage to the Canadian economy, which would provide us with a greater opportunity for world product mandating, or sectors of the economy that would give Canada a particular edge in world markets. Consequently, it is to those industries we should be giving some special attention.

As I indicated earlier, other countries do this and there is no reason why Canada should not do so as well. I am particularly concerned about this issue as a result of the information which has been provided to us lately with regard to the level of unemployment in Canada. We are presently facing a seasonally adjusted unemployment rate of 12.6 per cent. The Government of Canada tells us that this level of unemployment will be with us for some time in the future. It is saying that this is essentially a level of unemployment that Canadians must accept and consider to be a reality in the months ahead. I want to say that there are many of us who do not accept that and do not accept the premise that Canada is faced with a 12.6 per cent seasonally adjusted unemployment level, a fact which must be accepted. I believe that we can see a slow economic recovery occur in our country with an economic strategy that recognizes that certain Canadian industries possess a strategic advantage which can be developed.

I suspect that the Minister whose Bill we are debating today, the Minister responsible for small businesses (Mr. Rompkey), has identified the tourist industry as one of the critical sectors where Canada has some advantage. The tourist industry is a sector which I believe ought to be receiving a great deal more attention than it is today. It is largely a sector of small enterprises and one which caters to the family business. It is a sector that is essentially Canadian owned and controlled and from which the profits of the enterprises remain in the country for further investment. It is the type of industry in which Canada obviously has a contribution to make in terms of world tourist markets. At the moment it does not receive particular encouragement from the Government of Canada nor, I suspect, from most of the provincial Governments.

If this particular Clause were part of Bill C-136, it would provide a mechanism for the Government of Canada to target tourism as an industry that it would like to encourage, support and nurture in a number of ways. For that reason I support what Clause 3 is attempting to accomplish in principle. However, the amendment of my colleague, the Hon. Member for Mississauga South, would provide an opportunity for Parliament to debate those special regulations and initiatives that the Government may be taking. For that reason, I hope the Minister responsible for small business gives some consideration to the amendment at present before the House.

There is no reason for being hesitant about the regulations. One becomes somewhat skeptical when Members opposite on the Government side say that they are not prepared to come to Parliament to disclose the new set of regulations as they change from time to time. While that may be expedient in terms of Government business, in terms of Parliament being able to provide its support to economic initiatives provided by the Government I suspect that there is no reason for this amendment being supported not only by Members of the Official Opposition and the NDP, but by Government Members as well.

Mr. Jim Hawkes (Calgary West): Mr. Speaker, it would be nice if the Government Members opposite occasionally supported an amendment that made common sense. It has not been the practice of the House very often but perhaps this is one occasion when we can look for a few independent spirits on that side of the House to support us on an amendment which I suggest does make common sense.

I spoke earlier this day on the NDP amendment and mentioned the fact that an amendment would be moved later that dealt with something that is of considerable interest to me. In the course of my previous remarks, I ran out of time and forgot to draw to the Minister's attention how much more pleasant it would be to be standing in the House today dealing with a

piece of legislation which would be helping small business in a meaningful way and assisting small businessmen in this country. It is a tragedy to be standing here today when that type of legislation is not before us.

I hope that the Minister would know that the greatest problem facing Canadian small businesses today is that, first, far too many small-businessmen do not have equity financing and, second, they have trouble competing in the marketplace because the markets, to a large extent, have dried up. The small businessman is quite often at the mercy of the large multinational corporation which can ride out a period of economic difficulty much easier since it has a much wider asset base to draw upon.

If we were presently examining a piece of legislation which would provide equity rather than debt financing to small business, I am sure that Members on this side of the House—certainly those from the Progressive Conservative Party—would give such a sensible piece of legislation speedy passage, because it would be helpful to the small business sector. If we were standing here today to examine a piece of federal legislation which dealt with the purchasing policy of the federal Government, we would have to remember that it spends something in the order of $90 billion per year. The United States, our major competitor just to the south of us, has had in place for years and years a small business set-aside provision which encourages the development of small business by providing a protected share of market on federal Government purchasing for that small business sector. If we were to see a common sense piece of legislation which increased the market potential of the small business sector, it would obtain speedy passage from this side of the House. That is not the piece of legislation before us today. The one before us today is more than a year old in the sense of its promise and several months old in the sense of when it saw the light of day.

• (1720)

This is a Bill to provide up to 4 per cent relief to small businesses that have to borrow money. As soon as we deal with a Bill to provide some amount of interest relief to some segment of Canadian society, it forces us to consider the fact that it has been in a large measure the federal Government, its borrowing habits and its $30 billion deficit, that have caused interest rates to rise historically.

It is the federal Government or the Liberals opposite who over a period of years have competed in the marketplace to borrow money. They have competed against people who want to borrow money to mortgage their homes. Interest rates shot way up for people who wanted to obtain mortgages to purchase their first homes because the major competitor for those funds was the federal Government. With an unlimited chequebook, the federal Government went into the marketplace and bid with increasingly high interest rates to borrow funds. Thus every home owner in the country who had to mortgage his home was required to pay higher interest rates, or if he wanted to purchase a car or finance a small business. We have the villain, the Liberal Party of Canada represented by its Cabinet, driving up the costs of borrowing money over a period of years, and then bringing in a piece of legislation which says, "Are we not the good guys because we will give back some of that money?" This sounds attractive to many people, but when we look at the legislation, we must ask ourselves whether it tells us to whom the money will be given back or under what conditions it will be given back. The answer to these questions is no.

In this piece of legislation Members of Parliament really have no say on who is to benefit from this expenditure of tax dollars. We find in Clause 4 that the Order in Council shall decide. When we see those words, we know they really mean Cabinet, a select group of 30-odd Members opposite who meet in secret and decide what the regulations will be. It is through regulation that one gets control. I mentioned earlier today one regulation which the Cabinet opposite wants to include, that is, if small businesses in the country buy new pieces of machinery which meet the qualifications it decides, they will be given interest relief, but if they purchase used ones, they will not be given relief. In other words, if a small-businessman, who is cost conscious and has a business which is borderline and may go under, finds a bargain in terms of a used piece of equipment and borrows money to buy it, the federal Government is saying that he will pay the whole interest charge. Let us say that the piece of equipment can be purchased for $10,000. Then he pays the whole interest shot. But the Government is saying that if he goes out and purchases a new piece of equipment, perhaps no better but simply because it is new, and he pays $20,000 for it, then the Government will give him some help. In other words, if he drives up the cost of doing business, the Government will help. It will help feed inflation and help inflation to grow, but if he is cost conscious, it will not help. If he tries to keep costs down, and therefore the cost to consumers, and tries to help a small business compete against multinational organizations, the Government will not help. But if he is wasteful and buys more than he needs, the Government will help. It is like a carrot to increase inflation and ultimately the bankruptcy rate of small business.

This is not something which Parliamentarians in their wisdom decided to do. This is something which Cabinet decided to do, an appointed body, appointed by one man, the Prime Minister (Mr. Trudeau), which meets in secret and issues regulations. The powers are enormous. This type of clause in such a piece of legislation is at its most basic level anti-democratic. The voters of the country vote for the people they want to come to this Chamber to represent their views and perspective. Then what are we given a chance to do? We are simply given a chance to vote to give Cabinet more powers, to give that appointed body more powers.

I come from Calgary. The unemployment rate, the vacancy rate and all such indicators of economic difficulty, have risen enormously in the last year or year and a half. They have had the highest rate of increase in the country. Why is that? It is because the federal Cabinet took unto itself the power to regulate far too many industries, but in particular the oil and gas industry. It was done with such understanding that half the jobs and half the economic spin-offs around the country were

killed. Today we have a Minister of Energy who will roll back prices when they are already less than 75 per cent of the world price. That takes money out of the hands of businesses. It forces them into the marketplace to borrow. Then we will have a piece of legislation like this one. As the interest rates rise, the Government will help, but it will not produce any more oil or any more jobs. The situation comes about because it is not Parliament which decides, in all its collective wisdom. It is a small group called Cabinet which takes too much power unto itself. Approximately 3,500 Cabinet-type regulations a year mean that none of them are looked at with the kind of care and attention they deserve.

I hope Hon. Members opposite will rise later in the House on this amendment, take that power away from Cabinet and put it back in Parliament where it belongs so that fewer mistakes will be made in the future.

Mr. Scott Fennell (Ontario): Mr. Speaker, first of all I would like to say that I support this amendment very strongly because it really brings back into the House the responsibility which belongs here, rather than allowing it to float through an Order in Council without any reference back to the House.

There are too many things which the Government has done without our knowledge. There is a great deal that we cannot know about because it is a diverse economy and we cannot know everything about everything at all times. It is very important that legislation concerning small business be referred back to the House. I believe an over-all overhaul should be implemented immediately. Once that comes in and there is self-monitoring and perhaps private funding for a portion of it, we will not need to bring it back to the House.

The only reason legislation has to come back to the House is because of the spending of taxpayers' money. I do not think we should spend taxpayers' money. Instead we should encourage industry to survive on its own. That is really the thrust of my remarks.

I think this is a stopgap Bill. I am sure the Liberals will come up with a total, encompassing small business policy. I really believe they will do it some day. It may not be in time because we may be the Government and we will have the opportunity to put it in. Believe me, we will put in broad small business policy.

• (1730)

Talking about the problems in Canada, an interesting paper was put out by the University of Western Ontario giving an analysis of Canadian banking and the problems with the branch bank system, the lack of trained people to help the individual, help the corporation, assess what is required and possibly to implement.

In the United States there are many small banks, although fewer than there used to be. They are getting more into central banking because of the demand for dollars. The small bank in each town, the owner, who happened to be the banker, knew what was going on. He knew the business. He would get monthly statements and regular quarterly statements. He knew exactly where they were at. He would find people who in a true pioneer spirit, would invest capital into a company so that he could provide additional borrowing.

That is one of the areas where we in Canada have failed. The Hon. Member for Kamloops-Shuswap (Mr. Riis) brought out that we should have an edge in world trade. I agree with him totally. There are a great many things on which he and I agree.

What happens to us in this country is that we have to borrow so much money and pay interest on that money to try to get a business going. We do not have enough equity money coming into the market and risk capital that may make a bit more money in the future. As Members know, at the beginning it is hard to make money. It takes seven years for an industry to get under way. That is what is really addressed in this piece of literature from the University of Western Ontario.

Relating to this, I am fairly aware of what happens in Japan and the reason for their success. A great deal of it relates to the "assist export trade". In many ways the Government gets involved. In the pure financing of businesses in Japan, there are ten separate organizations. They have city banks, local banks, long term credit banks and trust banks. There are ten that split this up. It is not a monopoly they are dealing with.

An independent small entrepreneur in Japan has a variety of sources from which to get money. In addition, many of the small businesses in Japan, unfortunately, are dependent upon some of the majors. Some of the majors assist them at times when growth is not that great or when they are over-supplied. They assist them in financing their inventory. Some do, some do not, but it makes a tremendous difference.

These Japanese banks not only lend money on debt but on equity. There is a variety. I am looking at a comparison. In Canada we have four sources, of which 74 per cent are the chartered banks. The balance is split between mortgage loan companies, trust companies and local credit unions.

Germany has a much broader spectrum, as do most of the European countries, because they have merchant banks that really go into venture capital. Then they carry on. They put so much in through equity, and the balance through debt. We do not have the same facility for small business in this country. We have lost the entrepreneurial spirit. It is very difficult to get a business going. It is very difficult to raise equity capital, no matter how good the idea.

I know there is an exception. The Minister knows about it. The exception now is high technology firms. That has sex appeal. It has the possibility of a balloon, of really growing rapidly. Strangely enough, Canadians believe it has the possibility of failing. That is free enterprise, the right to succeed and the right to fail. That is why we should not step in and try to prop up marginal operations.

We have to provide something to give them a base to work from. With the tremendous rise and fall of interest rates, industry and business cannot operate. They cannot live with it. They cannot budget for it. When we have those high interest rates, we have a reduction in sales. You get a double-whammy.

While I am on sales, I will put in another dig. They hit the salesman twice as hard in the year that sales go down by charging him twice as much for standby charges on his car. That was unfair during 1982, one of the worst periods we have gone through.

In Canada we do not have incentives to get people to invest in small business. There are no incentives. One of our plans was to remove capital gains on private business. Perhaps that would attract more money. I would rather see Canadian pension funds putting some funds into small business rather than buy more preferred shares in Massey-Ferguson. I have nothing against Massey-Ferguson. I think it is great to keep that organization going, but it may be an industry of the past. Hopefully, something can be resolved for them, but we should provide a proper financing vehicle outside of Government. That is where we are failing. The individual really does not need the Government to be involved if we have a proper financial system or if we had a mini stock market to cover small businesses trying to go public.

Part of the trouble with that is that brokers take such a large piece of a small deal. Perhaps there is a way around it through the banks. I do not know. We have to address this whole problem.

In our amendment we say that we want to vet this in front of the House. Then we could make some suggestions. We could all think about creating jobs and bringing something forward. That is what it is all about. We are talking about the people of this country, Canadians. I am talking about Canadian business.

The Liberal Government is nationalistically inclined. I agree that Canadian ownership is good. Young people should be given an opportunity to own their own business. We should do whatever we can for them. Again, this Bill is a stopgap, a bandaid. It will not solve the critical problem because business cannot operate on 12 per cent interest rates. That is too high.

Not so many years ago if a man in industry could get a 15 per cent return on his investment, he was doing extremely well. Then it went up to 20 per cent. At 12 per cent it is very marginal, a potential of at least 3 per cent.

Let us look where we are going. We will not come out of the recession quickly. It will take a long time. Thank heavens it will be gradual. Possibly this time we will come out with a better economic base than we had in the past. I hope it is not a sharp turn-up. I hope the Government does not come out with gimmicks to push it straight up and then it will come straight down. If we go up too quickly, and we have seen this happen, interest rates go up. To prove my point, if interest rates go to 20 per cent, this Bill will be of little help to the man paying 20 per cent interest. If he gets only 4 per cent off that, he still has 16 per cent, and that is far more than any small business can afford.

I speak very highly of the amendment. I support it. I wish the Government would consider it. Members of Parliament deal with small business people in their constituencies. We want to give them answers. We want to know the problems. We do not know them when everything is done by Order in Council. I ask the Government to accept this amendment. Please allow us to review what is happening so that there are not so many regulations, so many powers, and so many changes to be made by the Government without its having to come to the House of Commons.

• (1740)

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some Hon. Members: Question.

The Acting Speaker (Mr. Blaker): Those in favour of the motion will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

Some Hon. Members: On division.

The Acting Speaker (Mr. Blaker): Accordingly, I call the motion lost on division.

Motion No. 3 (Mr. Blenkarn) negatived.

The Acting Speaker (Mr. Blaker): The Hon. Member for Mississauga South (Mr. Blenkarn) rises on a point of order.

Mr. Blenkarn: Mr. Speaker, on a point of order. I believe there is disposition in the House to allow a further amendment to the Bill to be presented to the House at this point with the unanimous consent of the House. On that basis I move:

Motion No. 4.

That Bill C-136 be amended by adding, immediately after line 16 on page 2, the following:

(3) The Minister may only make grants under subsection (1) in respect of small business investment debt obligations that are incurred prior to April 1, 1983.

The Acting Speaker (Mr. Blaker): May I inquire of the Hon. Member for Mississauga South, who was kind enough to provide the Chair with a copy of his motion, as to whether the reading should be April 1 or March 31, 1983. It was not clear.

Mr. Blenkarn: The concept, Mr. Speaker, was that April 1 would be more appropriate because it has to be prior to March 31. The undertaking that the Government gave to the business community was that they would accept loans made up to, and presumably including, March 31, so the words "prior to April 1, 1983," solves that problem.

The Acting Speaker (Mr. Blaker): Fine. I simply wanted to make sure that the copy of the motion in the hands of the Chair accords with what the Hon. Member is seeking. I will proceed on the basis of the date of April 1, 1983.

Then by unanimous consent, Mr. Blenkarn, seconded by Mr. Rompkey, moves:

That Bill C-136, Small Business Investment Grants Act, be amended by adding immediately after line 20 at page 3 the following new Clause:

(6) The Minister may not make a grant under Section (3) unless an application for that grant is made on or before April 1, 1983.

Hon. William Rompkey (Minister of State (Small Businesses and Tourism)): Mr. Speaker, we certainly accept that amendment on this side of the House. I would want to point out as well, because the point was raised by the Hon. Member for Red Deer (Mr. Towers) this morning that he would want to make—

An Hon. Member: Bow River.

Mr. Rompkey: —I am sorry, the Hon. Member for Bow River (Mr. Taylor), that he would want other people to apply and that indeed this amendment allows that. There is no prohibition on other people applying, but they would apply to have the Act support loans that were made prior to the first of April, 1983. In other words, the contractual arrangements between the individual and the banks before April 1, 1983, would be appropriate given this amendment, so we support that amendment on this side of the House.

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the motion?

Mr. Blenkarn: Mr. Speaker, just briefly to speak to it, I believe that it is good that we have finally come to a conclusion on this particular portion of the Bill. The original concept of the Bill was that grants would be made to reduce interest rates by up to 4 per cent and reduce them to 12 per cent for business.

As has been pointed out in the debate so far today, interest rates have very much ameliorated since the budget of June 28, 1982. There have, however, been a number of people who have made application thinking the Bill would go through in accordance with the brochures issued by the Government. The concept of this amendment is to allow those people to continue to receive the benefit of the grant. The Government at no time suggested to people that they could continue to take advantage of this Bill after March 31, so nobody has been harmed. It is our view that it is imperative, though, that the Bill not have any validity after the end of March or the first of April, as you pointed out, Sir, simply because to do so would leave an open-ended piece of legislation that could be used by some subsequent Minister or some subsequent Government to enter into a rather extensive loan or grant program, and it is on that basis that we are happy with this amendment.

We feel the amendment solves the problem. It looks after those who have been involved and made application under the Bill. It allows the Bill to be completed and wound up, but it leaves this whole possibility of further grants under this legislation not available. It also solves the problem of the amendment that I spoke on earlier that was negatived on division, the amendment with respect to reviewing Orders in Council that provide for grants and the like. Since the effect of the Bill will now be terminated as of April 1, 1983, by virtue of the amendment I hope this Parliament will accept it. Should we pass it, then I suspect we will have solved the problem. On that basis, Mr. Speaker, I think we should perhaps move to the next stage of this Bill.

The Acting Speaker (Mr. Blaker): Before I recognize the Hon. Minister may I point out that the Chair was put in possession of a proposed amendment. The Hon. Member has in fact read into the record a slightly different amendment. I want to make sure that all the Hon. Members agree to the same wording so I can dispense with any great complexities of procedure. This is the motion which is before the House, moved by Mr. Blenkarn, seconded by Mr. Rompkey. It reads:

Motion No. 4.

That Bill C-136 be amended by adding, immediately after line 16 on page 2, the following:

(3) The Minister may only make grants under subsection (1) in respect of small business investment debt obligations that are incurred prior to April 1, 1983.

Is it the wish of the House to adopt the motion?

Mr. Gordon Taylor (Bow River): Mr. Speaker, I do not want to delay the debate, but I do want to make abundantly clear that any small-businessman who contracted a loan prior to April 1 but who did not apply to the Minister will now have that application considered if he applies.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, we are certainly planning to support this quickly before the day is out, but I do want to mention one point. While this particular amendment will bring to an end this particular granting program, I wish to make it very clear that while the debate today has articulated why this particular Bill will have minimum impact in terms of assisting the small business community, the real needs of the small business community today are not encouragement and incentives for expansion and development, but quite frankly for survival. With the difficulties facing the small business sector today and what is likely to be ahead for them, I do hope that with the termination of this program the Government will give serious consideration to bringing in a program that will help the small business sector that is ailing much more than the Small Business Development Bonds that are, by and large, unavailable to the small ailing business sector, and that the Government will do something in terms of bringing some support for small businesses requiring working capital during these very difficult times.

• (1750)

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion (Mr. Blenkarn) agreed to.

Mr. Blenkarn: Mr. Speaker, I submit that the appropriate way of handling the Bill would be to proceed to third reading stage at this point. We would give consent.

Mr. Rompkey moved that the Bill be concurred in.

Motion agreed to.

Mr. Rompkey moved that the Bill be read the third time and do pass.

Mr. Taylor: Mr. Speaker, I want to say a few words on third reading of the Bill. I appreciate that the amendment offered by the Hon. Member for Mississauga South (Mr. Blenkarn) was accepted by the Minister of State for Small Businesses and Tourism (Mr. Rompkey). It will add a little common sense to the Bill. It would have been ridiculous to spend a day passing a Bill with its application limited to March 31. The amendment at least makes it a sensible Bill.

There is one thing that I would like to say in connection with the Bill and legislation in general. The Bill is a typical example of procedures that ought not to be followed. It was introduced on October 28 for first reading. On November 8 it was presented for second reading and four Members spoke. It then went to Committee, and today it is before us for debate at report stage and third reading. Between November 8 and today, April 11, businesses were going bankrupt and into receivership. Some closed their doors, yet we took five months to bring the Bill back to the House. Something has to be done about this procedure, Mr. Speaker, because it does not make sense.

A few weeks ago the Hon. Member for Ottawa Centre (Mr. Evans) and I had the pleasure of attending a seminar in England which was also attended by people from 18 Commonwealth countries. No one there could understand why we started a session in 1980 and are still involved in it. A number of them said this would not be tolerated in their country.

This is supposed to be a smart manoeuvre, but not as far as the people of Canada are concerned, Mr. Speaker. There should have been at least three sessions of this Parliament, but we are still involved in the first. There should have been three Throne Speeches, but there has only been one. Does that mean that the Government has no programs to offer for the future? Was everything included in the first Throne Speech in 1980? The country needs new material and new programs, Mr. Speaker. It has been denied the right to a Speech from the Throne for two years.

To some degree this Parliament is modelled after the Mother of Parliaments although in the last few years we have ignored many of its traditions. In September or October every year the Queen goes to Westminster to read the Speech from the Throne. The only exception to this is when an election falls in the middle of the term. Otherwise there is a session every year, a Speech from the Throne every year, a budget every year and Private Members' time every year. That has been denied to the people of Canada.

We should not tolerate this type of thing, Mr. Speaker. It ignores the basis of Parliament where people have the right to speak and debate programs. Under our parliamentary system, Members have the right to raise any subject at all during the debate on the Speech from the Throne. We have been denied that since 1980.

We have had three budgets. The country would be in a much better shape if we had done without two of them—especially the budget of November 12, 1981. It ruined a great number of our industries. It sent the petroleum, oil and gas industries right down the tube, and hundreds of people became unemployed as a result. It touched almost every sector of industry. The next budget tried to correct some of the wrongs of the first but it only added to our difficulties.

If the Prime Minister (Mr. Trudeau) had called a new session in 1982 and in 1983, budgets would have been introduced as a matter of course and would have received attention. Instead, the Government has brought in mini budgets which were largely prepared by bureaucrats who wanted to get something through the House. The Minister did not even have a chance to go through them, otherwise they would never have introduced some of the nonsense that was in them.

Some of the items in the Bill prevent farmers and businessmen from retiring today. People who spent 40 or 50 years for their lives building a nest egg so that they could retire in dignity find that they cannot. The Government did away with annuities. In the first budget it said that people would have to pay a capital gains tax and that even though they received instalment payments, they would have to pay on the whole thing. This made it impossible for a farmer to sell his land to his son or daughter or his hired man or anybody else. It just about stopped the movement of land in all parts of Canada.

That was part of a budget that was brought in without thought for the people who pioneered this country. That could not happen in the Mother of Parliaments because a budget comes down regularly there. Her Majesty The Queen would have been available to read the Speech from the Throne in the fall of each year and it would have outlined the programs so that people would know what was going on.

The whole situation has been confused by the actions of the Government in carrying one session on month after month after month. This Bill is an example. Were it not for the attitude of the Minister, it would have been almost worthless. It would have expired before it was passed. It was limited to March 31 and today, on April 11, we are debating third reading.

Mr. Speaker, may I call it six o'clock?

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45, deemed to have been moved.

Adjournment Debate

NORTH ATLANTIC TREATY ORGANIZATION—REQUEST THAT MINISTER REPORT ON MEETING IN PORTUGAL—REQUEST THAT PRIME MINISTER MAKE STATEMENT

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, I rise on the adjournment debate in relation to a question I asked the Prime Minister (Mr. Trudeau) on March 23, two or three weeks ago, concerning a meeting that the Minister of National Defence (Mr. Lamontagne) was attending in Portugal, at which time, according to the United States press, Caspar Weinberger, was "to consult the allies on controversial NATO plans to deploy United States Pershing II and Cruise missiles in December". My question which appears at page 24067 of *Hansard* reads as follows:

Can the Prime Minister assure the House that, on his return, the Minister of National Defence will make a statement on motions to inform the House and the country what Canada's current position is on this very important subject?

The Minister went on from Portugal to China, and circumnavigated the world during the Easter holidays. He is now back and the Canadian people are to be no wiser for the trip.

In a second answer that very day the Prime Minister, in response to my supplementary question, said, as reported at page 24067 of *Hansard:*

I repeated it this morning to Vice President Bush, that there has been no Cabinet decision to test the Cruise.

By that, of course, he meant the Cruise missile.

This is the position in which the House finds itself; that we have conflicting statements from two Members of Cabinet, in this case one from the Prime Minister and one from the Minister of Justice (Mr. MacGuigan). The conflicting statement by the Minister of Justice when he was Secretary of State for External Affairs was given in a disarmament debate which is recorded at page 16741 of *Hansard* of April 29, 1982, as follows:

Following the decision of 1979, President Carter requested some 18 months ago that we allow one of the proposed missile systems, the Cruise Missile system, to be tested in Canada. It is the Carter request, which was subsequently adopted by the Reagan administration, which has been accepted by the Canadian cabinet.

The Prime Minister, of course, has said there has been no Cabinet decision to test the Cruise. I would like to point out that this quotation from the then Secretary of State for External Affairs was not given in the "hurley-burley" of Question Period. This statement was made during an Opposition Day. The Minister would have had at least 24 hours' notice of the subject matter of that debate. His Department would have prepared a speech for him, in all probability, and it would have been gone over carefully by several other people to make sure there were no errors or omissions. There is no excuse for a Minister to say something that is not true and factual in the middle of a prepared speech.

On March 24, 1982, over a year ago, the Standing Committee on External Affairs and National Defence records that the Minister of Justice said, referring to two questions, and I quote:

The first one really is dealing with the testing of the Cruise missile system. This was a proposal that was put forward to Canada not by the Reagan administration but by the Carter administration, some 18 months ago. As I indicated, it was considered by cabinet during 1981 and we agreed to proceed with it at that time, to proceed to try to negotiate an agreement with the United States, a framework agreement, which would cover not only this kind of testing but other kinds of testing as well.

He is saying that the proposal which was agreed to by the Cabinet was the one on testing of the Cruise missile.

Again before the same Standing Committee of External Affairs and National Defence on May 4, 1982, the then Secretary of State for External Affairs said:

We have made a decision in principle in favour of the testing of the Cruise missile. That is, we have accepted it in principle. We have not accepted it in the context of a particular subagreement, nor have we even finished the negotiation of the overall agreement.

So it affects Cruise missile testing; no doubt about it.

Then on July 23, 1982, in the House of Commons, in reply to a question by the Hon. Member for Edmonton South (Mr. Roche), the then Secretary of State for External Affairs said:

Madam Speaker, a decision on principle on this matter was reached by the Canadian Government last year, that we would enter into negotiations with the United States with a view to having such testing, and also with a view to having a large agreement—In fact, not only have we not proceeded with that, but negotiations have not been completed on the over-all umbrella agreement.

• (1805)

On February 14, to bring it much closer to the present, we find the Prime Minister starting to back away. In answer to a question in the House of Commons as reported at page 22804 of *Hansard*, he said:

—whether the reference to tht by the former Secretary of State for External Affairs was not based upon an inaccurate memory of what President Carter had requested . . . I cannot say . . .

So he is intimating that the current Minister of Justice has an inaccurate memory and does not know what has happened.

On February 15, the following day, he had this to say in answer to another question:

It is not a matter of getting out of the agreement to test the Cruise. There has been no agreement to test the Cruise.

That is exactly the opposite of what his Minister was saying.

On March 15, 1983, in answer to a question in committee by the Hon. Member for St. John's West (Mr. Crosbie) as to whether there has been a request by the U.S. to permit them to test the Cruise missile guidance system in Canada, the current Secretary of State for External Affairs (Mr. MacEachen) said:

No. There has been no request.

That is a flat contradiction of his predecessor.

We have been led up the garden path by three different Cabinet Ministers going in three different directions. Would the Government please tell us what its position is on this vital matter and quit making fools of its members in the process?

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, as the Hon. Member is aware, the Minister returned from his trip only this morning,

and it was his intention to report to the Standing Committee on External Affairs and National Defence on April 19, on matters relating to the nuclear planning group meeting in Portugal. At this time I cannot answer all the questions of the Hon. Member, but I can make the following statement:

The Minister attended the semi-annual meeting of NATO's nuclear planning group just prior to proceeding to the mid-East, Asia and Australia. At that meeting the defence Ministers reaffirmed the position taken by heads of state and Governments in June, 1982, that deterrence and defence, together with arms control and disarmament, are integral to the main purpose of the alliance. That is, to prevent war, safeguard democracy and to build the foundations of a lasting peace.

As expected, the deployment by NATO of intermediate range nuclear missiles dominated the proceedings. It was widely agreed that the Soviet Union had only been brought to the negotiating table at all as a consequence of the two-track December, 1979 decision. A strong consensus emerged that the governments of the alliance should continue to support implementation of both tracks of that decision. It was also agreed that, although the zero option should be maintained as a desirable goal, the time was right for taking an initiative in Geneva on an interim agreement on ceilings which would not in itself prevent deployment of NATO systems later this year. NATO ministers considered that the Soviet Union had not made any proposals which recognized the legitimate security interests in the West, and that the Andropov proposal, based upon compensation for British and French strategic forces, was completely unacceptable.

Apart from the intermediate force discussions, the Minister's attention was drawn to the continued build-up of Soviet strategic nuclear forces, including sea and air-launched Cruise missiles. The United States provided a brief account of the status of strategic arms reduction talks.

• (1810)

During the discussion the United States Secretary of Defence and NATO Secretary General Luns acknowledged the visible contribution made by Canada to NATO solidarity in approving the umbrella agreement under which Cruise missile flight testing could be authorized.

The Acting Speaker (Mr. Blaker): Order. I am sorry to interrupt the Hon. Parliamentary Secretary. The rules relating to time allotment to Hon. Members during the adjournment motion are extremely strict. Neither the Chair nor the House itself has the option to permit more time. Accordingly, I believe I must recognize the Hon. Member for Mississauga South (Mr. Blenkarn).

THE ECONOMY—INVESTMENT IN CORPORATE SECTOR—REQUEST FOR MEASURES TO PROMOTE INVESTMENT

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, on March 22, 1983, I asked two questions of the Minister of Finance (Mr. Lalonde). Those questions involved the necessity to provide greater incentives in this country for equity investment in order to get the country rolling again.

It is abundantly clear from the debate today that most Members who went back to their ridings discovered that both large and small businesses are desperately short of real capital. This does not surprise me since our tax laws as they exist today make it more advantageous for a person to lend money than to subscribe money to a company in capital.

Equity investment is hard to come by, by virtue of the fact that our tax system, in almost every instance, treats those who lend money more favourably than those who put their money at risk by buying shares in a company or by the common stock approach. Consequently, businesses all across the country do not have the freedom to move.

During the past few years, the last two or three in particular, we have seen an entire series of bankruptcies, insolvencies and receiverships which have largely been caused by the fact that businesses have been borrowing money. That borrowed money has had to bear interest. The reason businesses have had to borrow money is that they have not been able to encourage people to invest money as a solid capital investment.

When one examines the tax system, one finds, as the Lortie Commission found, that when corporate tax and personal tax applicable to dividends on equity investment are combined, the total tax paid on that money, that is at risk and earning in a company, is greater than the taxes applicable if a person simply loaned the money to the company in the first place. That being the case, there is really no incentive in the system to encourage people to invest and put their money at risk.

One suggestion made in the Lortie Commission Report was to somehow index capital investment so that indexed capital investment would be treated on the basis that if and when a capital investment is withdrawn from a company it would have the same purchasing power as when it was put in. The reason for that proposal is, of course, that most capital gains, or alleged capital gains, in this country are not that at all, but really a reduction in the purchasing power of the dollar.

Let me give an example. If one invested $1,000 in 1973 and was able to sell that investment in 1983 for what one would think would be 100 per cent profit, $2,000, that $1,000 would not have in fact been made. In fact, expressed in 1973 terms, that individual would have lost $228. Under our tax system one would be taxed on the basis of having made a $1,000 gain when in truth one lost $228. This kind of thing goes on day after day in our marketplace, so that people who have any sense at all refuse to put their money at risk unless the hope and dream is that that money at risk will do far better than 100 per cent in ten years. In fact, one would have to make something in the neighbourhood of 150 per cent over a ten-year period. This is not always practical. Indeed, one begins to wonder whether such investors have been tasking the hemlock of optimism far beyond what is realistic.

• (1815)

In the new budget to be presented by the Government on April 19, it is essential that it do something with respect to

capital gains tax. In my view capital gains tax is anti-productive, discriminatory and unfair. We would be far better off as a country if we abolished it. We have to put into the investment community some sizzle, some hope, some drive. That sizzle, hope or drive is the possibility of making a profit. When one puts money at risk, one is behind the debt instruments—the debt has to be paid, the interest to the banks has to be paid. Whether or not that debt money in the company is really earning profits for the company, it has to be paid. The investor in a company only receives what is left after expenses, the bottom line. Profits and losses are not far apart because we are talking about the bottom line. Surely in a growing country we must make it possible in our budgets for those who invest to have an opportunity to make a profit and be well rewarded, or far better rewarded than those who just lend money.

Our present tax system militates in favour of the lenders of money, banks, trust companies and guaranteed investment certificate holders, but does not do anything for the risk taker, the person we really need to go out and create the jobs we so badly demand. As of today, 12.6 per cent of the population has been statistically determined to be unemployed. In truth there are well over two million Canadians either unemployed or so under-employed as to not really be treated as employed. They want to work and should be working. We must change the system to encourage growth, production, new investment and new opportunity.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the issue raised by the Hon. Member is one on which there has been very valuable consultation with the public, based upon discussion papers presented by the Government. In June of last year, the discussion paper entitled, "Inflation and the Taxation of Personal Investment Income" was released. The Lortie consultative committee, to which the Hon. Member referred, reported to the Minister of Finance (Mr. Lalonde), supporting the concept of a registered shareholder investment plan. The Minister of Finance has indicated agreement in principle with such a plan but, as the Hon. Member for Mississauga South (Mr. Blenkarn) knows, its details are a budgetary matter, as are measures that might be taken to support new equity investment in the corporate sector.

The broader issue, the adjustment of business taxation for inflation, was addressed by both the discussion paper to which I referred and the Lortie committee. The Committee suggested a study of comprehensive inflation accounting, recognizing the major issues which would arise in any such inflation accounting system. The discussion paper referred to the complexity of such a system, possible redistributions of tax liabilities among sectors, and international complications as important unanswered questions.

Accounting groups in Canada and elsewhere have been debating these points for several years, and as evidence of their complexity there is no consensus on the best approach. In Canada, larger companies are beginning to provide inflation adjustment on an essentially experimental basis, but the methods are not sufficiently developed to serve as a basis for a tax system. Whether it is desirable to undertake such a major modification of the tax system deserves serious reflection, and is to be determined by the Minister of Finance.

• (1820)

The Hon. Member for Mississauga South appears most concerned about equity investment opportunities. Interest rates have fallen, as has inflation. Equity markets have been performing well and the basis has thus been laid for new equity issues. The Government is very aware of the importance of a sound equity basis for Canadian business, and the need for building on the recovery which is evident in equity markets. The budget speech is the appropriate place to learn of any new initiatives. The Hon. Member will naturally have to wait for the speech to know about any specific actions intended.

Finally, I would note that the Lortie committee addressed one approach suggested by the Hon. Member, elimination of capital gains tax. The committee indicated that it seriously considered the desirability of this course of action, but concluded it would not be desirable.

CANADIAN NATIONAL RAILWAYS—REPORTED PURCHASE OF CAST CORPORATION

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, on March 25 I raised a question with respect to the CNR purchase of Cast and the contemplated purchase of Sofati, container operators, both centred in the city of Montreal, and the impact of the decision of the Crown corporation to act in this fashion.

I also raised the issue of whether the CTC had in fact held its public hearings—it has not—in respect to the Crown corporation's purchase. The Minister said that CTC had considered the matter. It became very obvious that if it had, it was in private, behind closed doors or in camera. The decisions are not publicly known. It was for that reason I initially asked the question.

The Minister said it was not a philosophical decision, not a socialist type of decision. I somewhat disagree with that. I feel that the tendency of this Government is further presented to the public by the inclination of the Crown corporation, CNR, to get further involved in shipping structures as they relate to Canada and its international trade. I am not at all sure that that necessarily puts it under the best management or that that is the best place for CNR to spend its money.

It goes further than that. It indicates that CNR is a free wheeling organization which does not have to comply with regulations that would be imposed on the private enterprise structure. It is in fact a free wheeling, go-ahead deal, similar to many other Crown corporations to which we have extended the use of the public purse without any necessity of getting approval for the use to which they put the money.

I want to point out to the House and the Minister that if we continue to centralize, CNR, Cast and the general shipping of Canada by water to the international world in the city of Montreal, this will have a serious detriment on the rail services

for freight into Atlantic Canada. The further this service declines, the more expensive it will become. The more expensive it becomes, the less attractive it will be to customers, national or international. When we moved Cast out of Halifax, we reduced the volume of traffic on the CNR. With that reduced volume, the unit cost has to go up.

The general policy of the Government had been that in the port system of Canada there should be a user pay situation. Is this going to apply in Montreal? If, for instance, a shipment came into Montreal in winter, or to any of the St. Lawrence; the Strait of Northumberland, Gulf of St. Lawrence ports, then ice breaking service is available to those ports at no cost. This puts the year-round ports, particularly that of the city of Saint John, in a position of very serious disadvantage. If there are free ice breaking services for the St. Lawrence area, it certainly will be detrimental to the user pay system which is imposed on the port of Saint John. This should be addressed. Ice breaking should either become a user pay service or compensatory steps should be taken to restore the port of Saint John to its historic position.

I also draw attention to the fact that National Harbours Board ports, including the Saint John port, are on a user pay basis. That is not the case with the commission ports or the other ports not under the National Harbours Board. Is it to be the continuing policy of the Government of Canada to make investments in the ports in the St. Lawrence and the north shore of New Brunswick which will be competitive with installations already bought by the Government of Canada in the port of Saint John? This is something of very serious concern.

• (1825)

I earlier cited in this House that the Port of Rimouski was built up and improved for the handling of wood products from Canada. That was after the four-term structure in the City of Saint John had been built with provincial help, and it went directly into competition with that terminal. That terminal is one of the most efficient in the world; its efficiency cannot be duplicated in other ports.

Are we then going to have Government pressure to expand other ports in the St. Lawrence Valley, in the north east of New Brunswick, to come into competition with already paid-for Government construction? Are we going to get DREE or other grants which will not be capitalized? Are we in fact going to capitalize them and impose upon them the philosophy of user pay?

I must say that I think the transportation structure in general has mitigated against the best interests of the Port of Saint John, and against Atlantic Canada, both in relation to freight rates and to the preferences which have been extended to the Commission Port in conflict and in competition with the user-pay National Harbours Port.

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the Hon. Member is dead wrong when he says that the CN Crown corporation is not subject to the regulations to which the private sector companies are subject. The whole philosophy behind Crown corporations is that they must compete with private member companies, and they are treated as private companies and must compete on that basis. He was wrong when he said that Crown corporations are treated differently by the Government.

The Minister of Transport (Mr. Pepin) clearly indicated to the Hon. Member in his answer of March 25 that whatever decision is arrived at with respect to CN and Cast, it will be subject to Government and CTC approval. Discussions have indeed taken place between these companies but no approval has been granted to a specific proposal by CN.

Faced with such a proposal, the Government would have to weigh several considerations. One is the competitive position of CN. As the Hon. Member knows, CP recently entered into an arrangement with Dart and Manchester Lines to provide an integrated Trans-Atlantic container service. Containers represent a healthy source of revenue for CN, and the company is obviously looking for ways of preserving this traffic.

Another aspect the Minister would have to look at is that of multi-modalism. There is a trend in transportation today toward door-to-door service: goods may move with one carrier, a development that is efficient and to the client's advantage. Cast was a pioneer in this area and CN, even with its minority interest, was able to benefit and better serve its customers.

The Government would also, of course, take into account the impact of any proposal by CN on ports in Atlantic Canada, such as Saint John and Halifax.

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

At 6.31 the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, April 12, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

SMALL BUSINESS INVESTMENT GRANTS ACT

MEASURE TO ESTABLISH

The House resumed from Monday, April 11, 1983, consideration of the motion of Mr. Rompkey that Bill C-136, Small Business Investment Grants Act, be read the third time and do pass.

Mr. Lewis: Mr. Speaker, I rise on a point of order. There have been discussions with the Government House Leader in the interest of expediting matters and bringing on the important legislation, Bill C-142, which deals with an adjustment of and increase in the amount of deposit insurance and concerns Canadians right across this country. We have had discussions on this side and are content to see Bill C-136 have third reading now on the basis that the Government would then immediately call Bill C-142, which would be dealt with for the balance of the day.

Mr. Deans: Mr. Speaker, on the same point of order, I concur with the comments that have been made. I think that we could quickly dispose of the Bill that is currently before the House, in fact dispose of it right away, and move towards dealing with the legislation that effectively raises the insurance levels for savings from $20,000 to $60,000.

I want to just add one minor point. I hope that in doing so we will be able to dispose also of the deposit insurance legislation today. Although we may have minor disagreements on the numbers, I would very much like to think that we could have a worthwhile debate between now and six o'clock today and deal with that legislation through all of the stages, to show that the spirit of co-operation and effort that we think exists in the House of Commons is indeed there.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Pinard: Yes, Mr. Speaker, we discussed the matter last night and earlier this morning, and there is now agreement for completing the third reading stage of Bill C-136 and putting the question without further debate. All parties are agreed that there will be no recorded vote on the third reading stage and that the next item to be considered will be Bill C-142. Although there is no definite agreement on disposing of all stages of Bill C-142 today, like the New Democratic Party we intend to do everything we can to have all stages of Bill C-142 disposed of by the end of the day. I want to emphasize that the Government will certainly not obstruct passage of the third reading stage of C-142 later today by withholding its agreement. Although we have no definite agreement on this item, as soon as the question is put on Bill C-136, we shall call Bill C-142, in the hope that all stages can be disposed of later today.

• (1110)

[*English*]

Mr. Lewis: Mr. Speaker, that is basically the arrangement, as outlined by the Government House Leader. We will naturally wish that Members who want to be heard on Bill C-142 be heard. That will depend upon being able to contact the Members who wish to speak on this very important matter. That is basically the arrangement.

[*Translation*]

The Acting Speaker (Mr. Corbin): The House has heard the motion of the Hon. President of the Privy Council (Mr. Pinard), seconded by the Opposition House leader in the House. Is it the pleasure of the House to agree with this proposal?

Some Hon. Members: Agreed.

[*English*]

The Acting Speaker (Mr. Corbin): It is agreed and so ordered. Shall I now put the question?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Corbin): Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

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

* * *

CANADA DEPOSIT INSURANCE CORPORATION ACT

MEASURE TO AMEND

Hon. Paul J. Cosgrove (Minister of State (Finance)) moved that Bill C-142, an Act to amend the Canada Deposit Insur-

ance Corporation Act, be read the second time and, by unanimous consent, referred to a Committee of the Whole.

He said: Mr. Speaker, this is a very short Bill indeed which is before the House today. The main purpose of the Bill, as has been indicated, is to increase to $60,000 the amount of protection carried or provided by the Canada Deposit Insurance Corporation on savings deposits with financial institutions in Canada that are so recognized under the provisions of the Act.

As most Hon. Members know, the Canada Deposit Insurance Corporation is a Crown corporation that was formed in 1967 by the Canada Deposit Insurance Corporation Act. The main purpose of the Corporation is to insure, within limits specified, savings deposits placed by the public with member financial institutions. The existence of deposit insurance has given security and stability to the savings deposit market in Canada and has almost completely eliminated the fear of runs against financial institutions.

All banks and all federally incorporated trust companies and mortgage loan companies that accept deposits are members of the corporation by law. Provincially incorporated trust companies and mortgage loan companies accepting deposits may become members on application if the Province of incorporation concurs and if the financial condition of the company is acceptable to the Canada Deposit Insurance Corporation.

I can give the House some statistics. As of the end of 1982, 132 federally incorporated institutions were members of the Corporation; 65 were banks and 67 were trust companies or loan companies. At the same time, there were 52 provincially incorporated trust companies and loan companies holding membership.

In so far as the finances of the Corporation are concerned, at the end of 1982 the total assets of the corporation amounted to approximately $255 million. Its income for the year amounted to approximately $14 million in the form of premiums and $25 million in the form of interest. The total deposits insured by the Corporation as of April 30, 1982 amounted to $118 billion. The corporation is a tax-paying institution. It is expected to pay approximately $12 million in taxes in respect of the 1982 taxation year.

As far as the administration of the Corporation is concerned, it is governed by a board of directors comprised of a chairman appointed by Order in Council, and, ex officio, the Governor of the Bank of Canada, the Deputy Minister of Finance, the Inspector General of Banks and the Superintendent of Insurance.

● (1115)

The three purposes of the legislation, Mr. Speaker, are as follows: first, to increase the maximum limit of insurance on each deposit, as I have indicated, to $60,000 from the present $20,000; second, to increase the borrowing authority of the Corporation, which naturally flows from the first item; third, to reduce possible misunderstanding where member institutions receive funds which are not insured deposits.

In addition, there are a few technical amendments which are not in the same category of importance as the three items which I have just discussed.

Dealing with these items in order, Mr. Speaker, first as regards the limit on the amount of insurance, as I indicated in the House on January 17, 1983 the Bill provides for an increase of insurance to $60,000 to take effect as of that date; that is, the date on which the Government's intention was announced to the House. Since the time the deposit insurance plan was first adopted in 1967, the limit has been fixed at $20,000 per depositor in each institution. All of the deposits which a depositor has with one member institution are grouped together for the purposes of that limit. However, if an individual has a deposit account in his own name and, for example, another jointly with another person, the two deposits are insured separately. Also, a deposit made by a trustee for a beneficiary is insured separately from a deposit made directly by that beneficiary.

RRSP deposits and RHOSP deposits are insured separately from deposits made directly by the owner of the plan. Thus, Mr. Speaker, although the limit has been $20,000 per depositor for some time, it has in fact been possible to obtain insurance for considerably more than that amount, either in one institution or by deposits through various institutions. The $20,000 limit was initially set with the intention of enabling the Corporation to insure the normal demand in term saving deposits of ordinary Canadians with small or moderate means, but without going so far as to be insuring investments as such and as a result interfere with the normal functioning of the financial market.

We believe that the $20,000 limit has served well and has resulted in all but a very small proportion by number of deposits in member institutions being insured, and even by amount, the $20,000 insurance limit covered a substantial portion of all deposits made with all institutions. Current estimates show that the $20,000 limit covered 63 per cent of all deposits in banks and 76 per cent of deposits in trust companies and loan companies.

Having said that, Mr. Speaker, the Government recognizes, however, that a number of changes have taken place in the year since the $20,000 limit was established. Deposit levels have risen as a consequence of inflation. The existence of deposit insurance has probably had an effect in increasing this type of savings as compared with other possibilities which a person might opt for, such as investments in bonds or stock. And the existence of tax-deferred plans such as Registered Retirement Savings Plans and Registered Home Ownership Savings Plans, which I have referred to, probably have also stimulated savings of the insured type. As a consequence, it seems desirable to make an increase in the level of deposits insured at this time.

The $60,000 limit proposed was recommended by the Standing Committee on Finance, Trade and Economic Affairs in its report on the profit situation of chartered banks, published in July, 1982. It is estimated that the $60,000 limit will now cover approximately 78 per cent of deposits in banks and

92 per cent of deposits in trust and loan companies. I recommend, Mr. Speaker, to all Hon. Members the rationale used by the Members of the Standing Committee on Finance, Trade and Economic Affairs in making that recommendation. I would draw to their attention that Hon. Members such as the chairman, Mr. John Evans, for Ottawa Centre and the Vice-Chairman, Mr. Peterson from Willowdale, together with Members opposite such as the acting critic for finance, Mr. Blenkarn from Mississauga South and Pat Carney, the Hon. Member for Vancouver Centre.

• (1120)

The Acting Speaker (Mr. Corbin): Order. The Hon. Minister still has time left, but I should remind him that he should refer to Hon. Members by their ridings, not by personal names. The rule applies to everyone.

Mr. Cosgrove: Mr. Speaker, I thank you for your admonition. I would like to identify other Members on the Committee. For example, the Hon. Member for Edmonton West (Mr. Lambert), the Hon. Member for York-Peel (Mr. Stevens) and the Hon. Member for Etobicoke Centre (Mr. Wilson) all joined in support of encouraging the Government to adopt the $60,000 limit which is in the Bill before us today. As I said, I invite Hon. Members to take a look at the study that was done by the Committee and the reasoning put forward by the Committee in urging the adoption of the $60,000 limit.

Now, some suggestions have been received that the limit should be set much higher than $60,000. The Government is conscious of these suggestions and also of the fact that in the United States under the Federal Deposit Insurance Plan the amount has been set at $100,000. However, Mr. Speaker, I understand there is a study in the U.S. which indicates that that amount should be reduced and limited. However, we believe that the limit of $60,000 would be appropriate for the Canadian plan at the present time.

It is important to keep in mind the basic purpose of the plan, which is to insure saving deposits rather than to insure investments at a level where the investor could be expected to exercise his own judgment or, for example, to seek professional advice. It is not desirable to interfere in the normal functioning of the financial market by setting deposit insurance guarantees at a level that puts all other types of investment activity at a disadvantage. It is important to note as well that the main volume of premium funds received by the Corporation comes from large, strong institutions, whereas the smaller and less known institutions are probably the beneficiaries of the plan to an extent out of proportion to their relative size. There is to be some reasonable limit to the extent to which the large institutions, for example, have therefore to carry the load or contribute to a pool of this type.

The Bill proposes no change in the premium structure. Under present rules, the annual premium required of each member institution is one thirtieth of 1 per cent of the amount of insured deposits. However, the Corporation has certain limited authority to reduce the premiums below this level if it believes the fund is adequate.

With respect to borrowing power, the Corporation now has the power to borrow up to $500 million from the Consolidated Revenue Fund. Any such borrowing is to meet financial needs to the extent that the Corporation cannot conveniently do so from its own resources. Any such loans would be at a rate of interest appropriate to the circumstances and would be repaid by the Corporation either from realization of its own assets or from revenue produced by future premiums.

• (1125)

It is important, if CDIC is to play its full role as a stabilizing influence in the savings deposit market, that it be of such size and, of course, have resources sufficient to make clear to everyone concerned that it can reasonably fulfil the function which it is intended to play. The borrowing limit of $500 million, set in 1967, which was adequate at that time, is of course no longer adequate. In the context of this fact, and in concert with the proposed increase from $20,000 to $60,000, it seems appropriate to provide the Corporation with access to larger financial resources to meet emergency needs. Therefore, the Bill proposes that the borrowing authority be raised from $500 million to $1.5 billion.

With respect to possible confusion where a member institution accepts money which is not insured, the Bill proposes that all member institutions be required to mark clearly any instrument issued in return for funds where the transaction does not give rise to insured deposit. I made reference to that as being the third major thrust of the legislation before the House. Certain exceptions are specified in the Bill where it is most unlikely that any misunderstandings would occur. This provision is for the purpose of meeting certain problems which experience has shown have arisen in connection with the operation of the Corporation through its mandate.

The request for this legislation has been reinforced by Hon. Members from all Parties and by Canadians in general who have written to Hon. Members, to myself or to the Department. For example, I have in my hand copies of numerous requests that this legislation be addressed quickly by the Government. For example, I have in my hand a letter from the Hon. Member for Nepean-Carleton (Mr. Baker) dated March 1, wherein the Hon. Member refers to an urgent inquiry from Mrs. Sinclair of Vernon, Ontario. The Hon. Member recites that she and her husband are worried about bad publicity re the trust companies and do not know what to do, but that they do badly need the $20,000 which will be due to them. The Hon. Member concludes:

> I have been asked to refer the matter to you for advice and in view of the time frame involved, I would ask for your advice as quickly as possible—

I have in my hand another letter from the same Hon. Member for Nepean-Carleton, again with regard to constituents who are concerned about the same matter, and it is dated February 21. The Hon. Member concludes by requesting an urgent response to this matter.

Similarly, I have in my hand the same kind of letter from other Hon. Members. For instance, the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty) requests a speedy

response to an inquiry from one of his constituents. A similar letter from the Hon. Member for Don Valley West (Mr. Bosley) requests a response to an inquiry about the status of this legislation on behalf of constituents. The letter is dated March 28, 1983 and the Hon. Member concludes by saying:

I look forward to receiving your comments to guide me in replying to my constituents.

As I say, I have also received letters from individual Canadians who have written. I have in my hand a second letter from the same Hon. Member, the Hon. Member for Don Valley West, indicating the concern of a constituent. This letter, dated March 11, asks for a report on the status of the legislation.

Therefore, I can assure Your Honour that there is a widespread interest as reflected by many Hon. Members who have written to me on behalf of their constituents asking for advice and a report on the intentions of the Government and the status of the legislation in front of us. I have a letter from the Hon. Member for Yorkton-Melville (Mr. Nystrom) inquiring about the suggestion of raising the limit to $100,000, which is a suggestion made by one of his constituents. I have a letter from the Hon. Member for Burnaby (Mr. Robinson) inquiring about the implications of the legislation as far as the RRSP stock certificate is concerned. I merely refer to those letters in order to demonstrate that, in addition to the direct inquiries from Members of all Parties, they reflect the concern of Canadians generally.

• (1130)

Although we have had the opportunity to appear with officials before the Standing Committee on Finance, Trade and Economic Affairs, where some questions have been raised with respect to this matter, I have not had full opportunity to discuss the implications of the legislation with Members of the Official Opposition.

I do have a press report today from the Ottawa *Citizen* which raises an issue which I think I should deal with before I conclude in order to indicate the Government's position and intention in this legislation. This report attributes to the Hon. Member from the Ontario riding of Simcoe North (Mr. Lewis) the statement that it is his Party's wish that the Bill be back-dated several years so that investors in such firms as the defunct ReMor Investment Management Corporation can receive more money back.

When addressing the issue of the effective date of the legislation, I indicated in my opening remarks that it is the Government's intention that the legislation be effective as of the announcement of the legislation, which is January 17. Passage of the Bill, hopefully today, would make it effective on January 17. It is not the Government's intention that the legislation should go into the past beyond the date that the Government publicly announced its intention to change the legislation.

With respect to the specific case of ReMor Investment Management Corporation identified by the Member for Simcoe North, I would add as well that I am holding a report dated March 23 from the Ombudsman of the Province of Ontario in which he addresses issues raised by the Member for Simcoe North concerning the security of investors who had deposits in that corporation.

I should draw to the attention of Hon. Members the conclusion of the Ombudsman report at page 10, which states that there was maladministration in the registration of ReMor. The Ombudsman goes on to indicate what that consisted of. I have read the report very carefully and I would not recommend that the Government consider coverage under CIDC in this situation because I think it is very clear that it was more than simply maladministration by the provincial Ministry of Consumer and Commercial Relations. In my view, it was gross maladministration. It is my conclusion that the responsibility for the difficulties in that case must be met by the administration responsible, which is the Province of Ontario.

In principle, we do not recommend in this Bill that the legislation be back-dated beyond the date of its public announcement. Second, with respect to the request that it be made to apply retroactively to ReMor, we say that clearly on the basis of the report of the Ombudsman, the Province of Ontario should accept total responsibility for any losses over and above the insured amounts that have been covered by CIDC with respect to the depositors in that corporation.

Although the Ombudsman refers to the federal Government in the report, he is very careful to qualify his remarks by saying that he received no evidence, conducted no investigation and it was only on the basis of hearsay that he suggested that the federal Government be involved. Since he is a former jurist, I suspect that he knew that he really did not have the basis for such a recommendation and for that reason recommended that the Province cover any amount that had been suggested might conceivably be covered by the federal Government.

In conclusion, the Bill before us and the Government's request of Members that the amount of coverage be increased to $60,000 has been well received by the public. It is a matter that has been urged upon the Government not only by Members on this side of the House but by Members of the Official Opposition. As well, it is my understanding from the comments made by the financial critic for the New Democratic Party at hearings of the Finance Committee that the NDP would support the legislation.

There may be some arguments that the legislation should be increased to the larger sum of $100,000, as has been suggested in a Private Member's Bill and by some Members in the House, but I hope that I have indicated the basis for the Government's intention to proceed to the $60,000 limit. It is based largely upon the report of the Finance Committee and on the fact that those who urged the $100,000 limit, using the American experience, must now realize that the Americans themselves are moving toward reducing the $100,000 limit under their program in certain circumstances.

Finally, because this is a self insuring plan for which the financial institutions themselves provide the funding by premiums for the program, we believe it would not be wise to

go beyond the date of the intention expressed by the Government to change the amounts and to go retroactively to those institutions to tell them that they must make additional levies for additional premiums, because in the long run that would simply be a charge against the system and finally against depositors and ordinary Canadians.

I join with the House Leader who urges that this legislation receive attention and disposition by the House at the conclusion of today's business.

Mr. Blenkarn: Mr. Speaker, I rise on a point of order. Before I commence my remarks, would the Minister accept two or three questions to determine if we could settle this Bill more promptly, much in the way we were able to settle Bill C-136 through co-operation from both sides of the House. On that basis, would the Minister answer some questions?

The Acting Speaker (Mr. Corbin): That could be allowed by unanimous consent since the Standing Orders do not provide for a question and answer period at this time. Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Blenkarn: Would the Minister advise the House whether the effective date of January 17 will enable the Canada Deposit Insurance Corporation to cover the losses people may suffer in Greymac and Seaway inasmuch as both of those corporations and their subsidiaries, Greymac Mortgage and Seaway Mortgage, were seized by the Province of Ontario? In other words, they were put into a form of receivership on January 7. Is it not the case, or arguable perhaps, that the people who were depositors with those corporations lost their money effectively on January 7 and, therefore, would not be covered by a January 17 commencement date?

• (1140)

Mr. Cosgrove: Mr. Speaker, I indicated in my comments that it was as a result in part of some of the problems that were identified by the difficulties with Crown, Seaway and Greymac which gave rise to Government's introduction of the legislation. Specifically as to whether the legislation would cover all potential claimants in those companies, if the Hon. Member would grant me the opportunity, I would like to confirm with counsel that the legislation as passed would cover those cases. That was the Government's intention. I would want to be doubly sure that in fact would be the effect of the legislation. I will get the answer and give it to the Hon. Member when I have it confirmed, hopefully this morning.

Mr. Blenkarn: Mr. Speaker, I thank the Minister for that answer. It would be our understanding that this Bill should certainly cover Greymac and Seaway and any losses that may result in Crown to depositors. If the opinion is to the contrary, can we accept the Government's undertaking to include an amendment to set out specifically that, notwithstanding January 19 being the date of introduction of this Bill, the Government will nonetheless order and direct the Canada Deposit Insurance Corporation to cover these losses at least?

While I am on my feet I have one further question for the Minister. He will know that the Ombudsman for Ontario has made certain claims with respect to ReMor. ReMor, as the Minister will know, was part of the Astra Corporation. He will also know that we have raised on several occasions in the Standing Committee on Finance, Trade and Economic Affairs the maladministration of the federal Department of Insurance, the Department that supervises trust companies. Will the Minister take a look at those questions with respect to ReMor and Astra and the arrangements? Will he look into the fact that a number of persons made deposits in Astra which deposits never reached Astra? Those deposits went directly into ReMor. Will the Minister take a look again at the statements and the investigation of the Ombudsman to see what he can do to make some ex gratia payment to those who suffered losses as a result of Astra being allowed to conduct itself the way it did, despite warnings and evidence that the company should have been closed up ages ago?

Mr. Cosgrove: Mr. Speaker, with regard to the first question asked by the Hon. Member as to whether we would accept specifically the amendment he proposed, that is based on supposition that I find an answer from the solicitors to say the legislation does not cover these companies now. If the legislation does not cover Greymac, Seaway and Crown, it would be the intention to ensure they were covered, whether in the amendment proposed by the Hon. Member, through some other device or through some other amendment worded in a different way. I will have to take that question under advisement and report to the Hon. Member. I believe we can do that through further discussion of the Bill as it proceeds, but I will look at that immediately.

With regard to the second question, I dealt with that issue in my opening remarks. I mentioned that I had seen reference to the issue by the Hon. Member for Simcoe North. That is why I urge the Hon. Member for Mississauga South to take a look at the actual report of the Ombudsman for Ontario dated March 23, 1983. In the report, the Ombudsman recites that he has investigated certain claims against the Ministry of Consumer and Commercial Relations for the Province of Ontario. In the first ten pages of that report he details the investigation of the charges that his section conducted under the auspices of the Ombudsman Act for the Province of Ontario. As a result, the Ombudsman concluded that in so far as ReMor was concerned there was maladministration. Let me quote his sentence found on page 10 of his report:

—there was maladministration in the registration of ReMor—

By and large, the two reasons were that the registration should not have been on the basis of information the Ministry had. The Ombudsman concludes ReMor ought not to have been registered. Second, the reasons given for the registration at the time were dependent upon a follow-up monitoring by the same Ministry which, as well, was not conducted. For those two reasons, the Ombudsman found, as he says in his report, "maladministration on the Province's part".

Having read the report, with the greatest respect I would say that it was more than simple maladministration; I would

say it was gross maladministration. Those two things ought not to have occurred. Therefore, when you come to the part of the report where the Ombudsman makes certain recommendations flowing from his findings, you find a very curious thing, Mr. Speaker. Dealing with the federal Government, the Ombudsman says:

Without necessarily adopting the following—

Therefore, he disclaims what he has to say following this, which reads:

—I note that federal participation in any compensation scheme has been advocated—

In dealing with the federal role, which is the issue raised with Astra firm which was federally incorporated, and the relationship with ReMor, the Ombudsman is very careful to qualify his remarks and does not adopt them to begin with. Second, he indicates that his remarks are based on hearsay evidence. The hearsay evidence is listed in four paragraphs found on page 11 of his report under items (a), (b), (c) and (d). In my view, had the Ombudsman the opportunity of talking to federal officials or of investigating the hearsay evidence put to him, he would have found that federal officials disputed the allegations in those sub-paragraphs. Indeed, the federal department successfully disputed those allegations in the Federal Court last year was successful at trial in disputing them. The case is presently under appeal.

It is the position of the federal Government that there is nothing in the Ombudsman's report that advances the case for additional consideration. There is nothing new which the Department has not considered and there is nothing new that the Department has not advanced in a court of law in defence of those allegations. Those matters are still pending.

Having said that, I qualify my comments by indicating to the Hon. Member for Mississauga South that there is the issue of tracing. If that is what the Hon. Member has hit upon, I confirm that the Department is still working with the firm of accountants investigating the relationship of ReMor and Astra. Officials are looking at the issue of the flow through of funds from ReMor to Astra. Solicitors for the federal Department have indicated that legally there could be a basis for a claim in law. Our difficulty is not with the law or the basis of liability; our difficulty thus far has been getting the evidence to substantiate in detail that flow through.

I met with the provincial Minister, Dr. Elgie, in November or December. I requested that kind of evidence or documentation. I have to date received no more information. Obviously the matter has been raised in the Ombsbudman report. Our officials have again gone back to the law firm and the firm of chartered accountants which are investigating. If a proper case for tracing is established, the Department has always indicated that that is a proper basis for a claim and will be entertained by the Deposit Insurance Corporation.

• (1150)

Mr. Blenkarn: Mr. Speaker, the Minister will know that over the last three years a number of problems were raised in the Committee with respect to the Department of Insurance. On the insurance side, we have had the defalcation of Cardinal, Strathcona and Pitts. On the trust side we have had Astra Trust, Greymac Mortgage and Seaway Mortgage Corporation. The feeling has developed over a period of time that there is something wrong with the way the Government has been supervising these companies and the way the Department of Insurance has been operating.

Second, the previous Minister introduced a draft Bill together with a suggestion for a new Trust Companies Act. Has the Minister yet had an opportunity to confer with his colleagues on the basis of forming a special committee of Parliament to look into the whole question of the supervision of loan and trust companies and what should be done with respect to changes to the Loan Companies and Trust Companies Act?

The Minister will appreciate that the same propositions are now before the Government of Ontario. Representations have been made to him by the Canadian Bankers Association and the Trust Companies Association of Canada. The Trust Companies Act has been in need of revision for some considerable period of time. There have been promises to introduce a Bill in this regard. At this stage, before going ahead madly with legislation, it might be appropriate for the Government to take the advice of Parliament and have a committee look into the entire question. Has the Minister had an opportunity to this point to discuss such a matter with his colleagues?

Mr. Cosgrove: Mr. Speaker, I have not discussed the matter in the context of a formal submission to my colleagues in Cabinet. However, I did discuss the matter with the former Minister who had responsibility for this portfolio and who was responsible for issuing the paper calling for public input into the matter.

The Hon. Member for Mississauga South is correct. The Government asked for recommendations from all Canadians. We put a time limit on the public input to that process. I believe we asked for submissions as of the end of November, 1982. We received dozens of comments from interested persons. Some of those comments were late in coming. They were received toward the end of December or early January.

I have not, in consultation with my officials, satisfied myself as to the best method of bringing this matter to a conclusion. For example we have not decided whether there is a need for the matter to be addressed before a committee and whether further public input should be sought. As the Hon. Member says, the matter is now complicated by the unfortunate experience with three provincially incorporated and supervised trust companies in the Province of Ontario, Seaway, Greymac and Crown. By parallel, the mortgage companies which are subsidiaries of those companies were brought into the control of the federal Superintendent of Insurance under the federal Loans Act.

The matter is further complicated in that under the federal legislation a hearing is required when the federal Superintendent moves to take control. A hearing is required for the companies that are sought to be controlled. In those hearings they are permitted to make submissions on the Government's intended

action. Those hearings are presently continuing. I spent two full days last week receiving submissions by solicitors and officers of those companies. They were making representations with respect to the federal Government's action to take control of the companies.

I cannot say to the Hon. Member at this time that I have concluded that the best way to have the matter resolved is by reference to the Standing Committee on Finance, Trade and Economic Affairs or whether it should be some other way. I have concluded that I should not make up my mind and I should not proceed to the next step until such time as I have had the opportunity of discussing this matter with the provincial Minister of Consumer and Commercial Relations, Dr. Elgie, and the other provincial Ministers who have similar responsibilities.

The Deputy Ministers of the provincial Ministers of consumer and corporate affairs met last Friday. That meeting was attended by Mr. Hammond, the Superintendent for the federal Department. The issues of sorting jurisdiction and attempting to overcome some of the difficulties that may be experienced because of split jurisdiction were dealt with at the meeting of the Deputy Ministers. As of today I have not received formal advice as to the conclusion of the Deputy Ministers.

I guess I have given the long answer. The short answer would be that I am considering the request of the Hon. Member, but it is premature. I am really not at the point to make the kind of decision that he has invited me to make.

Mr. Blenkarn: Mr. Speaker, it seems to me as a Member of Parliament that any new legislation will have to come before Parliament and that legislation might be expedited if the thoughts of Members were expressed in a committee hearing prior to the legislation being introduced. The Minister will appreciate that today the question of the $60,000 insurance limit can be dealt with rather expeditiously because a committee of this House recommended $60,000. It is rather difficult for the House to say that it will not accept the Finance Committee's recommendation made only a few months ago. It is on that basis that I make the suggestion to the Minister.

While the Minister has certain problems with respect to the management of trust companies under the existing legislation, under the Canada Deposit Insurance Corporation legislation rather draconian steps can be taken against both federal and provincial institutions and presumably, under Sections 24 and 25, without hearings. In other words, it is a matter of a report to the Minister and the Minister makes a decision. There is no requirement for public hearings or discussions. The Minister can move quite quickly.

On that basis, why did the Minister not take action against Seaway and Greymac under the Canada Deposit Insurance Corporation authority rather than under the loan and trust companies authority vis-à-vis the two mortgage corporations?

Mr. Cosgrove: Mr. Speaker, there are two reasons why I did not move under the CIDC legislation as opposed to the action now under way under the Loan Companies Act. First, the Department of Insurance of the Government of Canada acts as the regulatory and inspection agent for the CIDC in all Provinces of Canada with the exception of the Provinces of Ontario and Quebec. Had the difficulty arisen in any Province except Ontario and Quebec, where the actual regulation and daily, monthly or yearly control is by CDIC, it is conceivable that, having a hands on control relationship with the companies, I might have exercised jurisdiction under that legislation.

• (1200)

In the cases that the Hon. Member has cited in the Province of Ontario, I did not exercise jurisdiction because the Province of Ontario, through its Ministry of Consumer and Commercial Relations, and the companies that were primarily affected, the major players—no pun intended—Crown, Seaway and Greymac Trust, were the big brothers or big sisters, if you want, in the piece. The major action was in those companies.

The mortgage companies, which were federally incorporated and under the supervision of the federal Department, were really subsidiaries and under the control of the management of the provincially incorporated and controlled companies. Hence, the Department, although it shared parallel concerns with the Province, really was a minor player in the larger picture. Obviously the control decisions were made by the interlocking boards of directors and the major decisions were made in the parent company. The mortgage companies subject to federal jurisdiction were really minor players in the piece and that is why, for example, the Province moved first to exercise control in respect of Crown, Seaway and Greymac Trust. The federal Government moved subsequently, but in concert because of parallel concerns and because the companies were all interrelated in directorship, in operations and in investment opportunities. So that in effect, if the complaint of the provincial Government at the operation of the parent companies was one that could be satisfactorily concluded, that in turn would solve the problems with the subsidiary mortgage companies.

Mr. Blenkarn: Mr. Speaker, I hate to keep on going at this. I wanted to go on with my remarks, but the Minister has raised an issue. The Minister will note that there is a Quebec Deposit Insurance Corporation that handles Quebec companies, but it was my understanding, confirmed by the Minister, that all Ontario companies are registered under the Canada Deposit Insurance Corporation, as are most other trust companies and desposit taking institutions in the rest of the country. It is only in Quebec where they have their own insurance.

Why, then, as the Minister seems to have indicated today, did the Canada Deposit Insurance Corporation delegate its supervisory responsibilities to the Minister of Consumer and Commercial Relations in the Province of Ontario, particularly when it is the credit of Canada, not the credit of Ontario, that is responsible to ante up the losses?

Mr. Cosgrove: The short answer, Mr. Speaker, is because the Province of Ontario requested it. Second, it is not accurate to say that the delegation was a complete delegation. The Province reports the results of its inspections and supervisory

control to the federal Department of Insurance through the Superintendent of Insurance and his officials, so that they are in constant communication. It is a shared supervisory capacity.

Mr. Blenkarn: Mr. Speaker, on that basis would the Government give us the undertaking now to terminate that shared responsibility and take responsibility as required under the Canada Deposit Insurance Corporation? If Ontario wants to insure its depositors in Ontario registered corporations, let them do so; but if they are going to be insured by the Canada Deposit Insurance Corporation, surely we cannot have a situation where the Government of Canada can slither around and say: "Well, we really are not responsible because we sort of shared the responsibility with Ontario, yet at the same time we are responsible".

Will the Minister now give us an undertaking that this whole business of letting some other Ministry in some other jurisdiction do the supervisory work, presumably on contract or something like that, will cease, that we will do the supervisory work if we are responsible for the losses?

Mr. Cosgrove: Mr. Speaker, when I made reference to a meeting of the Deputy Ministers of consumer and corporate affairs of the Provinces and the Superintendent of Insurance for the federal Government on Friday of last week, this was presumably one of the issues that was discussed and considered by the officials. But it is a working relationship between the Province of Ontario and the Government of Canada at this time. I have not received the report as to what the conclusions of the meeting of the officials were. It is obviously something that the Ministers for the Province of Ontario and the Province of Quebec will have to consider. As the Hon. Member himself said, it invites a total review of whatever level or whatever Government it is that is supervising trust company operations in Canada.

It is premature for me to give the undertaking that the Hon. Member has asked for, though it is a matter that is being considered. The timing is quite appropriate because the Province of Ontario, I understand, will be publishing a white paper and asking for public input. The federal Government has already asked for input into changes in the Loan Companies Act, and that legislation, of course, would be before this House and presumably in the Standing Committee on Finance, Trade and Economic Affairs for consideration.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I would like to commence my remarks now, if that would be permissible. First of all, it is about time we finally got this Bill before the House of Commons. When I came back to Ottawa, I was disturbed to see a press release by the Minister indicating that the Progressive Conservative Party was somehow delaying this legislation. I find it incomprehensible that a Minister of the Crown would make such an allegation. I say that particularly in view of the fact that the very day the Bill was introduced in the House of Commons, a Private Member's Bill to increase deposit insurance happened to be introduced by the Hon. Member for Kingston and the Islands (Miss MacDonald). That, sir, you will recall, was Bill C-665. In debate at that time, this side indicated that we would be quite prepared to accept the Government's Bill, accept a reference of both Bills to the Standing Committee on Finance, Trade and Economic Affairs, use Private Members' time to get on with Bill C-142, amend Bill C-665 to comply with the terms of Bill C-142, and do everything conceivably possible to put through the increase in the limits on deposit insurance.

What happened was that the Parliamentary Secretary to the Minister of Finance (Mr. Fisher) talked the Bill out. When he ran out of time, the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) stood up and finished talking the Bill out. For the Minister to issue a press release saying that somehow the Progressive Conservative Party was delaying increased coverage on deposit insurance was a heinous misrepresentation of the truth.

• (1210)

I say that in view of the fact that in the 90-second statements that Members are permitted, on January 26, 1983 I called for a restoration of confidence in the trust system. I said that that confidence was damaged by the Seaway, Greymac and Crown matters, and that just the day before there was concern with respect to the Canadian Commercial Bank. I concluded my statement by saying:

> It is imperative that this House constitute a special committee to examine in detail all of our agencies managing financial institutions to give people renewed confidence.

Again, on February 1, 1983, in a statement in this House with respect to the Bill before us, I said:

> This Bill could be passed through this House in one day and the urgent concerns of these depositors, many of whom are retired, would be alleviated if they were covered up to $60,000.

I concluded my statement by saying:

> Let us get Bill C-142 passed. Let us get all matters concerning financial institutions before a special committee of this House. Let us get on with it.

It is about time, Mr. Speaker, today, April 12, having reorganized the priorities of this House, that we passed this Bill. I remind you that on March 30, one day before the Minister issued his obviously deceitful statement, the President of the Privy Council (Mr. Pinard) said that this legislation was not a matter of priority. Presumably it could wait through the summer because it was not on his priority list. You will see that we have done everything possible, Mr. Speaker. We managed to reorganize Bill C-136. We managed to settle that affair easily with the co-operation of the Minister of State for Small Businesses and Tourism (Mr. Rompkey). We have been able to bring this Bill before the House today despite the fact that it is not a priority matter with the Government and that, until today, the Government has refused to let it come forward for debate.

The whole question of how we are handling trust companies and loan companies has been before the Standing Committee on Finance, Trade and Economic Affairs on a number of occasions. I should like to refer to the hearings of the Finance Committee held under the chairmanship of the Hon. Member for Sarnia-Lambton (Mr. Cullen) on April 23, 1981 when it

dealt with the question of supervision of these companies. I should like to read into the record a question that I put on that occasion and an answer given by Mr. Humphrys, then the Superintendent of Insurance. At page 53:9 of the proceedings of the Finance Committee I stated:

> Now the Loan and Trust Companies Act allows a trust company to lend up to 75 per cent of the value of a piece of real estate, a home, for example. What are you doing to monitor that situation to make sure that the companies are not just fuelling the inflationary rise in prices and are not getting themselves in a box so that if the bubble bursts on some of these inflationary prices—prices, I might point out, of properties being sold at very much more than the cost of production—we will not wind up with the situation that existed after 1974 when the bubble burst in the last inflationary boom?

Mr. Humphrys replied:

> Mr. Chairman, the comment is correct that the law puts a limit of 75 per cent of the value of the property on the amount of the mortgage loan. That is the limit of our statutory authority to control the mortgage lending of the companies. We attempt to see to it that the values that are put forward to justify compliance with this limit are well considered; but, if the market goes up and the properties are trading at the values, there is nothing that we can do other than exercise such persuasive influence as we have on company management to have regard for the fact that the prices may be pushed up in a temporary inflationary surge and that they should not get themselves hung up too severely on these values.

In other words, the Superintendent of Insurance said that he really did not do anything. I pressed him further with respect to Astra Trust when I said:

> To a large extent the answer by some of the people in the Astra Trust case is going to be that all they were doing was lending in relation to the price of the property.

That, of course, was their answer. Then I went on to say:

> Are you doing spot checks with these companies, checking out the physicals of what they claim to be mortgages on account on a frequent basis? What checks are you doing?

And later I asked:

> All right. Are your people going out and checking those appraisers?

Mr. Humphrys replied:

> Not usually, sir, no. If he is a professional and qualified appraiser, we would accept that.

That is exactly what happened to us. The real issue before the people of Ontario at the moment is the purchase of Cadillac properties for $270 million, the subsequent sale of those properties, within days, for $500 million and the mortgaging of those properties to 75 per cent of value based not on $270 million but on $500 million. The whole issue is that the Loan and Trust Companies Act allows companies to make advances on real estate to 75 per cent of value. But what is value, Mr. Speaker? It is in the eye of the beholder. We are involved in guaranteeing deposits of people who put their money in what they think are trust companies, in what they think are secure, guaranteed corporations that are supposed to look after their money as a trustee would, but we know there are some high flyers who are not supervised and who get in the marketplace and take accounts and make loans that are totally inappropriate. They pretend they are staying within the law by pretending that they are using appraised values.

We are going to pass this Bill because we need to, but that does not solve the problem. How many times are we going to allow the situation that existed with Astra, and that now exists with the Seaway, Crown and Greymac companies, to happen again?

Deposit insurance came into force in this country after the problems that occurred with respect to a corporation called British Mortgage and Trust Company in Stratford. It was a well respected trust company in the Province of Ontario that was taken over by some people who had a little different idea from most of us of what a trust obligation was. They proceeded to do the same thing—to make fancy loans based on imaginary appraisals. The company went under and was bailed out by Victoria and Grey Trust Company. There were no depositor losses at that time but deposit insurance was brought in. Now we have a series of claims and there may be more. As we all know in our own communities, instead of real estate prices rising, in many cases they have tumbled by 15, 20, 25 or 30 per cent. When the properties are mortgaged to the hilt, a tumbling of values creates a situation very rapidly where a property is mortgaged for more than 100 per cent of its value. Yet there seems to be no arrangement by the Department of Insurance, or by the Canada Deposit Insurance Corporation, to force companies to take out of current, proper trust assets mortgages which are in excess of 75 per cent of the value of the property. There seems to be no arrangement by the Department of Insurance properly to appraise and spot check the kinds of investments held which are supposed to be back there to protect depositors.

• (1220)

Let us take a look at some of the evidence given before the Committee on Finance, Trade and Economic Affairs by Mr. Hammond, the current Superintendent, with respect to the Greymac and Seaway matters. I believe it is important that we go over that evidence today which was presented to the Finance Committee. First of all with respect to the Seaway Mortgage Corporation, the Department of Insurance determined on its own, prior to March 31, 1982, which is over a year ago now, that Seaway was in trouble. It put a $70 million limit on the borrowing of Seaway. It renewed the right of Seaway to do business on a month to month basis. Then all of a sudden this company was not being handled correctly, as is now evident. People who had put money up for guaranteed investment certificates in that company had not even received their guaranteed investment cetificate paper. The accounting records were in abominable shape. And it is now evident that, despite the order that they could not increase their borrowing beyond $70 million, in January they were at $106 million.

I ask you, sir, where is the supervision? How come that corporation was allowed to have people in charge who paid no attention to this Minister, to any Minister, to any Superintendent of Insurance, or to any rules and regulations in connection with the management of trust affairs? The answer is that the policemen either did not have the competency, did not have the staff or did not have the power. I say they had the power, perhaps not the competence. They did not have the intestinal fortitude to blow the whistle and terminate these companies.

The same thing happened with Greymac. Greymac was on a short leash from March 31 onwards, yet people put their savings in Greymac and this Department did not do anything about it. Greymac's associated company, Greymac Credit, was able to go into the open market and buy up the shares of the Crown Trust Company. Yet the Department of Insurance and the Canada Deposit Insurance Corporation—managed, I might add, by the same people as the Department of Insurance, the same policemen—did not do anything about it.

The original proprietor of Greymac, Mr. Rosenberg, was able to work with his new proprietor, Mr. Player, and they were able to use the treasury of Crown Trust, the treasury of Greymac, their mortgage corporations and their trust companies, and the depositors' money which was insured by the Canada Deposit Insurance Corporation, to play games and to make maybe $125 million for themselves. If the Department of Insurance and the people supervising the Canada Deposit Insurance Corporation had done their duty to Canada, had taken their responsibilities in the way they should have, the damage that was done, and has been done to all sorts of people in the country, would not have occurred. The damage which has been done to the confidence of people in trust and savings organizations, and the damage done to the confidence of investors, would not have happened.

This is a serious matter. We cannot, as a Parliament, allow the kind of poor, inept, incompetent supervision which took place with respect to Greymac, Seaway, Crown and Astra to continue. The people involved in that supervision have an obligation to find other employment. The Government responsible is this Government opposite, because this situation was brought to its attention in the Finance Committee in April, 1981. It was brought to its attention again in December, 1981. I personally asked the former Minister what he was doing with respect to flash audits. He said he was doing nothing. I personally asked him how come the same problem of lack of supervision caused losses in the insurance companies of Caledonia, Strathcona and Pitt? What did he do about it? What is he doing about the trust companies? Why is there not supervision? But nothing was done. Now depositors across Canada are going to wind up paying directly or indirectly larger premiums to the Canada Deposit Insurance Corporation to cover losses which should not have occurred, and would not have occurred had there been proper supervision.

We have a palliative. We are going to increase that insurance to $60,000 and we are, presumably, going to bail out the depositors in Greymac, Seaway and Crown. We should be bailing out the depositors in Astra also because, despite what the Minister says, despite the warnings, they did not do anything to clean up their act; and it was because they did not do anything to clean up their act that the Greymac, Seaway and Crown affair occurred. The Minister is still depending on the same people. He still has a meeting of people in Ontario. He still has not changed his method of supervision.

I asked him today why he does not bring Parliament into the picture. Let us have some hearings and get this matter straightened around. All he wants to do is talk about it. But that is not good enough. This Bill must pass, but that is not good enough, because it will not restore confidence other than the confidence of people who will say: "At least they will cover me for $60,000". What about the $3 million lost by the Peel Board of Education on a deposit made in Greymac effective January 1, 1983?

• (1230)

Mr. Fisher: On the advice of the Ontario Government. You know that as well as I do.

Mr. Blenkarn: What about that? What about the supervision? The supervision was not there. My friend, the Hon. Member for Mississauga North (Mr. Fisher), says that it was perhaps on the advice of the Ontario Government.

Mr. Fisher: Definitely.

Mr. Blenkarn: I am not saying the Ontario Government has not been responsible, or that the Ontario Minister of Consumer and Commercial Relations is not responsible. Indeed, I say that since we are the Government that should be responsible for financial institutions, particularly those that come crying to Canada for deposit insurance, that supervision should be done by employees of the Government of Canada through the Canada Deposit Insurance Corporation and no one else. They ought to be responsible. To shuffle off responsibility on some other Government is no answer to building the confidence of depositors and investors in Canada. It is the responsibility of the Government of Canada to do that, and you cannot do it by shuffling off your responsibility on another junior level of Government.

Mr. Fisher: With a regional Premier.

Mr. Kempling: It is a real Joke, isn't it?

Mr. Blenkarn: There are two or three concerns about this Bill. First of all, the limit of $60,000 is an important one. It was suggested by the Committee as being appropriate for ordinary deposits, that type of thing. Unfortunately the Committee did not put its mind to the concern with respect to cumulative registered Canada savings plans. Members will appreciate that if interest is calculated monthly at 12 per cent, money will double itself every five years. So a modest deposit of $5,000 today in a trust company, on that basis, will be worth $10,000 in five years, $20,000 in ten years, and $40,000 in 15 years. In 20 years you are out of luck because it becomes $80,000 and the insurance is only $60,000.

Because Registered Retirement Savings Plans are of such a nature that the tax implication of withdrawing the funds is pretty damaging and they cannot be easily moved around by virtue of the Income Tax Act, it is my feeling that the Government ought to consider some provision—perhaps not now because I think it is urgent that the Bill go through—to protect Registered Retirement Savings Plans to a larger amount than the present limit, and to treat them differently when held by a trust company.

The Minister made mention of tax. The Canada Deposit Insurance Corporation pays regular income tax. I suppose this is a method by which Government collects its money. It strikes me that the Government is really insuring the financial system, and why the Corporation should be a profit-making institution is beyond me. It seems to me that it should be a co-operative system that would insure deposits and handle various deposit-taking institutions in accordance with the risk presented by those deposit institutions. To make a few dollars, or $12 million as the Minister said, in corporate tax is not, in my view, the important function of the Canada Deposit Insurance Corporation. The Minister might well reflect on the fact that what we really want is deposit insurance.

I think we are not really today addressing this particular concern by trying to figure out how to derive another $1 million or so revenue for the Government of Canada. Surely to goodness deposit insurance is not a method of trying to get a few more dollars of revenue for Canada; it is to make sure that those who deposit funds with our financial institutions have a sense of security.

The Minister mentioned briefly that premiums were going up. It is unfortunate that premiums will have to rise. They have not been one-thirtieth of 1 per cent of the amounts deposited; the arrangement up until now has been one of significant reductions in premiums. So that while the Act calls for a premium of one-thirtieth of 1 per cent on deposit, that has not been the practice. Companies who have paid for a five-year period are only paying additional premiums on additional business coming in. Sir, in fact the premiums are going up because of the defalcations, because of this mismanagement. I call on this Government, as I did earlier, to form a special committee of this House immediately to inquire into loan and trust company legislation and into the Canada Deposit Insurance Corporation activities, so that we can have confidence as Members of Parliament that things are being changed, that they are going to be managed directly from now on and that we can say to our constituents, all of us, that they can have faith in the deposit institutions of Canada once again.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I rise to speak for a very short time on Bill C-142, an Act to amend the Canada Deposit Insurance Corporation. The New Democratic Party agrees that this Act needs to be passed without delay. We recognize the need for an increase in the insurance levels to protect those people who trust the system and who really in many cases do not know that much about it.

I was a little surprised to find myself agreeing on financial structures with the Hon. Member for Mississauga South (Mr. Blenkarn). That is not a usual area of agreement as far as our Parties are concerned, but controls over financial institutions need to be increased, to the extent that security of deposits is something which people can continue to count on. There should be controls to the extent that a situation such as the Crown, Greymac and Seaway Trust affair could not happen.

It is very important that we recognize the needs of the innocent depositor who puts money into a trust company, because he is going to need the money some time down the road. It perhaps pays a little better interest, but they are not in there to make a great deal of money. These depositors are not speculators, they put money in there to save because they are going to use it for their retirement. Those kinds of depositors need to be protected. They are not putting money in because they want to make a great deal of money; they want it to be safe. So we need to look at the financial structure in order to safeguard these depositors. In fact, we should look at the financial structure which allows speculation, because speculation is an attempt by people to make money from nothing. That is not part of the structure of our country.

I believe there is little doubt in many people's minds that inflation is the direct result of high interest rates, exorbitant profits and financial manipulation which makes money from nothing, from speculation. In situations where there is no production of goods, where there is no service rendered, and in our financial structure which we have developed and with which we live, should we allow the kind of money making which does not take into consideration the requirement of protection of the small depositor? Many years ago Christ chased the usurers from the temple. Here in Canada and in most of the capitalistic western countries, we have allowed many of them to come back in a kind of structure which protects very few of the people who are unable to protect themselves.

• (1240)

As long as we are in the kind of system which does lack control, then we as a Parliament, as a Government, must protect those people. Apparently, a great number of institutions do not believe that they have any responsibility toward their clients but, rather, believe they should have as much leeway as possible to make as much money as quickly as possible, without concern for their responsibility toward their clients. Therefore, some kind of protection is needed and should be at such a level that the small investor feels secure in putting his money into a financial institution.

A couple of years ago, the $60,000 limit seemed adequate, and it may, in some ways, still be adequate. However, it may not be adequate two or three years down the way. That is why several Hon. Members of this caucus have suggested that perhaps, while we are changing the limit, we should put it at a higher level, rather than coming back a year or two years from now trying to raise it. We must recognize that if we did put it at a higher level, we would not reduce the effectiveness of the Bill. In fact, we would expand its effectiveness to some extent.

The New Democratic Party will support the quick passage of Bill C-142 because it needs to be passed to protect the small depositors from putting the last parts of their life savings into these companies. It does not mean that our Party is happy with the system, but we do support the quick passage of the Bill, so that the people who do trust the system and make use of it can go on trusting it and using it.

Mr. Bill Kempling (Burlington): Mr. Speaker, we finaly have Bill C-142 before the House, and what a long and tortuous road it has travelled to arrive here. The Minister, who

is probably one of the cloudiest Ministers we have ever had in the House, has pulled every string to keep this issue clouded.

As Your Honour knows, there are conversations across the floor on various Bills. Before we rose for the Easter break, the Minister of State for Finance (Mr. Cosgrove) came across the floor and had a conversation with my colleague, the House Leader for our Party, the Hon. Member for Simcoe North (Mr. Lewis). He drifted across the floor or, should I say, floated across the floor in his usual fog and, putting on a political, partisan hat, said to our House Leader: "Your friends in Toronto are anxious to have the CDIC Bill passed". That was his comment. So our House Leader, in reply, told him to go and see the President of the Privy Council (Mr. Pinard) and request that he put it on the Order Paper for debate and that we would pass it. The Minister of State for Finance did not say that he wanted the Bill passed. He did not say that the Government had a sense of urgency that the Bill should be passed. Rather, he said: "Your friends in Toronto want this Bill passed". In other words, he—

Mr. Fisher: Your rich Tory friends.

Mr. Kempling: —has no concern, as far as I am concerned, for the trust industry, the depositors or the trust companies. He is interested only in trying to play little-minded political games. That is the way he has throughout his period of responsibility for the two portfolios we have seen him holding in this House. His purpose was to try to have the Bill passed with no debate. That was his objective. It was a typical Liberal trick. He knows that the federal Government was negligent in the matter involving Astra Trust, so he does not want the matter before the House. He does not want debate. He does not want anything out in the open; he wants to keep it under a cloud. That was his purpose in doing that.

Several of my constituents lost several millions of dollars in the bankruptcy of Astra Trust. The typical, unsophisticated investor went into the Astra Trust offices in Burlington and elsewhere and, in good faith, invested their money. They received a receipt from Astra Trust. This one happens to read: "Mrs. W. Stevens, $10,000".

When one considers the profile of the average investor in Astra Trust, this is what one finds: a relatively unsophisticated investor. By that, I mean one with no experience in investing at any time in his or her personal history. Perhaps a family that had grown up and a couple was in possession of a house which they were able to sell and from which they made a profit. So mama and papa took the money and split it down the middle, perhaps $40,000 or $50,000, went to Astra Trust and invested it. They thought they were investing in a guaranteed income certificate, guaranteed by CDIC. They found out, to their sorrow, that they had invested in a piece of mortgage, because several weeks later they received a document which stated that they were a partial holder of a mortgage somewhere down in the Niagara Peninsula.

The Minister himself, in his announcement on January 17, has continued his confusing ways. He announced that the Bill was to be introduced and that it would raise insurance limit from $20,000 to $60,000. So what happened in the trust industry? All the trust companies put advertising up on their walls and advised their clients that the limit was now $60,000. It became so blatant that on March 31 the Canada Deposit Insurance Corporation issued a telegram to all CDIC members telling them to stop advising people that the CDIC limit was $60,000. That was a direct result of the Minister's release and the fact that he did not have the muscle in Cabinet to have the matter brought forward. Certainly, it would have been brought forward and debated in short order in the House, but he wanted to cover it up. He did not have the muscle with the President of the Privy Council (Mr. Pinard) to get this done. He has confused this matter as did his predecessor.

The liquidation of Astra Trust, the bankruptcy of ReMor Investment Management Corporation and the receivership of C & M Financial Consultants are three events which are interconnected through a common ownership of share stock, common directors, and twisted, crooked business dealings designed at the outset to bilk innocent victims of their life savings.

A committee for the Government of Ontario sat for weeks studying the whole matter. The evidence of the connection between Astra Trust and ReMor is so plain that the only person in Canada who cannot see it is the Minister of State for Finance. He had the audacity to say, as reported in *The Globe and Mail* of April 8, 1983:

> Mr. Cosgrove said he has told Dr. Elgie in the past that he would like to see any evidence of a financial link between Re-Mor and Astra. Such a link would be the "only legal basis on which the federal government could be involved" in any plan to compensate those who have suffered losses.

• (1250)

The link is there and it is very direct. Not only are the depositors of Astra Trust victims, but some of the shareholders have been gutted by a group of financial sharks who left behind a trail of shattered lives, broken dreams, threats of suicide out of despair and a cynicism so deep that it could lead to violence. I have heard many who have come to my office threatening violence.

Victims of the ReMor scam were baited by smooth-talking trust officers who took their money, gave Astra Trust receipts to the victims and switched the money to worthless ReMor mortages. When the victims complained, they were told they were the holders of good, solid first mortgages when, in reality, they owned a piece of a fourth or fifth mortgage on a piece of property that was next to worthless and much of which was under water.

The purists in business practice cannot invoke *caveat emptor,* "let the buyer beware", because most of the innocent victims who entered the doors of the trust company say on the doors, the walls, the windows and counters the display of advice that Astra Trust was a member of the Canada Deposit Insurance Corporation. They had that warm, comfortable feeling that the Government was there to protect them. Adding to that mixture of deception, the words "guarantee" and "guaranteed" were prominently displayed in the office and in

the advertising on the wall charts and brochures. When one adds the fact that Astra Trust was, of course, paying a slightly higher interest rate than other trust companies, one begins to see the dimension of the scam. It was trust company with protection by the Government and it was all guaranteed.

As in most deceptive dealings, there was another side that was not up front or displayed. It was the fact that the trust officers of Astra Trust were also commission agents for ReMor. They were paid a salary by Astra Trust and a commission by ReMor. They took the money from their mark in the trust, Government protected guarantee atmosphere and switched the money into a worthless ReMor mortgage.

The Minister of State for Finance has tried to weasel out of this dirty, smelly, disgusting mess by saying that ReMor is a provincial responsibility. That has been his comment. There are dozens of unanswered questions that must be investigated. Let me list a few. Is the Department of Insurance adequately staffed? Does it have the mandate to perform adequate inspections of the trust industry? After all, it was only a short time ago that Argosy Trust left behind a trail of shattered certificate holders.

How closely were the affairs of Astra Trust monitored by the Department of Insurance? What liaison is there between the federal and provincial Governments? I suspect there is very little.

What leverage does the Department of Insurance have that it can get the Ontario Securities Commission to hold back on a stop trading order on a trust company that has violated the regulations under which it operates? Did the inspectors from the Department of Insurance refer the advertising of Astra Trust to the Ministry of Consumer and Corporate Affairs when it was obvious to anyone that it was misleading? Why did the Department of Insurance not intervene when it was apparent that the trust officers at Astra Trust were acting as commission agents for ReMor? Surely they knew the amount of money that was passing through Astra Trust. If the Government instructed Astra Trust to close down C & M Financial Services when the trust licence was given to Astra Trust, why did it act blindly to the activities of ReMor? Was C & M really closed down? The evidence is to the contrary.

Did the Department of Insurance inspectors' report to the Department of Consumer and Corporate Affairs indicate that bait and switch tactics were being used by Astra Trust officers? If not, why not? They certainly had enough evidence.

What liaison existed between the Department of Insurance and CMHC? That is an interesting question. The present Minister of State for Finance was formerly the Minister of Public Works responsible for housing. A question was put on the Order Paper by my colleague from Simcoe North. He asked if Astra Trust Company was an approved lender for the purposes of purchasing, making and administering approved loans under Part I of the National Housing Act and, if so, what date was such a designation approved, who approved the designation and on what basis; and, if not, had the company ever been so designated and, if so, on what date was such a designation approved, who approved the designation, and on what basis? This was the reply by the Minister of Public Works who is now the Minister of State for Finance:

> I am advised by Canada Mortgage and Housing Corporation as follows:
>
> Astra Trust was designated an approved lender by an Order in Council November 22, 1979. CMHC reviewed all pertinent information and documentation submitted by the applicant and was satisfied that this applicant met all criteria established by the corporation. On this basis CMHC sought an order in council designating this company as an approved lender.

I suggest that if this was put in chronological order, it would be seen that other investigations were under way at that time. There was no co-ordination at all between the Departments.

How much money was diverted from Astra Trust into a condominium in Spain? Do we really know if the money went to that development, or is it in a numbered account in Switzerland or Liechtenstein? We know that RCMP officials traced the money as far as they could. But were directors of Astra Trust so inept that they would invest trust funds in a venture that was so questionable and which was against their charter, an agreement with the federal Government? Was it chosen, rather, as a front to deliver money to a hidden account so that it could be retrieved at a later date? I suspect that this is what happened.

With a mass of regulatory violations outstanding against Astra Trust after 12 months of operation, why was firm action not taken at that time before the whole mess festered and grew into the tangled fraud that we have before us today?

I could go on, but in the final analysis the bankruptcy of ReMor and the liquidation of Astra Trust is a scar on the entire trust industry. While some in the industry express their views verbally regarding the licensing of Astra Trust, no one in that industry put their concerns in writing, through their trade association, about the licensing of Astra Trust to the Canadian Deposit Insurance Corporation. They knew because they talked privately about Astra Trust and the people who were directing it.

We must ask, whom do you trust? To whom do unsophisticated investors turn when they wish to invest the proceeds of the sale of their home, bequests or other funds that they may have available?

I have contended for some time that we must have an open judicial inquiry, a joint federal-provincial royal commission, if necessary, into this matter. The personal assets of the officers and directors of Astra Trust, ReMor and C & M should be frozen by the Government. The assets of their wives should be frozen so that the inquiry can determine if loans and other funds have been diverted or transferred to second or third persons to shield them from seizure as a result of the liquidation, bankruptcy and receivership of the tangled companies involved.

If the Government fails to do this, I believe that in the final analysis the trust industry as we know it today will not exist very much longer. It is a dirty, tangled, smelly mess.

One of the headlines appearing in the papers today says: "Are the Trusts Just a Bust?" That headline appeared in a

weekend newspaper. The way this matter has proceeded is absolutely scandalous and disgusting.

May I call it one o'clock?

[*Translation*]

The Acting Speaker (Mr. Corbin): Order please! It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

LABOUR ADJUSTMENT BENEFITS ACT

REQUEST FOR AMENDMENT

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, I am pleased with this opportunity to speak under the provisions of Standing Order 21. My subject is Bill C-78 which was passed by the House last year in February and subsequently, after being passed by the Senate, received Royal Assent in May of the same year.

I would like to draw the attention of the House to Section 17 as it applies to a person receiving pre-retirement benefits and who is, already was or subsequently becomes a widow. If this person is receiving pre-retirement benefits under Section 17, according to the Section, the benefits this person receives as a widow must be deducted, except for retirement or disability pensions provided under the Canada Pension Plan or the Quebec Pension Plan.

Madam Speaker, in the circumstances, a woman who is widowed and is receiving pre-retirement benefits, even if her husband contributed to the Quebec Pension Plan all his life, is penalized because her pre-retirement benefits are subtracted.

I think this has created a special problem, since widows, women who worked with their husbands, are being penalized. People who have become disabled or are retired do not have equivalent amounts deducted from their pre-retirement benefits, but as soon as a woman is widowed, she loses certain amounts under the provisions of Section 17. Madam Speaker, I would therefore ask the Minister of Labour to look into this matter and amend the Act so as to avoid penalizing women who become widows.

[*English*]

AGRICULTURE

CALL FOR ASSISTANCE TO FARMERS

Mr. Gus Mitges (Grey-Simcoe): Madam Speaker, there is no question it is quite evident that our farmers are among the most productive in the world. In fact it is generally agreed that they are the unsung heroes of the so-called war against inflation.

There is no question as well that Canadians do indeed receive a tremendous deal when they line up at check out counters of supermarkets and other food stores. Those who complain about the high cost of various food products are indeed missing the point when you consider that, in Britain, families spend about 30 per cent of disposable income on food. In West Germany it is 33 per cent, and in Japan food costs are 40 per cent of disposable income. In Canada we spend little more than 18 per cent of disposable income on food.

Beset by high interest rates, escalating costs, and low prices, it is remarkable that our agricultural community is able to compete in world markets. In spite of this, many consumers downgrade farmers the minute food prices increase, no matter how little. Perhaps it is time that all of us begin to understand that, unlike many other countries, we are able to buy what we want and at prices that are among the cheapest in the world.

Our farmers deserve more recognition and credit for the tremendous job they are doing. Therefore I call upon the Government and the Minister of Finance (Mr. Lalonde) to recognize seriously and to deal seriously with their problems in the forthcoming budget by providing all assistance necessary to keep our farmers and food producers solvent. Otherwise the farm population will decrease even move to the further detriment of our economy and of the food industry in particular.

* * *

[*Translation*]

HOUSING

ELIGIBILITY OF MUNICIPALITIES FOR RRAP PROGRAM

Mr. Gaston Gourde (Lévis): Madam Speaker, the Residential Rehabilitation Assistance Program, commonly referred to as RRAP, has been an unprecedented success, thanks to the project officers and other CMHC employees who helped to set up the project. For instance, in the riding of Lévis alone, 117 homes were improved during the first eight months of 1982, $491,000 were lent under the program and $379,000 will be paid to citizens in the form of grants.

We feel, however, that the rural side of the program should be broadened. At the present time, only rural municipalities with fewer than 2,500 people are eligible for rural RRAP. Otherwise, they come under the urban RRAP, and the procedure for obtaining a grant is far more laborious. We feel that the Canadian Government should immediately make municipalities with up to 10,000 inhabitants eligible for rural RRAP, and plan to raise the ceiling even more in the years to come.

We are aware that if rural RRAP were offered to all municipalities, the costs involved would be astronomical. We would like to remind the Minister of Finance (Mr. Lalonde) that the program has a direct job-creating effect on a sector that has suffered considerably, namely, the construction industry. This would certainly be a welcome addition to the budget speech on April 19.

* * *

[*English*]

THE ECONOMY

PRIME MINISTER'S STATEMENT

Mr. Gordon Taylor (Bow River): Madam Speaker, yesterday in this House the Prime Minister (Mr. Trudeau) said "the economy is performing well".

"Performing well" with Statistics Canada just releasing figures that 1,658,000 people are unemployed, with some 475,000 persons out of work and discouraged from even looking for a job.

"Performing well" with business bankruptcies in Canada up 55 per cent and farm bankruptcies up 111 per cent over one year ago.

"Performing well" with 40,000 of our young people being forced to leave their Canada to find work.

"Performing well" when the pillows of hundreds of women are wet with tears because UIC has run out and there is no money for clothes or sufficient food for the kids.

The Prime Minister must be living in a different world, or perhaps he meant the "economy is performing well" for ex-Ministers like Mr. Buchanan and Mr. Gillespie, and for Senator Pitfield. Certainly the economy is not performing well for two million unemployed, for hundreds of young people about to leave university or high school, for our businesses or our farms.

I urge the Prime Minister to get out among the people and to heed the aftermath of a similar statement from a well-to-do person in France when told that the people were hungry and had no bread. "Let them eat cake!" she said.

"The economy is performing well," our Prime Minister says. Shame!

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CANADIAN NATIONAL RAILWAYS

OPPOSITION TO ANNOUNCED WINNIPEG LAY-OFFS

Mr. Bill Blaikie (Winnipeg-Birds Hill): Madam Speaker, on May 1, 1983, the CNR is scheduled to go ahead with the system-wide lay-offs that it announced in January. At Transcona Shops this means that a couple of hundred young railroaders with families, mortgages, and a will to work, are facing a permanent lay-off. Yet they also know that this lay-off could be significantly reduced if the CNR were to build the 900 coal cars it needs, in its own shops, as it is now capable of doing in Transcona, for instance. This has been their hope, and mine, that, through a decision of the CNR to build all or a portion of the cars itself, jobs could be saved.

With May 1 not far away, and in view of the fact that speculation about the coal car contract has lingered for months, I suggest to the Minister of Transport that he ask CNR, in all fairness, to make up its mind so that, whatever the case may be, people will at least know what is going on and will be able to plan accordingly. People whose economic well-being is dependent upon such decisions deserve to be informed earlier than at the last possible minute.

Having said that, I nevertheless want to repeat my contention that the lay-offs are unnecessary in any case and will turn out to be an example of tragic shortsightedness on the part of the Government, whose failure to mandate the CNR to plan for the long-term, instead of responding to short-term budget considerations, hurts not just CN workers but the whole country. If there were any economic sense on the other side we would be talking about whether more people were to be hired to build coal cars, and not about reducing the effect of an unnecessary and short sighted lay-off. There is, after all, plenty of work to be done.

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REGULATIONS AND OTHER STATUTORY INSTRUMENTS

EXPLANATIONS FOR DEPARTMENTAL ACTIONS

Hon. Perrin Beatty (Wellington-Dufferin-Simcoe): Madam Speaker, I want to raise a point which I believe is timely, with the second Commonwealth Conference on Delegated Legislation being held in Ottawa this week.

Over the course of the life of the Standing Joint Committee on Regulations and other Statutory Instruments where the committee has been charged with the responsibility of inquiring into the legality of regulations passed by the Government, a problem has arisen. Often our Committee counsel makes recommendations which indicate that, in his opinion, actions taken by the Government are illegal. The response the Committee has had in the past often stated that the Minister of Justice (Mr. MacGuigan) had been asked and had given a legal opinion which indicated the Government's actions were entirely legal. When the Committee asked for an explanation of that, the Committee was told the opinion was privileged because of a solicitor-client relationship, and it would not be given an explanation.

• (1410)

On January 13, 1977, the then Minister of Justice, Mr. Basford, wrote to the Committee to indicate that, in future, Departments would be given the responsibility of explaining to the Committee why it was that their actions were legal. Unfortunately, in recent days we found the Government

backing off that, as the Minister of Indian Affairs and Northern Development (Mr. Munro) has taken the position that only the Minister of Justice has that responsibility.

It is not good enough for a Minister to say that he is acting in a particular way because, in a secret opinion, the Department of Justice has said it is okay, any more than it would be appropriate for any of us to rob a bank on the strength of a legal opinion from a lawyer that it is legal to do so. We would ourselves be—

Madam Speaker: Order, please.

* * *

HAZARDOUS SUBSTANCES

UREA FORMALDEHYDE FOAM INSULATION—UNITED STATES COURT RULING

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the decision in the United States Court of Appeal overturning the ban on urea formaldehyde foam insulation used in the insulation of residential property brings to the fore the problems of all sorts of Canadians who have taken advantage of the CHIP program and insulated their homes with this foam. In some cases the foam, improperly installed, has caused health problems, but in the vast majority of cases, as was found in the Court of Appeal in the United States, there is no health hazard.

The effect, unfortunately, of the ban on urea formaldehyde foam insulation and the subsequent publicity has been to make those homes where there is no health problem totally unsaleable and unmortgageable, and the owners of those homes have suffered enormous financial loss. The Government's $5,000 grant is of little assistance. The foam cannot be removed for $5,000 and, unless a home can be certified foam-free, no mortgage company will lend, few buyers will purchase, and then only at a significant discount.

This House must deal with the problem which the ban on urea formaldehyde foam insulation has created for home owners, by certifying those homes where there is no health problem to be safe, and by guaranteeing the homes and occupants against any health hazard.

* * *

STATUS OF WOMEN

GOVERNMENT POLICY ON AFFIRMATIVE ACTION

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, women in this country still only earn 60 per cent of the average wage of men because they are restricted to job ghettoes, yet the Government states that it has a commitment to affirmative action, which is a plan to rectify this systematic discrimination. What is absent is any results from the policies of the Government. In fact there is only one affirmative action plan resulting from this policy right across the country.

I want to refer briefly to the memo that was issued a year ago in Winnipeg that directed the local affirmative action consultants not to take any action in this area. It is time that the Government started to respond and to answer some tough questions about affirmative action. How many contracts have they signed? How many firms have been visited? Has the action on affirmative action that was promised a year ago, resulted in anything? If there are no results we can only conclude that the Government has no concern about the incomes of women and no real commitment to affirmative action.

* * *

ADMINISTRATION OF JUSTICE

EFFECT OF COURT RULING ON NARCOTIC CONTROL ACT

Mr. Howard Crosby (Halifax West): Madam Speaker, let me bring to the attention of the House of Commons, particularly of the Minister of Justice, a recent decision of the Supreme Court of Nova Scotia, under the Canadian Charter of Rights and Freedoms, that affects the enforcement of the Narcotic Control Act. The Supreme Court of Nova Scotia held that the so-called onus provision under the Narcotic Control Act was unconstitutional by virtue of the provisions of the Canadian Charter of Rights and Freedoms. This will allow drug traffickers to avoid the responsibility placed on them under that provision of the law in relation to charges of trafficking in narcotics and other illicit drugs. This will have an adverse effect on the administration and enforcement of the Narcotic Control Act.

I hope the Minister of Justice (Mr. MacGuigan) will examine this decision very carefully and bring before this House of Commons, at the earliest opportunity, legislation that will correct the effect of this court decision. I do not think when this House of Commons passed the Canadian Charter of Rights and Freedoms it intended to benefit drug traffickers. I think the Minister of Justice can take action to remedy this result.

ORAL QUESTION PERIOD

[*English*]

THE ECONOMY

PRIME MINISTER'S STATEMENT

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is for the Prime Minister who yesterday, in response to a question posed by my colleague from Lethbridge-Foothills, stated that the young people of Canada should look at the reality of statistics rather than at the gloom that is forecast by the Opposition. Since the recession which we are suffering began in this country, 401,000 young people have lost

their jobs, including 10,000 people last month. There are fewer young people employed now that at any time since 1973. Given these realities, how does the Prime Minister expect anyone in this country to believe that the economy is performing well? What rate of unemployment does the Prime Minister believe we have to reach before he will say that the economy is not performing well?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member will recollect that yesterday, in the exchange with the Minister of Finance, he quoted several statistics indicating the increase in job creation and the increase in productivity. I gave some statistics indicating an increase in the Gross Domestic Product over the past several months, the past three months I believe.

It is obvious that, if you look at the figures of high unemployment and the figures of still high interest rates, you can take a pessimistic view of the future. The Minister of Finance, other Ministers and the Government are not taking that pessimistic view. They are saying that there are signs of improvement. It is these signs of improvement to which the Minister of Finance and I referred yesterday. You can always look at these signs of improvement, hang your head and say it will get worse. We say it is going to get better, and we intend to have a budget that will make things better faster.

GOVERNMENT APPROACH TO BUDGET PREPARATION

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, with the rate of unemployment we face in this country, particularly as it relates to young people who will be coming into the workforce very soon from the schools of the nation, I cannot understand how anyone in his right mind would suggest that the economy is working well. The Prime Minister is desensitized to the plight of Canadians who are unemployed. Indeed, it permeates the press in this country, and the Government. They have become insensitive toward the human tragedy occurring across the country in terms of those who are facing unemployment.

The Government has taken the position that it is going to tough out this recession and place the consequences on the backs of the unemployed. Is this the attitude that the Government is taking in its new budget, that the economy is performing well, when one out of every five young people in the country is out of work?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member refers to the necessity to have an open mind, and questions whether the economy is working well. I wonder if his open mind is working well. He accuses the Government of being insensitive to these problems. Not only are we not insensitive to them, we deplore the situation and we have done a great deal about it. We spent more than $2.5 billion in the June budget and in the October-November announcement of the Minister. More than a billion of this was addressed to creating jobs and helping to create skills among the young people.

It is obviously not a matter of the Government being insensitive. On the contrary, these figures indicate that we are not only telling the people that we are trying to provide jobs for them, but we are not taking the attitude that we are going to tough it out. If we were, we would be looking at the Opposition and saying, "Let us just talk about the doom and gloom". We are presenting programs. We did in the June budget, and in November. We will do it again next week in the coming budget, to create jobs, to create the skills and create the infrastructure which will help the economy pull out of its very serious situation.

I repeat, the Hon. Member's mind must not be working very well if he has not seen this, if he just wants to look at the bad side of the economy and not look at the positive indicators that everybody is recognizing. It may not be a great future, but it can be if we decide to make it so.

* * *

LABOUR CONDITIONS

YOUTH UNEMPLOYMENT—GOVERNMENT POSITION

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, for a country that has had the poorest growth rate of all of the OECD nations, it is difficult for any of us to try to be dispassionate and look at these figures in a constructive way to find anything to give us any hope for the future, with this Government in control.

I want to ask the Prime Minister a question in relation to youth unemployment. In 1977 the Prime Minister told young people of Canada at the University of Toronto, "If they don't like it here, let them find another country. If it is just a job you want, my heart does not bleed for you." In view of the fact that in 1977 there were 411,000 young Canadians out of work and now we have 658,000 young people out of work, I want to ask the Prime Minister if this is the current continuation of his philosophy and the Government's philosophy, that their hearts do not bleed for the young people of this nation.

• (1420)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member is reaching to 1977 to talk about my philosophy. I would be very interested to compare my philosphy in that exchange I had at the University of Toronto or at any one of the halls of university with that of the Hon. Member. I was telling the students that the Government could not sign a blank cheque and guarantee them their future; that we could not guarantee them jobs; that if they wanted that, we would have to have a totalitarian state in which indeed we could direct students to study this and do that, and that was my philosophy. I am surprised that it seems unacceptable to the Hon. Member. Is he holding, and is his Party holding, that the Government owes a job to everyone and that the Government should be directing every student into every particular department so that he would have a guaranteed job in some part of the country regardless of his freedom to move? I would

be very surprised if that were the philosophy of the Hon. Member.

Instead of digging back to 1977 why doesn't he dig back a little bit into his own ingenuity and ask himself what his philosophy is on this matter.

REQUEST FOR ADVICE FROM PRIME MINISTER

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is also addressed to the Prime Minister. In terms of our philosophy I think it is very clear that in our Party we believe that, in a country with the riches and the scope of Canada's, every Canadian should be able to find a job.

In terms of youth unemployment, we are talking about a lost generation. We know that one out of four young men in Canada under the age of 25 is out of work. As a parent, what practical advice does the Prime Minister have to offer our sons and our daughters who want to earn their independence and pay their own way? What practical message can they take to cope with a situation that looks very bleak to them?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, now the Opposition has asked me to give my advice as a parent. I give my advice as a parent to my children. I hope the Hon. Member would have the ingenuity to do the same to hers.

Miss Carney: Madam Speaker, if that is his attitude, I feel sorry for all the sons and daughters of all Canadians today.

Some Hon. Members: Hear, hear!

DESCRIPTION OF CIRCUMSTANCES

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is addressed to the Prime Minister.

In view of the Prime Minister's statement Monday that the economy is "performing well", how does he describe the circumstances facing the half million Canadians whose jobs have disappeared and who will never return to the work bench or never return to the mine site or never return to their ordinary job because those jobs have gone forever? What hope does he offer them?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, how I describe that is as a very regrettable situation. Canada is caught up in a world-wide depression, recession, whatever you want to call it. We are part of the trading nations of the world, and we are doing our best in order to make sure that jobs will be created. I repeat, we have spent more than $2½ billion in order to do that. We are announcing projects every week. There will be more in the budget next week. We are not telling people that things are going to get miraculously better overnight in Canada just because the Opposition wills it, if the rest of the world does not enter into the recovery process at the same time as we do.

REQUEST THAT TARGET BE SET FOR UNEMPLOYMENT REDUCTION

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister. The Prime Minister has just referred to what is appropriately described as a world-wide recession. I have a question for him precisely in this context.

There are two other industrial countries, Sweden and Japan, which have unemployment levels of 3 per cent, which is one-quarter the unemployment level in this country. The other characteristic that these other two countries have, however, unlike the Government of Canada, is that the Governments of Sweden and Japan have declared a national emergency in terms of unemployment being at 3 per cent in their lands. On the eve of the budget, given the human cost of unemployment in Canada, given the economic cost of about $1 billion a month in unemployment insurance alone, will the Prime Minister give his assurances that the Government will say there is an emergency in terms of unemployment, and set specific growth targets for 1983 in terms of guaranteeing, in terms of its targets, in terms of bringing in special programs, a bringing down of the level of unemployment by a certain percentage by the end of this year?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it would be simple enough to answer the question by saying that the Hon. Member will see for himself what is in the budget next week, but I can assure him that it will not be a budget which will try to solve the problem by slogans, by saying that it is an emergency and that we must take emergency action. The judgment of the people will be on what action is taken, not on the words that are used.

* * *

THE ECONOMY

INQUIRY RESPECTING GOVERNMENT POLICIES

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Government of the two countries I have referred to have not talked in slogans, they have not made vague promises in the past, they have acted. That is why, even today in the world-wide recession the Prime Minister is talking about, they have only 3 per cent unemployment.

My question to the Prime Minister is in terms of action. He did promise a while ago that we would have in Canada what my Party has talked about for a long time, namely, an industrial strategy. The Prime Minister said in 1980 that the Government, and I quote him, must not remain "a passive referee" but instead become "an active player" in the economy. Just before the Parliamentary recess the Minister of Industry, Trade and Commerce said the opposite. He said the Government should intervene only when and where the private sector tells it to. Will the Prime Minister clear up this contradiction? Does the Government believe that it ought not to remain passive, or is it going to do now what the Minister of Industry, Trade and Commerce said, simply let the private

sector do what it will and let the chips fall where they may, even if that means two million unemployed Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I don't think the Hon. Member would be suggesting that the private sector itself reflects a situation where there are 1,600,000 unemployed. The Hon. Member knows that the private sector, which includes the employers, the investors and so on, has been having a difficult time of it as well. Therefore it is not for their love of unemployment that they think the private sector can do a job. I have said many times before that this Government has a philosophy which permits Government intervention in some cases. For instance, we have made that quite clear in areas like the creation of Petro-Canada, and our national energy policy, and so on.

In the overwhelming majority of areas we say the jobs should be created by the private sector, and it is the business of the Government to try to make sure that the appropriate social legislation is in place to make sure that the people who have to be helped are assisted. But, by and large, the jobs have to come from the private sector. Therefore the private sector has to have good confidence in the future of the economy, in the way it will be conducted, and in the possibility of investing soundly in order that jobs be created.

ROLE OF GOVERNMENT

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Prime Minister knows as well as the people on this side of the House that he did not answer the question at all. No one is saying that the majority of Canadians, now and in the foreseeable future, won't be employed in the private sector. What we are asking the Government is whether, in the context of a mixed economy, it is going to live up to its own commitment to provide an industrial strategy, which is a different kind of matter entirely.

I want to ask the Prime Minister if he is standing by his old campaign promise, or is he going in the direction of the Minister of Industry, Trade and Commerce? Will he give Canadians a sense of hope, a sense of optimism about the future, by saying the Government will play an active role in setting investment priorities in the economy so we can get more long-range jobs which Canadians desperately need?

• (1430)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member uses the term "mixed economy", which is the one this Government has been following. If he needs examples of Government intervention and direction given to the economy, he could look to his right and he would find too many examples to please them. He would just have to look at his own position and the position of his Party on the Crow announcement that we made some months ago. Here is a case where the Government was giving direction to the economy, proposing solutions, and what happens? The NDP sits on its hands and prefers being reactionary to change—a change which is necessary to create the infrastructure in this country.

FINANCE

MINISTER'S APPROACH TO BUDGET PREPARATION

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, my question is directed to the Minister of Finance. Not to engage in the interesting dialectical exercise of arguing philosophy, especially with the Prime Minister, but coming down to very practical questions of politics and policy making, I have a question for the Minister of Finance. Is he using, as his premise in the preparation of the budget next week, the position of the Prime Minister that "the economy is performing well"?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I can understand the Hon. Member being very fearful of discussing philosophy with the Prime Minister. I want to tell him that I am preparing a budget that takes into account the current economic situation—the situation in which the Canadian economy is finding itself, bearing in mind also the world situation in which we live. I hope the measures that the budget will contain will have the support of the Hon. Member and that, indeed, he will find there the best possible answer to a very difficult situation at the present time.

Mr. Nowlan: Madam Speaker, there is no problem with me in debating philosophy with the Prime Minister, but that does not answer the questions affecting the 2 million unemployed.

BASIS FOR MINISTER'S POSITION

Mr. Pat Nowlan (Annapolis Valley-Hants): Madam Speaker, would the Minister of Finance come back to my question? Taking all these factors in the world and in this country into consideration, is the Minister writing his budget on the basis that the economy in Canada is performing well?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, there are elements in the economy that are certainly performing much better than they were previously.

Mr. MacKay: Pawn shops.

Mr. Lalonde: I mentioned the figures yesterday. Industrial production in January registered its largest increase in nearly 50 years. The gross domestic product had its highest rise in seven years. We have had housing starts at the rate of 177,000 units in the last month. We have had the largest trade surplus in our history. We have now cut inflation in this country in half in the space of slightly over one year. Interest rates are coming down. Interest rates in Canada on short-term paper at the present time are at the same level or even below those in the United States—I mean they are not below the United States but the spread has been practically eliminated between the U.S. and the Canadian rates on short-term paper. These are positive elements. Employment has grown in the last month.

Obviously, however, there are also negatives. The main negative is the high level of unemployment at the present time, which we all deplore. We are trying to address this issue even

more than we have done in the past. As the Prime Minister has said, we have taken numerous measures in that regard. We are trying to see whether we could do even more, but at the same time one should not believe that there is a kind of cure-all that one budget can bring forward.

As a matter of fact, of all the questions, that I have been asked by the Conservative Opposition in the last few weeks and days, more has contained one single practical, realistic proposal, and I am not surprised.

Miss MacDonald: Open your mind.

INQUIRY RESPECTING CAPITAL GAINS TAX

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, I do not know if this is a solution or a question for the Minister of Finance. The next thing I expect him to say is that he will be bringing forth a bilingual currency, redeemable in wheat and beaver pelts or something in Winnipeg.

Is he going to do something about the taxation structure, in his budget? Is he going to do anything about the capital gains structure that has not been touched in ten years?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, my answer to the Hon. Member is that I shall be bringing down the budget at eight o'clock next Tuesday evening. I invite the Hon. Member to be present, and if he is unable to come, I should be glad to send him a copy of the budget. He will then be able to see for himself whether or not the problems he is raising are considered in that document.

* * *

[*English*]

EMPLOYMENT

FUNDING FOR SUMMER STUDENT PROGRAM

Mr. Bill Domm (Peterborough): Madam Speaker, I have a question for the Prime Minister. I have received a letter from a student at Sir Sanford Fleming College in Peterborough, in which he writes as follows:

> I have applied to many programs set up for student summer employment . . . One place I applied to, for example, had 700 applications for 43 positions.

If the Prime Minister would like something tangible, I wonder if he would consider abandoning the $80 million to $100 million advocacy expenditure budget of the Government and turning that money, which is spent with no return other than propaganda, to the creation of student employment programs that are so badly needed in Canada today?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, since we are in the process of saving money, could I suggest that the Tory Party give up all research money allocated to its caucus research group so that we would be able to create jobs with that, rather than have them ask silly questions like this?

NATIONAL DEFENCE

DEPARTMENT'S ADVERTISING EXPENDITURES

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is for the Minister of National Defence. The Department of National Defence is spending millions of dollars on advertising to recruit young Canadians into the Armed Services but, at the same time, it is turning away thousands of qualified Canadians on the grounds that it does not need them. Would the Minister be prepared to accept a major slash in advertising expenditures for recruiting purposes in his Department, and to recommend to his Cabinet colleague that the money be used, instead, for job-creation purposes elsewhere within the Government?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, what the Hon. Member is suggesting has already been done. Our publicity budget has been cut by 52 per cent and the money has been allocated for better purposes.

* * *

SMALL BUSINESS

REQUEST FOR TAX INCENTIVES

Mr. Otto Jelinek (Halton): Madam Speaker, my question is directed to the Minister of State for Small Businesses and Tourism. In view of the fact that the small business sector is the largest potential employer in Canada, can the Minister tell the House whether he has made representations to the Minister of Finance to include employment tax credits or other similar incentives for small business in his forthcoming budget in order to encourage the private sector to create jobs, as opposed to the costly and temporary make-work programs of the Minister of Employment and Immigration? These have obviously not been working. Has he made these representations and, if so, what has been the response of the Minister of Finance?

Hon. William Rompkey (Minister of State (Small Businesses and Tourism)): Madam Speaker, I can tell the Hon. Member that the Minister of Finance has met with the Small Business Consultative Committee, which is my main group. It represents small-business men from all across the country. We have had lengthy discussions with the Minister of Finance, and I know he is very sympathetic to their needs. As a matter of fact, if the Hon. Member check *Hansard* for the answers of the Minister of Finance in the House recently, he will know that the Minister is fully aware that small business is indeed a very important factor as we come out of this recession. I know he is aware of that, and I think that is what we need to know.

Mr. Jelinek: Madam Speaker, the Minister has not answered the question.

EMPLOYMENT INCENTIVES SOUGHT

Mr. Otto Jelinek (Halton): Madam Speaker, may I put a question to the Minister of Finance, who wanted concrete proposals? Will he consider giving small business some tax incentives for employment, or will he not?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, it is a real pleasure to receive this suggestion from a Member of the Opposition. I shall give it my attention.

* * *

AIR TRANSPORT

MIRABEL FILE

Mr. Robert Gourd (Argenteuil-Papineau): Madam Speaker, my question would normally have been directed to the Minister of Transport, but in his absence, I shall direct it to the Minister responsible for Energy. Last summer, the Minister of Transport announced at a press conference a number of measures which, according to the Minister, would enhance the viability of Mirabel Airport. Earlier, the Minister of Transport had told the mayors of the North Shore and area Members of Parliament that getting the Mirabel question off the ground was a matter of political will. It is now April 12, in other words, a year later. The people of the area, the mayors and myself, are inclined to think political will is particularly lacking in Transport officials and perhaps the Minister himself. Therefore, could the Minister responsible for Energy inform the House whether any action will be taken to implement the promises made by the Minister of Transport with respect to the fuel tax so that this airport's operations will finally become viable?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I can assure the Hon. Member that this matter is far from forgotten. I had occasion to discuss the subject with the Minister of Transport not long ago, and there are a number of technical problems. The Minister of Transport and myself intend to find a solution as soon as possible. I hope that we will be able to report on this to the House within the next few weeks.

* * *

• (1440)

[*English*]

EXTERNAL AFFAIRS

NICARAGUA—REPORTED INVASION—GOVERNMENT POSITION

Mr. Bob Ogle (Saskatoon East): Madam Speaker, my question is directed to the Secretary of State for External Affairs, but in his absence I will direct my question to the Prime Minister. It has been documented by *The New York Times*, by *The Guardian*, and by *Newsweek* magazine and other sources, that ex-Somosistas troops supplied by the United States of America, and trained in Honduras, are invading Nicaragua. Could the Prime Minister tell this House if the Secretary of State for External Affairs protested to the Secretary of State for the United States yesterday? If he did not, when and how will Canada protest?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, I answered a similar question by the Hon. Member three or four weeks ago, and I pointed out at the time that the Government condemned, without any hesitation, all foreign intervention and armed support in Nicaragua.

Regarding representations or protests to be filed with Washington or other countries that might be active in Nicaragua, the Hon. Member will have an opportunity to put his question to the Secretary of State for External Affairs when he returns to the House tomorrow.

[*English*]

REQUEST THAT CANADA FORWARD MEDICAL SUPPLIES

Mr. Bob Ogle (Saskatoon East): I have a supplementary, Madam Speaker, if the Prime Minister will answer. I have been informed that the invasion is taking over farm lands as well as creating great health problems with the wounded. Nicaragua has only 14 anesthetists. Is Canada prepared to increase both its medical and food aid to that country, and in what quantities?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, I have noted the Hon. Member's suggestion and I shall give him my comments on the subject some time this week.

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[*English*]

PETRO-CANADA

RETAIL PRICE OF GASOLINE

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my question is directed to the Minister of Energy who is out behind the curtain, if he would drop in. The Minister is responsible for the price of gasoline in Canada today. Two weeks ago I visited my local BP station and paid just over 38 cents per litre for a tank of gasoline. Last week, lo and behold, when I filled up at the same location, now a Petro-Canada station, I paid over 41 cents per litre. Can the Minister tell us is this the cost of buying from the Government?

Hon. Jean Chétien (Minister of Energy, Mines and Resources): Madam Speaker, the decision on pricing gasoline in the market is made by the different companies, and we are

not intervening on a daily basis. There has been some great fluctuation lately in the Ontario market because there is some competition between the different companies. I have seen a regular change in the price in other places in Canada. This change between those two prices has no relationship at all to the fact that BP became part of Petro-Canada.

REQUEST THAT PRICE INCREASES BE HALTED

Mr. W. C. Scott (Victoria-Haliburton): Madam Speaker, my supplementary question is also directed to the Minister of Energy. I have received many letters from my constituents complaining about the cost to the Government of a recent advertising campaign announcing the purchase of BP by Petro-Canada. The re-opening of the stations by Petro-Canada, and my experience with the local station, has shown me how this purchase and the advertising were paid for by increased prices at the pumps. Will the Minister please halt these price hikes and prove that the Government is not out to gouge the public unfairly?

Hon. Jean Chrétien (Minister of Energy, Mines and Resources): Madam Speaker, I do not think that the Hon. Member should make a statement like that. It was absolutely appropriate for Petro-Canada to advertise that they were taking over BP. In fact they have taken over BP because it will give them many more outlets to sell gasoline. Indeed, the residents of Canada, especially in Ontario, were writing letters to Petro-Canada requesting more stations in Ontario because they preferred to buy from that company. As a matter of fact, Petro-Canada was the only company which managed to increase its share of the market compared to the others. So if Hon. Members do not want to buy from Petro-Canada, they can always buy from an international company.

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EMPLOYMENT

PROGRAMS TO CREATE JOBS

Mrs. Jennifer Cossitt (Leeds-Grenville): Madam Speaker, my question is directed to the Minister of Employment and Immigration. There is a desperate sector of unemployed people who cannot find work because they lack experience. They cannot collect unemployment insurance benefits because they do not have enough insured weeks. They do not qualify for welfare benefits because other members of the family are supporting them. I have a constituent who falls into all of these categories, and because of this he is disqualified from any of the job-creation programs the Minister proudly refers to from time to time in this House. What is the Minister doing to find jobs for this person and the thousands of others like him who do not qualify for present job-creation programs?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Hon. Member would have to be a little more specific in terms of the person himself, and we would be very glad to have representations and to receive a letter from her. But I want to point out that there are in place a number of job-creation programs which cover a broad spectrum of opportunity. There are employment programs for students. There are wage subsidies to the private sector and to small business to hire people, particularly young people and those who are handicapped. There is the Canada Community Development Program which hires a broad range of Canadians, regardless of qualifications. There is also the NEED Program which has now approved over 30,000 jobs across the country. I would suggest, therefore, Madam Speaker, that there is a broad range of job-creation programs which are available. If the office of the Hon. Member would like to get in touch with me, I would be glad to give her the information and she could pass it on to her constituents.

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NEW EMPLOYMENT EXPANSION AND DEVELOPMENT PROGRAM

PLIGHT OF PEOPLE WITHOUT JOBS

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I have a supplementary to the question posed by my colleague, the Hon. Member for Leeds-Grenville. I would like to explain to the Minister that there are people who have run out of unemployment insurance benefits. They are not youths. They are in their thirties and early forties. They will not apply for welfare assistance. They may live at home with another relative, but they have no income whatsoever—none! They do not qualify, therefore, under the NEED Program. That is the group of people that we are trying to do something about, and that is the group to which I would like the Minister to direct his attention.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I am very happy that the Hon. Member has raised that question, because she has obviously been operating under a misapprehension. The fact that the very person whom she has described, with the kinds of problems which he faces, is eligible under the NEED Program. We have set up a priority listing of those who are eligible, if she would like to inform those people who are caught in those circumstances that they are eligible for these areas. I would hope that she, or other Hon. Members who are so misinformed, would correct the situation in their own areas.

REQUEST FOR CLEARER CRITERIA

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I would like to inform the Minister that his offices, the Canada Employment Centres, are turning down people, saying that they are not qualified. That is who is doing the turning down.

Some Hon. Members: Hear, hear!

Miss MacDonald: Where are the directions coming from? Why does the Minister not get his lines of communication

straightened out so that these people are not left in such desperate need?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, if there are special circumstances, or offices, where that information is not being transmitted, I would be very pleased to hear about it and I will have it corrected. But the fact is that even when we put forward, back in January, the initial set of criteria of eligibility, we did indicate that very clearly. And every Member of Parliament received that information in their own offices. All they have to do is go back and check the actual statement of announcement which did include those people. I would be glad to check into any particular cases, but I must say that the Hon. Member had that information on the very first day of announcement.

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FREEDOM OF INFORMATION

DATE OF PROCLAMATION OF LEGISLATION

Mr. Svend J. Robinson (Burnaby): Madam Speaker, my question is directed to the President of the Treasury Board. Since last summer the Government has been promising that freedom of information legislation would be proclaimed on April 1 last. Recently, however, the Government House Leader said that the law will not be proclaimed until 30 days after the end of this session. Since both Opposition Parties have said that we are prepared to give immediate passage to the resolution which will appoint the Information Commissioner, what possible reason does the Government have for not moving to bring forward this resolution immediately and proclaim the legislation, other than possibly legislative blackmail by the Government House Leader, and a desire to continue the policies of secrecy and non-accountability?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, as I informed the House some weeks ago, we are working very actively to have all the procedures and material ready. We have been doing so with a view to an April 1 proclamation of the Act. However, with the lack of passage by the House of the resolution appointing the Commissioner provided for under the Act, obviously one cannot carry out the proclamation in the absence of this vital step. I am sure the Government House Leader has taken note of my hon. friend's comments about the resolution and will keep it in mind in the organization of House business.

• (1450)

Mr. Robinson (Burnaby): Madam Speaker, we are prepared to pass that resolution today, and I am sure the Official Oppositon takes the same position.

PROPOSED SCALE OF FEES

Mr. Svend J. Robinson (Burnaby): Madam Speaker, I have before me a copy of the confidential draft Freedom of Information Regulations being considered by the Government at this time. If these Regulations are implemented, proposed costs for access to information will constitute a very serious barrier to open Government, for example, $250 for a quarter hour of computer time, and a simple request for one sheet of paper will cost at least $10. Will the Minister agree to re-examine this proposed exorbitant fee scale which will mean that freedom of information will not be a fundamental democratic right but a privilege only for those who can afford it?

Hon. Herb Gray (President of Treasury Board): Madam Speaker, no decision has been made on this matter as yet. I will take note of my hon. friend's comments. These concerns are very much on our mind as we approach final decisions on these matters.

POSITION OF NEW DEMOCRATIC PARTY ON LEGISLATION

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, has the Minister made any inquiries of the Hon. Member who just asked the question to find out whether he has now changed his mind with respect to Bill C-43 on freedom of information, bearing in mind that the NDP voted against freedom of information when that legislation was here in the House of Commons?

Some Hon. Members: Hear, hear!

Mr. Lalonde: So true. Typical NDP hypocrisy.

Hon. Herb Gray (President of Treasury Board): Madam Speaker, I think the facts cited by my hon. friend speak for themselves.

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EXTERNAL AFFAIRS

NICARAGUA—ORIGIN OF WEAPONS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Minister of Defence. As he will have noted earlier today, one of our socialist Members raised the question of the rebellious action in Nicaragua and referred to external forces. Does the Minister have any knowledge or evidence, through the usual sources, NATO or otherwise, of Cuban involvement in Nicaragua, and possible Soviet involvement? In short, the use of Soviet weapons in that country?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I am not aware of any such information or allegation. In our NATO meeting we never discussed these issues of Central America or other areas outside of NATO. I know for a fact, because of the trip I have just made, that the Russians are influential in other parts of the world. As far as Nicaragua itself is concerned, I cannot affirm or negate any of these allegations.

INQUIRY RESPECTING POSSIBLE SOVIET INVOLVEMENT

Hon. Sinclair Stevens (York-Peel): Madam Speaker, in view of certain news accounts, including a report in *The Globe and Mail* last week-end, of Soviet weapons being used by Nicaraguan Government troops to shoot and kill some of those who are rebelling in that country, some in fact associated with Edén Pastora, would the Minister look into that situation and report on whether in fact there is such evidence of Soviet involvement in that country?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I would be very glad to investigate with the Department of External Affairs to see if both of us could get the information the Hon. Member seeks. Personally, I would like to have the information for myself.

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CANADIAN ARMED FORCES

STATUS OF RECRUITMENT PROGRAM

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is also for the Minister of National Defence. A month or so ago the idea was put forward in this House that the Armed Forces might consider taking in some 25,000 to 50,000 short-term enlistees to give them some employment and training at the same time. The Minister seemed favourably inclined but was having difficulty with, of all people, the Minister of Employment. Has the Minister had any luck in getting that strong man in the Cabinet to go along with him?

Mr. Kempling: Straw man.

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I think, as you are aware from my comments, I was in favour of having, as far as the employment program is concerned, some of our youngsters enlist in the forces. But obviously, because of the need for financial resources, I have to wait for the Minister of Finance's budget to know how much money I will get in this matter.

SUPPORT FOR PROGRAM

Hon. Allan B. McKinnon (Victoria): Madam Speaker, considering that 108 of the Minister's backbenchers approve of this scheme, and he has the support of the Opposition, does he have any indication from the Minister of Finance that he will make some provision in the budget for this scheme which will do much to increase employment among this army, if I can be forgiven the word, of unemployed?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, as the Hon. Member knows, the Caucus and backbenchers express their views on many ways of creating jobs. Among them was one to enrol some youngsters in the military. But as far as that is concerned, I think the Minister of Employment and Immigration and the Prime Minister explained the many ways this Government is making job creation very appropriate. Military enrolment is one of those ways, but we have to proceed very cautiously on this matter.

GOVERNMENT POLICY ON RECRUITMENT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, we were gratified when Government Members supported that policy suggestion that the Minister of Finance is always accusing this side of not making, with respect to the voluntary induction of 25,000 to 50,000 of young people into the Armed Forces. I ask the Minister of National Defence, has the Government made a decision to adopt this as policy?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, as a matter of fact, when Members mention 25,000 or 50,000 people, I think that is quite exaggerated in that I wonder if we could take in as many people as that without spending a lot on infrastructure and accommodation. We have made certain suggestions to the Minister of Finance and to the Cabinet about what we could do without spending so much money on infrastructure and reorganization. I am sure the suggestions will be taken into consideration at budget time.

GOVERNMENT POSITION

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, may I once again put the very simple and direct question requiring a very simple and direct answer from the Minister. Has the Government made any decision with respect to the induction of any number of young people into the Armed Forces—

Mr. Tobin: Wait for the budget.

Mr. Nielsen: —to alleviate the unemployment problem?

Hon. J. Gilles Lamontagne (Minister of National Defence): Again, Madam Speaker, I think the Caucus and Members on this side of the House made many, many suggestions as far as job creation is concerned. Obviously we have to wait until the budget comes down to know exactly what will be done by this Government.

Some Hon. Members: Hear, hear!

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AIRPORTS

TORONTO INTERNATIONAL—PROPOSAL TO CONSTRUCT THIRD TERMINAL

Mr. Don Blenkarn (Mississauga South): Madam Speaker, in the absence of the Minister of Transport I will direct my question to his Parliamentary Secretary. He will know that in Mississauga a study was done with respect to the Toronto International Airport and the new terminal proposed for that airport. Would the Parliamentary Secretary advise this House why that project has not gone forward, in view of the fact that

it could be built without the investment of any public money because lessees of the terminal would in fact put up all the cash required?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Madam Speaker, I am very pleased to reply to the Hon. Member on behalf of the Minister of Transport. The latest studies show that the demand projected for Terminal 3 for the 1980s has not materialized. The studies indicate that this demand will not appear until the 1990s so the Terminal 3 project has not been shelved; it has been put on the shelf.

Some Hon. Members: Oh, oh!

Mr. Epp: Not been shelved, but put on the shelf?

Mr. Flis: If future studies show there will be a demand, he will get his Terminal 3, Madam Speaker.

Mr. Blenkarn: Madam Speaker, this Government wants to put on the shelf Canadians who want jobs. That is what it wants to do.

DATE OF THE IMPLEMENTATION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Government knows that we need another terminal at Malton and it could go ahead with the project without one dime of public money invested. When will the project go ahead, and when can we put people to work?

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Madam Speaker, I think it is time that the public put the Hon. Member on the shelf with that kind of a remark. As I indicated earlier, our latest studies show that there will not be a need for Terminal 3 until the 1990s.

Mr. Blenkarn: Nonsense.

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ELECTORAL BOUNDARIES READJUSTMENT ACT

TABLING OF REPORT OF COMMISSION FOR THE PROVINCE OF ALBERTA, 1983

Madam Speaker: It is my duty pursuant to Section 19 of the Electoral Boundaries Readjustment Act, Chapter E-2, Revised Statutes of Canada, 1970, to lay upon the Table a certified copy of the report of the Electoral Boundaries Commission for the Province of Alberta, 1983.

Pursuant to Standing Order 46(4), this report is deemed to be permanently referred to the Standing Committee on Privileges and Elections.

• (1500)

[*Translation*]

PETITIONS

MR. YURKO—LOUIS DAVID RIEL

Madam Speaker: I have the honour to inform the House that the petition presented by the Hon. Member for Edmonton-East (Mr. Yurko) on Monday, April 11, 1983, meets the requirements of the Standing Orders as to form.

ROUTINE PROCEEDINGS

[*English*]

CANADIAN HUMAN RIGHTS COMMISSION

TABLING OF 1982 ANNUAL REPORT

Hon. Mark MacGuigan (Minister of Justice): Madam Speaker, I am pleased to lay on the Table of the House a copy, in both official languages, of the Sixth Annual Report of the Canadian Human Rights Commission, 1982. I ask that the report be referred to the Standing Committee on Justice and Legal Affairs.

* * *

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if Question No. 3,505 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: Is it the pleasure of the House that Question No. 3,505 be deemed to have been made an order for return?

Some Hon. Members: Agreed.

[*Text*]

CORRECTIONAL SERVICE OF CANADA

Question No. 3,505—**Mr. Friesen:**

1. What are the job classification titles under which an individual would be employed in the Correctional Service of Canada in the Department of the Solicitor General and what is the salary range for each classification?

2. As of September 30, 1981 (a) what was the average income for each classification (b) how many individuals were employed under each classification (c) what was the total number of personnel employed with the Service?

3. As of September 30, 1981, for each classification, how many individuals were employed (a) at the National Headquarters of the Correctional Service of Canada (b) in the Atlantic Region at the (i) Springhill Institution (ii) Shulie Institution (iii) Dorchester Penitentiary (iv) Westmoreland Institution (c) in the Quebec Region at (i) Leclerc (ii) Laval (iii) Montée St. François (iv) Sainte-Anne-des-Plaines (v) Archambault (vi) Cowansville (vii) the Correctional

Development Centre (viii) La Macaza (ix) the Federal Training Centre (d) in the Prairie Region at the (i) Stoney Mountain Institution (ii) Rockwood Farm Annex (iii) Saskatchewan Penitentiary (iv) Saskatchewan Farm Annex (v) Regional Psychiatric Centre (vi) Bowden Institution (vii) Drumheller Institution (viii) Edmonton Institution (e) in the British Columbia Region at the (i) Mission Institution (ii) B.C. Penitentiary (iii) Elbow Lake Institution (iv) Ferndale Institution (v) Kent Institution (vi) Matsqui Institution (vii) Mountain Institution (viii) Regional Psychiatric Centre (ix) William Head Institution (f) in the Ontario Region at the (i) Prison for Women (ii) Joyceville Penitentiary (iii) Millhaven Institution (iv) Pittsburgh Institution (v) Bath Institution (vi) Beaver Creek Correctional Camp Institution (vii) Regional Reception Centre (viii) Warkworth Institution (ix) Collins Bay Institution (x) Frontenac Institution?

4. For each institution listed in Part 3, for the month of September, 1981 (a) what was the total (i) payroll (ii) operating cost, excluding payroll (iii) number of individuals incarcerated (b) in which institutions was there considered to be a shortage in man-years and by how much (c) in which institutions was there considered to be a surplus of labour in man-years and by how much?

5. For each institution, from January 1, 1981 to September 30, 1981, what was the name of each full-length feature film viewed by inmates and, of the films which did not receive the approval of the warden before they were shown, who did approve them?

6. For each institution, for each year 1975 to date, how many inmates escaped from lawful custody (a) while incarcerated (b) while being transferred and on what date was the last escape made?

7. How many charges of a criminal nature which were laid against prisoners incarcerated in federal penitentiaries during 1980 were heard in public court?

8. (a) For each year since the policy of mandatory supervision was introduced, how many prisoners were released from each of the applicable institutions listed in Part 3 (b) how many such prisoners violated the terms of their parole and, of those (i) how many were returned to prison (ii) in each case, what was the nature of the parole violation (iii) how many were subsequently sentenced for another criminal offense and what was the nature of the offense?

9. For each year 1975 to date, for each institution (a) in how many instances was contraband seized by prison officials and what was the nature of the contraband (b) were any prison officials reprimanded by their superiors for (i) smuggling contraband (ii) ignoring pleas from inmates (iii) assaulting inmates (iv) any other actions and, in each case, what was the nature of the reprimand (c) how many grievances were submitted by prisoners, how many were considered to be legitimate and what was the nature of each legitimate grievance?

10. For each year 1975 to date, for each institution, how many psychiatrists were employed on a (a) full-time basis (b) casual or part-time basis and carried on a practice in the private sector (c) contract basis?

11. For each category of psychiatrist (a) what was the total cost to the Service for salaries (b) how many psychiatrists received their professional degrees in (i) Canada (ii) the United States (iii) other countries and what were the other countries (c) how many psychiatrists, employed by the Service in 1980, were licensed to practise psychiatry in Canada?

12. For each year 1975 to date, for each institution, how many psychologists were employed on a (a) full-time basis (b) casual or part-time basis and carried on a practice in the private sector (c) contract basis?

13. For each category of psychologist (a) what was the total cost to the Service for salaries (b) how many psychologists received their professional degrees in (i) Canada (ii) the United States (iii) other countries and what were such countries (c) how many psychologists, employed by the Service in 1980, were licensed to practise psychology in Canada?

Return tabled.

[*English*]

Mr. Smith: Madam Speaker, I might point out that that question cost many thousands of dollars to answer. Your Honour can see the size of it.

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CANADA DEPOSIT INSURANCE CORPORATION ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Cosgrove that Bill C-142, to amend the Canada Deposit Insurance Corporation Act, be read the second time and, by unanimous consent, referred to a Committee of the Whole.

Mr. Bill Kempling (Burlington): Madam Speaker, I believe I have about five minutes left in which to complete my remarks. This morning before the luncheon break, I covered many phases of the Bill and related many of the details pertaining to Astra Trust. It is interesting to note whom we have seen making representations before the House of Commons on the matter of Astra Trust and other trust company matters. I do not believe we heard anything, at any time during the tortuous events involving Astra Trust and ReMor, from the Hon. Member for Niagara Falls (Mr. McBain) or the Hon. Member for Welland (Mr. Parent). However, we did hear from the Hon. Member for St. Catharines (Mr. Reid), the Hon. Member for Erie (Mr. Fretz), the Hon. Member for Mississauga South (Mr. Blenkarn) and from others on this side of the House whose constituents have lost money in that affair. Until the Hon. Member for Ottawa Centre (Mr. Evans) stood, there had been little or no representation from the Government benches to the various Ministers who had responsibility for the CDIC.

In the few minutes left to me, I would like to leave a few more questions with the House, because I believe that we should have a full inquiry, a royal commission into this whole matter involving the bankruptcy, the receivership and the difficulties of Astra Trust, ReMor, C & M Financial Services and all the other trust companies which have been involved in financial difficulties. I say that because we need the trust industry in this country. We really cannot get along without it. Unless some strong support and help is given to that industry in the period ahead, then I am afraid it will lapse and become ineffectual as a source of financial funds.

One of the things in the Astra Trust matter which has intrigued me is the conduct of the former Minister of Finance. Two of his officials from the Department of Insurance had to be subpoenaed by a Speaker's warrant to ensure that they would appear before a committee of the Ontario Legislature. Both of the Ministers who have been responsible in the conduct of the matter involving Astra Trust have laboured again and again to try to dissociate the federal Government from

that matter. In fact, the former Minister of State for Finance has said that we should not try to link Astra Trust and ReMor unconditionally. He said that the nature of the inquiries is different, that the RCMP is investigating Astra Trust and that the Province of Ontario is investigating ReMor. He has given no information to us at all but, rather, has advised his officials, when summoned before the provincial committee, not to give evidence to assist the committee in coming to a resolution.

Then we had the spectacle of the Minister standing here today and saying that there is no connection, that he wants the Minister in the provincial House to provide him with evidence of some connection before the Government will consider reimbursing those who were gutted by the ReMor operation, before they are to receive any funds from the federal Government. I think it is deplorable, degrading and disgusting, and it is unbecoming of the federal Government of this country.

Mr. John Evans (Ottawa Centre): Mr. Speaker, it is a pleasure for me to rise to speak today on Bill C-142, because there was a great deal of discussion and study concerning this particular matter of deposit insurance at the time of the investigation into bank profits. As indicated earlier by the Minister and by other Hon. Members, the Standing Committee on Finance, Trade and Economic Affairs, of which I had the privilege and honour of being Chairman, did bring a recommendation back to the House and to the Government that the limits of deposit insurance be raised from the present limit of $20,000 to $60,000. Subsequently, the Minister indicated that he intended to do just that and introduced Bill C-142, indicating at the time of introduction that the legislation would be applied as of the date of introduction which, to my understanding, was January 17 of this year. Therefore, we are now discussing legislation which I very strongly urge should be passed, if not today, at the earliest possible opportunity, although hopefully today. This legislation would then raise the limit, retroactively back to January 17, to $60,000.

Questions raised in a Private Member's Bill presented earlier by the Hon. Member for Kingston and the Islands (Miss MacDonald) would suggest that the limit should be raised to $100,000 as opposed to $60,000. At that time I spoke and indicated that I did not agree with that increase. I raised a number of reasons at that time and I will reiterate those as I go through my comments today.

First, the Standing Committee on Finance, Trade and Economic Affairs considered the question of the adequacy of the coverage of deposit insurance. Since the deposit insurance limits which we now have were established in the mid-sixties, it was clear that inflation had badly eroded the coverage which was available to depositors under that Act. As a result, our solution was to inflation-exhaust the limit of $20,000 and to bring the global limit back to a level such that the real level of protection would be the same as it was when the limit was established in the mid-sixties. To do that would raise the level of deposit insurance coverage to approximately $60,000.

After extensive discussion by the Hon. Member for Mississauga South (Mr. Blenkarn), the Hon. Member for Edmonton West (Mr. Lambert), the Hon. Member for Mississauga North (Mr. Fisher), the Hon. Member for Lambton-Middlesex (Mr. Ferguson), the Hon. Member for Etobicoke Centre (Mr. Wilson) and others, it was found that all of these Hon. Members were, to a greater or lesser degree, of the opinion that $60,000 was the appropriate figure because it simply restored the real value of that coverage. There were, of course, certain Hon. Members who believed that a slightly higher figure would be appropriate. Others, quite honestly, were of the opinion that something lower than $60,000 would be appropriate. After due discussion and deliberation in the Committee, we were ultimately able to come to a consensual agreement that $60,000 was the appropriate figure. We therefore recommended that figure in the study on bank profits to which I earlier referred. As I have said, this Bill raises the coverage to a level today which is the equivalent in real terms of the coverage when it was established in the mid-1960s. In my opinion, it provides for adequate coverage.

• (1510)

One reason it is essential that these limits be raised is that with today's Registered Retirement Savings Plans and other forms of savings, which are so necessary today to protect the retirement of Canadians, it is important to have enough coverage such that individuals do not have to spread small deposits among a large number of institutions in order to protect their savings. Savings of $20,000 can be exceeded very rapidly in a Registered Retirement Savings Plan, with its compound interest and so on. It is important that we not force individuals to maintain a large number of small deposits but make it easier for them to maintain their deposits in fewer accounts. The $60,000 limit would certainly provide for that.

Many individuals who have retirement funds in place now, especially those in my riding, have contacted me in recent weeks to ask whether or not their retirement savings are indeed covered by the legislation. The Minister has indicated earlier that those who have their savings in Greymac Trust and Seaway Trust would be covered by the legislation since it would be retroactive to January 17. Since the receivership did not occur at that time, the deposits in those institutions would indeed be covered by the new legislation.

Some questions were raised in the House earlier by the Hon. Member for Mississauga South as to the certainty with which the Minister holds that view. I am sure the Minister will clarify that question at a later point in this debate. The issue at hand now concerns the fact that there is a great deal of confusion existing in my riding, and I am sure in other ridings in the country as well, about whether individuals who have deposits in excess of $20,000 in these institutions which have experienced trouble in recent months are covered by the new limits of deposit insurance. That confusion must be cleared up.

A second real problem exists irrespective of whether the new limits will apply retroactively. It concerns the fact that receivers of these institutions to which we have referred have indicated to some of my constituents who have retirement savings plans which are generating income for them now for their retirement that until the legislation is passed, even though the

Government intends to cover amounts up to $60,000, the individual will have the right to receive only $20,000 maximum should any of the certificates of deposit come due, minus the interest that has accrued in income to these individuals back to the date of the receivership.

For example, if an individual had $50,000 or $60,000 in certificates in one of these institutions which came due on May 1, he would be given $20,000 less the interest that has been paid for the period of two months or three months. The other $40,000 would remain in receivership and unavailable to the individual depositor. As a result, the reinvestment of that money would not be possible. Consequently, the income stream that is generated by the savings that the individual has accumulated would fall dramatically in the ensuing months.

If the legislation was not passed until September or October, those individuals who have contacted me in my riding would have to live on greatly reduced incomes since their savings would not be available to generate the income on which they are living. For that reason, regardless of whether the legislation is retroactive, which the Minister's comments make me confident it is, it is very important that the legislation is enacted as soon as possible to ensure that these term certificates can be reinvested as they become due in order to generate the income that many individuals are depending on for their retirement income. For that reason alone, I believe it is imperative that the House not be complacent about the passage of this legislation and pass it now with all the diligence which has been shown toward the legislation.

This is a relatively simple piece of legislation which does not require a great deal of analysis and study. The Standing Committee on Finance, Trade and Economic Affairs has conducted that study and recommended to the House in good conscience that the limit be raised to $60,000. Therefore, I would ask the House to act on this recommendation and pass the legislation immediately.

It will certainly reduce the concern that many of my constituents have expressed to me, not only about the security of their savings but their ability to generate the necessary income to enable them to carry on their daily lives. I do not believe there is any reason to hold this legislation up any longer. It has been carefully considered and its contents have been recommended to the House by all parties on the Committee. I hope the House will act on this legislation expeditiously, put it through all three stages today, send it to the other place for consideration and give it Royal Assent within a short period of time.

I wish to comment briefly on the opinion that I and I believe other Members of the Finance Committee shared about the proposal to raise the limit to $100,000. When we examined this issue in Committee we rejected the idea of providing amounts greater than $60,000 as well as the amount of $100,000 specifically recommended by the Hon. Member for Kingston and the Islands. It was the view that $60,000 is an amount that allows individuals to spread their investments efficiently in one institution in different types of savings vehicles or in a number of institutions.

As the Minister indicated earlier, an individual may have a savings account which is covered up to $60,000 as well as a Registered Retirement Savings Plan account which is covered up to the same amount. An individual may then have up to $120,000 covered in those two accounts in any one institution. Furthermore, an individual could potentially have up to $240,000 in two institutions, and it causes very little inconvenience to an individual to cover the size of his deposit and protect his savings with federal insurance. In addition, an individual and his or her spouse could have a joint account which would allow another $60,000 to be covered. Therefore, two individuals having separate accounts and a joint account would have coverage exceeding $500,000, which is far in excess of what the average Canadian will ever have in any of these institutions. Therefore, $60,000 coverage is entirely adequate for the average Canadian and, indeed, the far above average income Canadian.

What are the implications of raising these limits? As they are raised from $20,000 to $60,000, it will be necessary for the Deposit Insurance Fund to include larger amounts to offset the potential liability that exists with the insurance coverage. That will mean each financial institution will have to pay higher premiums into the fund. After all, the insurance coverage ultimately comes from premiums paid by the financial institutions. This will mean that individual Canadian savers will either have to earn lower rates of return on their deposits—because that is where the money will come from to pay premiums—or borrowers will have to pay higher rates on loans in order to make up the additional premiums. I do not think that is necessary, Mr. Speaker. If we limit the amount to $60,000 maximum, the premium increases can be minimized and all Canadians can receive the kind of effective protection they need.

• (1520)

In addition, as we raise premiums we have to ask ourselves what are we doing and on whom are we putting the cost? All institutions will have to pay in accordance with the deposit liabilities they have. This means that large, efficient institutions will be paying the lion's share of the premiums in order to protect small, inefficient and improperly run institutions.

What we are doing by raising these limits excessively and requiring that the premiums be raised to fund this insurance is requiring well run, efficient institutions to subsidize potential losers, the poorly run institutions. This would give the poorly run institutions a competitive edge which they would not otherwise have vis-à-vis well run institutions. We are not encouraging institutions to be prudent and well managed when we raise the amount of insurance that will be available to them. I do not think we should provide full insurance coverage for all deposits in all institutions. There should be an incentive on the part of the institution to be well managed and prudent and to make that fact known to the public. I do not think you should place all institutions in the position of having to subsidize the losses that may occur as a result of events such as those we have seen recently with regard to the provincial trust companies that have faced difficulty.

I have a couple of comments in closing. This whole issue of deposit insurance and the issues we are facing with regard to ReMor and Astra Trust raised by the Hon. Member a moment ago, and the issues that have been raised by Greymac, Seaway Trust and others in recent times, raise a much more fundamental issue in this country than simply whether or not insurance coverage is adequate for certain financial institutions or whether these financial institutions are being run properly. What we have I would say, in my view, is an archaic, fragmented system of financial institutions in Canada.

It seems to me the time is right, in fact it has been right for quite some time, for a review as to what the powers of these financial institutions should be, where they should be able to operate and how we can stimulate greater competition between institutions. I suggest the way to do that is to bring forward a revision to the Trust Companies Act and the Loan Companies Act at the earliest possible opportunity. We should at least refer that matter to the Standing Committee on Finance, Trade and Economic Affairs so we can get at it.

There are other financial institutions which have also indicated their desire to have their enabling legislation reviewed; the insurance companies, for instance. Over the years I have been in communication with co-operatives. They have indicated they would like to have some enabling legislation at the federal level allowing them to qualify for deposit insurance and to operate outside the confines of one Province. There are some others.

Years back when I was a public servant at the Department of Consumer and Corporate Affairs, a very good friend of mine and an eminent scholar, Dr. Phil Anisman who is now at York University, completed an intensive and comprehensive study of a national securities act which would start a move into a national regime of regulating securities. This would expand Canada's capital markets and make it easier for firms and individuals who wish to start businesses to raise equity capital.

These are the kinds of broader questions which have to be addressed within the context of financial markets and institutions, in addition to the very important legislation we are dealing with here today. It seems to me the time has come for us to be looking at the broader question of financial institutions in this country. We completed the review of the Bank Act, and I think we did an admirable job of revising that Act two years ago. But I think the job has only just started. We have to move on to trust and loan companies, which are badly in need of legislative review, and to insurance companies and co-operatives, such as credit unions and the Caisses populaires, and finally to the whole question of a national securities act. We have our plate full for many years to come and I think it is time we got down to business on these things.

The Acting Speaker (Mr. Corbin): Order, please. Are there any questions?

Mr. Blenkarn: Mr. Speaker, does the Hon. Member think the Government should structure a committee of the House to look into the proposed loan and trust companies act and the white paper concerning that together with the Canada Deposit Insurance Corporation, particularly in view of the fact that we have had some real supervisory problems concerning trust companies as evidenced by the losses in Greymac, Seaway and Crown? Does the Hon. Member think that is the way to proceed, bearing in mind it is the report of the Finance Committee with respect to bank profits that suggested the Canada deposit insurance limit be increased to $60,000?

Mr. Evans: Mr. Speaker, those of us who are members of the Finance Committee have for some time now been saying precisely what the Hon. Member for Mississauga South has been saying. Trust company legislation should be referred. We have asked that it be referred. I am sure the Minister will at the earliest opportunity refer that legislation to our committee or introduce legislation in the House for first and second reading. Perhaps we can get it that way. I am sure members of the Committee would be prepared to undertake the task of reviewing that legislation, making recommendations on how we could proceed at the earliest opportunity. I think that would be appropriate. I think we are capable of doing a fairly first-rate job of making those recommendations.

Mr. Blenkarn: Mr. Speaker, bearing in mind that members of the Committee have not been satisfied over the past three years with the management of the Department of Insurance, particularly with respect to the insurance companies Pitts, Strathcona and Caledonia with respect to Astra and ReMor, and now with respect to Greymac Mortgage, Seaway Mortgage and so on, which is clearly a sleeping policeman operation, does the Hon. Member believe that the management capacity of the Department of Insurance should be specifically referred either to the standing committee or a special committee of this House?

Mr. Evans: Mr. Speaker, I am of a contrary mind to the Hon. Member on that particular question, primarily because I have not, in my analysis of the situation we have been facing, been troubled by the adequacy of the scrutiny done by the federal Department of Insurance. However, I have become very concerned with the adequacy of the scrutiny given by provincial regulatory bodies with respect to trust and loan companies. I am very concerned with that. I know that concern is shared by Members of the provincial legislature and by others who have looked into this. However, I would stop very far short of making condemnations of the federal Department of Insurance, which I think has done an excellent job in dealing with the regulatory problems it has faced. It has done an excellent job with its limited manpower. I suggest that that operation has been given its mandate and its regulatory power. It has done a very good job of dealing with the problems that have come before the country in the area to which we are referring. I would not say the same, of course, with regard to its provincial counterparts.

• (1530)

Mr. Riis: Mr. Speaker, I would like to raise a couple of questions with the Hon. Member for Ottawa Centre (Mr.

Evans). A number of times during his presentation he mentioned the inquiry carried out by the Standing Committee on Finance, Trade and Economic Affairs into bank profits. He will recall that on a number of occasions concerns regarding the banks' high risk exposure in terms of sovereign loans were raised in the Committee.

Has the Hon. Member given any thought to the possibility that increasing the depositors' insurance, as we are doing today, from $20,000 to $60,000 might encourage the financial institutions to become even more exposed as a result of this increase? I base this question on recent studies done in the United States which have found that to be the case in the American financial scene. Has the Hon. Member given any thought to the Canadian scene in that regard?

Mr. Evans: Yes, Mr. Speaker. In fact, I mentioned in my speech, if the Hon. Member had been listening a little more carefully, that one of the problems with raising deposit insurance significantly above the level that we have recommended was that it did indeed take some pressure off the institution to be financially prudent. However, I would suggest that it is not appropriate for us to reject the increase in deposit insurance as a means of ensuring prudent management of financial institutions. That can be done through the regulatory vehicles available to us. That includes the Inspector General of Banks and the Superintendent of Insurance. As I said, these two arms of Government, these two regulatory bodies, have done a very good job.

During the study of bank profits, the Inspector General of Banks raised a concern. It is on the public record. There was concern with regard to some of the issues raised by the Hon. Member for Kamloops-Shuswap that we should be looking at that issue. Indeed, we did look at that issue relatively carefully. We did make some recommendations on capital adequacy and the other issues that have just been referred to. We did look at that and made recommendations. To the best of my knowledge, the Inspector General of Banks is watching that issue very closely. From all the reports I have, it seems that Canadian banks have been able to weather this storm in a very successful fashion.

Mr. Riis: Mr. Speaker, I would certainly like to debate that last comment of the Hon. Member, but this is not the time or the place. The Hon. Member went on at some length about the necessity for Opposition co-operation in terms of quick passage of this Bill. He stated that the Bill has been before the House for some time and it is time we wrapped it up. I believe that is the intent of the House. It is certainly the intent of my Party.

Can the Hon. Member explain why it was, when his House Leader brought forward the 13 Bills that had high priority for moving through this House, this Bill was not included in that list?

Mr. Evans: Mr. Speaker, it is certainly not my job to recommend what is priority and what is not priority to the President of the Privy Council (Mr. Pinard). I can assure him that in my discussions with the Minister of State for Finance (Mr. Cosgrove), who brought this Bill forward originally and brought it to the House today for second reading, it was clear that the Bill had priority in his mind all along. That is reflected by the fact that it is before the House now for debate on the second day after we came back from the Easter break.

Mr. Nickerson: Mr. Speaker, the Hon. Member for Ottawa Centre (Mr. Evans) quite often has some good ideas. He is one of the more thoughtful Members opposite. Of the two suggestions that he made today, I certainly concur with the first one, that a Committee of Parliament make a detailed study of the legislation affecting financial institutions.

If the Trust Companies Act were referred to the Committee, I am sure there would be no problem with the Official Opposition, if this session of Parliament ended and another one began, in bringing the legislation back to the Committee at the same stage, as was done with the Bank Act. That makes a lot of sense when something as complex as the Trust Companies Act is being studied.

The Hon. Member's second idea dealt with national securities legislation. When he said that, it rang a bell. I must say that it got my back up. This is something of a new idea. Can he explain briefly exactly what he means. Is there to be federal Government licensing of brokers and investment counsellors? Will there be federal control over stock exchanges? What exactly did he have in mind?

Mr. Evans: I did not know we were still on questions. I was expecting this to be a speech that the Hon. Member was commencing. There is a very large document which I think is entitled "A National Securities Act" which would provide for centralized regulatory procedures for the issuance of and dealing in securities from coast to coast.

As the Hon. Member knows, the Province of Ontario has the Ontario Securities Act. It established the standard by which most other provincial Governments established their securities acts. There are very real differences. Stock exchanges in Calgary, Vancouver, Montreal and Toronto do not operate in precisely the same way. The listing conditions are not the same. I would refer to the study by Dr. Anisman, published by the Department of Consumer and Corporate Affairs under the title of the Minister's name. It is about that thick. It is a very well researched and well documented piece of work that is highly commended.

Mr. Ron Stewart (Simcoe South): Mr. Speaker, it is a pleasure to speak on this Bill which increases the present coverage for depositors from $20,000 to $60,000. I want to assure the Hon. Member for Ottawa Centre (Mr. Evans) that this Party is all for that Bill and has been for a long time. We would like to see speedy passage of the Bill. However, I disagree with the Hon. Member when he says there is no blame on the federal Department of Insurance or on the Government for the fiasco in which we find ourselves as far as the Deposit Insurance Corporation is concerned.

Let us hearken back to some of the old publications of 1980 and look at what was said with regard to ReMor and Astra, Astra in particular. In October 1979 Astra Trust had been

under increasingly close supervision by the federal Department of Insurance for at least two years. That was prior to 1979. We are still waiting for them to come up to $60,000 of protection, which only covers inflation to this date.

Virtually from the day that Astra started to operate, it was being investigated. The company was founded primarily through the efforts of the two men, a Niagara Falls businessman named Carlo Montemurro, and a Welland lawyer named Patrick Luciani, but only after three years of negotiation with the Department of Insurance, the federal body that regulates trust companies. The Department of Insurance was reluctant to grant Astra Trust a licence for a number of reasons. One was that Carlo Montemurro had attempted to get an Ontario trust company charter and had been turned down. You can see that we must get our act together between the Ontario Government, the provincial Governments, and the federal Government, as far as trust companies are concerned. One of the reasons was, and I quote:

● (1540)

—Carlo Montemurro had attempted to get an Ontario trust Company charter and been turned down, for reasons the provincial Government has not made public.

A second was that Montemurro, a bouncy 46-year-old former hockey player, had been involved with the Canadian operations of Investors Overseas Services before that company went bankrupt, leaving investors around the world holding the bag for $224 million.

And perhaps most serious, Montemurro also owned an investment company called C & M Financial Consultants, which operated in effect as a mortgage broker, raising money and investing it in mortgages. Since the trust company would be doing essentially the same thing, the federal regulators were concerned .... Superintendent of Insurance and the civil servant finally responsible for issuing Astra Trust's charter: "We didn't feel the people concerned should be running two companies in the same business, especially when one was subject to federal regulation and the other was not."

Yet somehow the federal regulators overcame those misgivings and granted Astra Trust a charter and a licence to operate in February of 1977.

This is now April of 1983 and there was six years during which we and the federal Government knew this type of thing was going on, and yet the Government did not see fit even to bring in legislation such as the Bill we are looking at now, not to mention tightening up the trust laws, which probably would take a new trust and loans Act.

As much as we support the legislation and want to see its speedy passage, we cannot stand here in and say in all seriousness that as far as the trust companies were concerned the federal Government or the federal Insurance Department was doing its job as a policing agent because we were forewarned a long time ago, long before we got caught in the web of Greymac, Seaway and Crown.

The Canada Deposit Insurance Corporation was brought into being in 1967 to provide protection for the deposits held by the chartered banks. The coverage at that time was $20,000 for each individual depositor and for each financial institution. At that time it was quite adequate. That figure was established some 15 years ago, so it is totally unrealistic in view of today's economic climate. As I mentioned before, $60,000 just brings us to today's rate of inflation. The proposed amount of $60,000 is an improvement, but I feel, as my colleague, the Hon. Member for Kingston and the Islands (Miss MacDonald), and the Hon. Member for Mississauga South (Mr. Blenkarn) and some of the others have mentioned, that a more realistic sum would probably be $100,000, or $75,000 at the very least in case inflation takes us any further than it has today. That is where I disagree with the Hon. Member for Ottawa Centre.

Inflation, high interest rates, ungovernable unemployment, our youth, 15 to 20 years old, are now looking at 20.6 per cent unemployment and the large Government deficits have contributed to our uncertain economic climate and are creating fear among individuals for their personal financial security.

The Canada Deposit Insurance Corporation provides deposit insurance to banks, federally-incorporated trust and loan companies, and most provincially-incorporated trust and loan companies. Credit unions and the other institutions are administered under provincial arrangements, as we are all aware.

There has been a need to increase the limit of deposit insurance from the original limit of $20,000 per person simply because there has been a significant increase in the level of deposits together with a decline in the purchasing power of these deposits. The current fiasco with Greymac, Seaway Trust and Crown Trust certainly points out and illustrates factually the need for an increase and the reason it has come before the House. As was pointed out, it was not an item that was on the Government House Leader's 13 important pieces of legislation, and yet those depositors are sitting out there chewing their fingernails, as was pointed out by the Hon. Member for Ottawa Centre.

The deposit insurance coverage underwritten by the federal Deposit Insurance Corporation in the United States has been reviewed and increased over the years to its present level of $100,000 per depositor per institution. Again, I disagree with the Hon. Member for Ottawa Centre. I think it is our duty to make sure that the small additional amount that would be charged would bring it up to the $100,000 level, because it is not really that much more than what is charged for $60,000.

The limit of $20,000 per depositor per institution in Canada has not been revised, as I said, since 1967, and we all want to see it done.

Many of my own constituents have been writing or calling me over the past months asking if their interest was going to be covered, asking what is going to happen, and that was explained. I will not go into it because it was reviewed by the Hon. Member for Ottawa Centre, but they wanted to know when we were going to introduce legislation to increase the amount of coverage. My reply to them has been as stock a reply as those of my colleagues. It is not up to us, it is up to the Government. We are all in favour of it, and now we have finally got in on the floor. My constituents have all been extremely worried about their deposits, and they are going to be worried about them in the future after what has happened in the Ontario trust market. It has been quite evident over the past few years that the Government has not been offering these individuals the protection they require.

Many proposals have been suggested over the years to strengthen the Canada Deposit Insurance Corporation. The Consumers Association of Canada suggested again that the limit should be $100,000, which most of us on this side of the House agree with, I think, and that the confusion should be removed from the legislation to avert any crisis of confidence. That is a very difficult thing to accomplish when one looks at today's economy in general.

The Canadian Bankers' Association had suggested increasing the coverage to $40,000 with unlimited coverage for Registered Retirement Savings Plans.

With this Bill, the Government is finally taking positive steps to ensure that there will be adequate protection for depositors. Canadian investors want to be assured that their investments are protected. I do not think they care about the little bit more that it takes to protect them as far as interest is concerned. They are tired of the uncertainty, and the best way to relieve their anxiety is to provide the security the investors have a right to expect as Canadians.

Deposit insurance was originally established in the 1930s at the initiative of the United States and in Canada as well. More serious bank failures had occurred in the United States and the authorities there were afraid that there would continue to be runs on financial institutions whenever rumours arose. Thank God we have not really had that problem in Canada. But it was feared a particular institution in the United States might not be able to pay off its depositors. Here, as I said, we do not have this same worry because there has not been the same type of uncertainty, and I think the last bank failure was in the 1920s of a relatively unknown institution, according to my information.

The Canada Deposit Insurance Corporation fund is financed through premiums from its member institutions. The large, strong institutions which hold the majority of deposit are the principal source of funds for the CDIC. Again I disagree with the Hon. Member from the Government side who feels that that little bit more to be charged in premiums would hurt. Some of these financial institutions have expressed concern that their premiums would increase if the limit were increased. However, when you look at the total amount of assets and the recent increase in profits of these large banks, I have no doubt they will be able to meet the increase in their premium payments.

The deposit insurance is arranged in such a manner that the proposed $60,000 is not the total coverage available to an individual. A depositor can have a deposit in an institution with coverage at all branches of that institution, whether it is a bank or trust company, up to the maximum of $60,000. That person's spouse can also have coverage in the same bank or trust company for accounts in that individual's name up to that $60,000. As well, they can have a third joint account which is also covered. Therefore, using three different accounts, a married couple, under the $60,000 ceiling, is insured for up to a total of $180,000 in a single institution.

If we were to take that up to the $100,000 mark, we might never have to worry again, not even in a review, which in my view should be at least every three to five years.

However, like everything else the Government does, it only introduces measures after things have reached crisis proportions such as with Greymac, Seaway and Crown Trust.

I think it is a bad commentary on our free enterprise system that the Government can step in and take over such corporations. In my Province of Ontario, as we have seen, without any charges being laid, the Government walked in and took over trust companies such as Kilderkin Investments, etc., and still it has not been proven to anybody's satisfaction that there has been any fill-in. It was probably necessary but the method by which it was done leaves a lot to be desired in a country as free to operate as Canada is. Again, I think that this is a step in the right direction. If they looked at what happened to Astra some six years ago, all of this could have been averted with a trust and loans Act. A lesson should have been learned from the whole fiasco of Astra Trust which went into bankruptcy in 1980. This firm, as I said, had been under federal Government supervision virtually from the day it started in operation, but in the end many small investors lost all their money. Last week Ontario offered to pay, retroactively, some $2.8 million to ReMor investors who suffered in the 1980 collapse of that company. I hope the federal Government will consider the same type of program. We need our trust companies. We have one of the finest banking systems in the world and we do not need threats of financial collapse for any reason. I hope there are no repetitions, and I hope that the Government has learned a lesson from the ReMor and Astra incidents. They need not have happened; the warnings were there. They could not get a provincial franchise but they did get federal funding. I think that we must review the system every three to five years.

• (1550)

We hope that the Bill, with our support, will get speedy passage, Mr. Speaker.

The Acting Speaker (Mr. Corbin): The Hon. Member for Kamloops-Shuswap (Mr. Riis).

Mr. Riis: Mr. Speaker, I do not have a question but I am prepared to contribute to the debate.

The Acting Speaker (Mr. Corbin): Are there any questions or comments at this time? There being no questions, we will now proceed to debate.

The Hon. Member for Lethbridge-Foothills (Mr. Thacker).

Mr. Blaine A. Thacker (Lethbridge-Foothills): Mr. Speaker, I rise to join with others in debating the principle of Bill C-142 to amend the provisions of the Canada Deposit Insurance Corporation Act. This Party agrees that this is one Crown corporation that fulfils a worthwhile role in society. The corporation does not take away the rights of individuals who operate but acts as background insurance so that ordinary depositors in banks and trust companies may have some protection when putting their money into the hands of others.

It is a corporation that enabled our parents and grandparents to take their money out of the socks, from under the sofa, under the bed, and from the backyards and put it into financial institutions, knowing that even if there were a run on the bank they would be protected to a limit of $20,000. We have to make the point that the $60,000 limit is just a reflection of inflation and is not really an increase.

I was interested to hear the Minister of State for Finance (Mr. Cosgrove) say that we have 132 federally incorporated companies that are members under the statutes, comprising 55 banks and 67 trust and loan companies. There are also 52 provincially incorporated companies. It is nice to know that there is a broad degree of participation, but I wonder if the Minister could indicate at some point what types of institutions are operating in the marketplace today that are not part of this insurance protection. Perhaps this debate will alert Canadians to take steps to protect themselves. That might be sufficient incentive to those companies not presently registered to bring themselves within the statute.

I think we need to know that deposit insurance amounts to $118 billion. That is a contingent liability that Parliament has agreed the Consolidated Revenue Fund should accept in the event of a depression and a massive deflation. If people wanted their money, Parliament would have to come up with $118 billion, less the assets of banking and financial institutions at that time. I do not suppose that is impossible because, of course, we have already had a depression in this country.

I was interested to hear the Minister argue, as did the Hon. Member for Ottawa Centre (Mr. Evans), that the $60,000 limit will result in some 78 per cent of bank deposits and 92 per cent of deposits in trust companies being covered. Why not 100 per cent, Mr. Speaker? The advantage of raising the limit to $60,000 is that people can now close out many of the $20,000 accounts they had in different banks. They can now consolidate those accounts to a limit of $60,000. If, by the mechanism of setting up accounts in different institutions, people can obtain 100 per cent protection for their financial assets, why do we not just incrase the limit automatically to 100 per cent of the deposit? It seems to me that by putting the limit at $60,000, if there is a depression we are going to injury the ordinary Canadian who puts all his savings into one account compared to the more worldly-wise or business oriented person who spreads that money over different institutions. So why not protect the innocent, rather than those who are sophisticated?

I was glad to see that this Bill will be effective as of January 17. I look forward to hearing the Minister confirm to the House and to Canadians that all those people who put money into Crown Trust and Seaway Trust will be covered. I think that is the purpose of the increase in the limit, and we agree with that.

This protection that is granted to our citizens should be seen in the same light as stabilization programs or crop insurance. It is there to protect the people from precipitous declines in economic activity or in an emergency that might cause them to have less certainty or to take other courses. That is a legitimate role for Parliament to play. I can stand wholeheartedly behind the principle of the Bill, as can most Members.

This also shows that good laws pass this House quickly. I hope the Government will take this as a lesson and keep Bills short and to the point in future. Any time there is a real feud in the House it is over omnibus Bills or Bills that attach a whole bunch of amendments that affect other statutes and are undesirable in certain parts of the country. In such cases, Members have to oppose a Bill although they may agree to 75 or 80 per cent of the content.

The Bill before us today shows that if the Government brings in short Bills and addresses a problem directly, the Parties can often come to agreement. The Government sometimes accuses us of obstruction but, as you know, Mr. Speaker, 120 Bills have been passed. The average time for a Bill to pass through the House is three days. That is not bad in a country the size of this one. After a Bill is introduced it takes many weeks for people all across the country to become fully aware of it and to make their views known to their Member of Parliament so that he or she can make some input in caucus and committees and also in the House Committees. It takes time to pass Bills, and so it should in such a huge country with the diversity of interests and of language and religion that, on the surface, could split the country as they have so many other countries. The beauty of Parliament is that when a Bill is introduced, there is enough time to receive input and to achieve the compromises that make our laws acceptable to the citizens.

I hope that all Members of the House will adopt the ninth report of the Standing Committee on Procedures and Organization, Mr. Speaker. That would permit Madam Speaker to have a panel of ten chair persons who would develop expertise on certain legislative matters. Therefore, when a Bill such as the Bill on the Canada Deposit Insurance Corporation came up, the chairman of that legislative committee, who would be assigned the Bill, and a small group who would work with him, would have some very real skills on that particular legislative matter. It would not interfere with the Standing Committee which would be dealing with other matters like Estimates and special inquiries into Crown Corporations. I hope that Hon. Members will accept that because I believe it would be of great help to us.

• (1600)

While we need to have the certainty of this Bill so that people will be able to invest their money and not have to worry about a precipitous decline in its value, let us not forget for one moment that the reason we have this Bill before us is that it is the 100 per cent predictable and logical result of the policies of the Government over the last 15 years, which, instead of proposing a program and a corresponding tax for people, proposed a program which permitted people to keep the tax low and borrowed the difference.

As you know, Mr. Speaker, in this year alone, we are, through this Parliament, injecting into the economy of Canada some $30 billion more for the programs than we are taking

away from the people in terms of taxation. We are taking away from the people $30 billion by way of borrowing in order to make up the difference between the cost of the program and the taxation withdrawal from people. The ordinary citizen will ultimately pay that, but for the moment we are borrowing from people with wealth, paying them a good rate of interest, then we are distributing the money among all of us citizens. That deficit, of course, Mr. Speaker, now totals over $200 billion if we add in the deficit of the Crown Corporations. That has caused an enormous inflation in the country, which in turn has led to the high interest rates, because people do believe they are entitled to a real rate of return on their money. Historically, it was always 2 per cent or 3 per cent. More recently, the real rate of return has been much greater. Even when the inflation rate was 12 per cent, the interest rates were 19.5 per cent in the 1981 issue of Canada Savings Bonds, which meant that people had a greater rate of return on their money in 1981 than ever, I believe, in the entire economic history of this country. And this was at a time, Mr. Speaker, when hundreds and hundreds of thousands of people were being laid off, and when the Old Age Security benefits of our senior citizens were being restricted to a 6 per cent raise in their incomes, some $180 this year. We Members of Parliament were taking something like $3,900 out of the economy. Deputy Ministers earning $100,000 were taking an extra $6,000 out of the economy. The reason we have this Bill before us is the result of those accumulated bad policies which have put every sector of our society in jeopardy.

There are, however, certain sectors we are protecting. We are protecting with this Bill those people with enough money to have a savings deposit somewhere. There are many Canadians in this country who do not have one extra cent which they can put into a safety deposit box, by way of share certificates or cash in the bank. They simply live on a hand-to-mouth basis. Again, Mr. Speaker, that is the result of the deficit, because when you borrow $30 billion from people with wealth and you pay that back to them at the end of the year, together with the accumulated interest, they become incredibly wealthy without having to take any risks or responsibility. Indeed, if they put their money in different institutions up to $60,000, the state will guarantee them 100 per cent return. Of course, that concentration of wealth is at somebody's expense, because every nation has only a certain amount of capital which it has developed and which is ongoing at any one time. When we add this to the people who already have wealth, it invariably comes out of the pocket of the ordinary working Canadian, and very often it is the farmer who is on the land, or the man who is working in the factory.

That is why I have argued time and time again, Mr. Speaker, that we need a whole new philosophy in times of high inflation. We need to have flat across-the-board settlements rather than percentage settlements, because that will bring our society closer together rather than making the rich richer and the poor poorer, and leading to a class society which gives people no chance but to go on the streets.

I would like to state clearly to anyone who might be listening across the country, that they need to be aware that they have this protection up to only $60,000. If they are anticipating depositing $100,000 in the bank, they should slit it up and put it into two different institutions, in order to have full protection. I would like to state again that we believe that the amendment of the Hon. Member for Kingston and the Islands (Miss MacDonald) was entirely reasonable at $100,000 rather than $60,000, because it is not going to be a draw on an ongoing basis in the Consolidated Revenue Fund. As I understand it, this is a self-sustaining, self-paying insurance program with the premium rate being one-thirtieth of 1 per cent from the contributing institutions, and the only time we will get involved is if there is a depression, and the only time there is going to be a depression, Mr. Speaker, is if we leave the current Government in with its philosophy of sustaining deficits. In order to protect themselves really, Canadians must get out there in the next election and defeat the Government at the polls. That means defeating the Hon. Members opposite, who are otherwise very good people with good thoughts on business, but we must defeat them individually so we can get the Government out.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I must say this has been one of the more enjoyable days which I have spent recently in the House of Commons in terms of the quality of the debate, the seriousness of the debate and the questioning which has occurred. It has been a very positive debate. I believe Hon. Members have been really making an effort to contribute to the improvement of this legislation which is before us, and coming up with suggestions to improve subsequent legislation of a similar nature.

I listened with interest when the Hon. Member for Ottawa Centre (Mr. Evans) brought forth the proposal that it is high time we began to examine, via the Finance Committee, the matter of trust and loan companies in Canada. I will certainly endorse that position.

I must say, however, just to be positively critical for a moment or two, that it was January 17 when the Minister of State for Finance (Mr. Cosgrove) brought forward this particular Bill for first reading, under a considerable amount of pressure. Pressure had mounted, particularly in the Province of Ontario, because of the problems we were having, to take some action to protect the number of depositors who were very frightened at the possibility of losing parts of their deposits because of the financial difficulties certain institutions were experiencing. When you consider that depositors' insurance rate, or amount, was set way back in 1967, it is surprising that there has not been more of an effort made by the Government to improve and update this particular amount since 1967, knowing the tragic results of the high inflation rate and what it has done across the country. However, while one might stand here and cast stones at the Government's inaction over the past decade or more on this matter, the point is, I suppose, that we are dealing with it today, and for that we should be thankful. I am certain that depositors across Canada will be thankful also when this legislation is finally passed.

I listened with interest when the Hon. Member for Ottawa Centre was encouraging the support of the Opposition for rapid passage of this Bill when I remember instance after instance when Hon. Members of the Official Opposition, as well as Members of the New Democratic Party, were indicating their willingness to pass this Bill in a day's debate, a very limited debate. Let us get on with it now so that we can bring some sense of security, Mr. Speaker, to the people of Canada. These are such unnerving times, with uncertainty and fear across the country, that this is one small effort Parliament could make to ease the concern so many Canadians have regarding their deposits in various financial institutions. Members opposite were quite prepared to co-operate, yet when the Government House Leader said a number of days back, "We have some very important legislation on which we want the Opposition to co-operate to obtain early passage", it was interesting to note that one Bill was conspicuous by its absence from that list of Government priorities, namely Bill C-142 which would protect depositors across this country. However, let us recognize what small gains we do make these days and recognize that we are debating this legislation this afternoon and, hopefully, we will see its passage before the day is out.

• (1610)

While there is no question that the NDP supports this Bill in principle and will vote in favour of the principle of the Bill when we have the opportunity, we do have a number of concerns. My first concern is with regard to the amount we have identified as the insurable limit of $60,000 on a particular deposit. I recognize that you can make two cases. One, that the amount could be, and perhaps should be, higher. In the U.S. the maximum amount of coverage is $100,000, and there is no reason that we could not have that in Canada. When the Hon. Member for Kingston and The Islands (Miss MacDonald) presented a Private Members' Bill reflecting that upper ceiling, a number of good examples were put forward. I remember that not long afterwards I had the opportunity to raise the issue with my constituents. In speaking at a number of town hall meetings, I found people were wondering why it was necessary to have $60,000 as the maximum, let alone $100,000. Then, through discussion with a number of people there and subsequently with Members of my caucus, it became clear that when many Canadians retire they sell their home and find themselves with a sizeable piece of change. It is not unlikely to have a typical family with $60,000, $80,000 or $100,000 as a result of the sale of their home. When invested, that amount will see them through their retirement years as a supplementary income. For that reason perhaps we ought to be looking at higher levels of depositor protection. I would encourage the Minister to give this some thought in bringing forth a subsequent Bill in the months ahead to achieve the security that Canadians are seeking today.

Quite frankly, Mr. Speaker, I supported the idea that it was to an investor's advantage perhaps to have his or her deposits placed in a number of institutions. We have seen the dangers in the last number of months of placing all our hopes in one particular venture, or putting all our eggs in one basket, when we saw the Government's so called economic strategy consisting of the large energy megaprojects in western Canada. When those projects failed to materialize, then the hopes of that particular strategy were dashed. Again, I think we want to encourage Canadians to reflect upon the advantage of placing deposits in perhaps two, three or more institutions so that they may have better protection for those hard earned deposits. However, we still recognize that under this legislation one may have a deposit of $60,000 in one institution, $60,000 in another, and $60,000 in a shared account or shared deposit between husband and wife, which again would be protected. In the final analysis, I believe the $60,000 maximum is adequate and will serve Canadians well.

I do want to mention to the Minister that in spite of the fact he introduced this legislation for first reading back in January, 1983, and made it very clear that it was retroactive legislation, it was interesting to note that the Canada Deposit Insurance Corporation asked its member institutions to stop advising clients that the maximum insurance provided was $60,000. In other words, the institution was advising its clients that they do not have protection to that amount at this time. If this legislation passes the House and receives Royal Assent, then they will, but at the moment the maximum allowable insurance is $20,000. So I think Canadians were, in a sense, misled to a certain extent because Bills can be amended. At least I would hope the Government has that option open to them.

Mr. Fisher: Why didn't you say that about the Income Tax Act?

Mr. Riis: Perhaps the amount we are talking about is not $60,000, but it could be amended to $40,000 or $80,000 or whatever. So I believe the Minister has to be criticized for perhaps inadvertently providing a false sense of security to Canadians.

There is a particular point I want to make, Mr. Speaker, one that deserves some analysis today and which has not been discussed at length until this point, that is, whether coverage up to $60,000 is really in the best interests of the country. Leaving aside the depositor's point of view, I would ask what that does to the institution's perception of how risky a venture it is prepared to take on. When we carried out the analysis of bank profits in the Standing Committee on Finance, Trade and Economic Affairs, one thing became very, very evident. The banks of Canada had over-extended themselves in many areas. They had become highly exposed and consequently were considered by some to be relatively risky financial ventures. When one looks at the year-end accounts of the class "A" chartered banks of Canada, I think one has to draw the conclusion that on a number of occasions they made some very imprudent loans and found themselves in very serious and over-exposed positions, particularly when it came to sovereign loans. Perhaps this insurance protection of $60,000 will encourage those institutions, who have made imprudent loans in the past, to continue that behaviour. It is simply speculation at this point, but it is something the American Government

has been concerned about for some time. As a matter of fact, their deposit insurance institution has raised this issue.

I do not have to refer to the United States to remind Hon. Members that not so many years ago the Economic Council of Canada made a particular recommendation to Members of the House of Commons. I remember, when the Economic Council was before the Committee a few weeks ago, asking the President or chief executive officer of that particular group, Mr. David Slater, what he did for a living. Did he serve the people of Canada well? Did he advise the Government properly? He said that he did, and I think members of the committee felt that indeed we were receiving some relatively sound advice from the Economic Council. They were able to lay out what the problems were in terms of our economic future, and consequently the Government was expected presumably to respond favourably and positively to those recommendations. Well, back in 1976 the Economic Council of Canada recommended that deposit insurance premiums ought to reflect the specific risks involved in the same way that a bond rating company evaluates the diverse securities of Governments and corporations. This step would add to the flexibility of the system. Institutions which chose to hold safe portfolios would benefit from lower insurance premiums, whereas those holding risky portfolios would not. I want to emphasize that this is an insurance scheme, and usually insurance rates reflect the state of riskiness of a venture. If one is a driver today and has had 250 auto accidents compared to the driver who has had a safe driving record for the last 20 years, one will probably be paying a different rate. Compared to the person applying for life insurance who is 25 years old, one who is 80 years old will be paying a different rate because of the different risks. However, in this situation, regardless of what kind of risk one may be, regardless of how risky is a venture in which the financial institution is involved, one pays the same premium. That is quite a peculiar insurance company.

• (1620)

We have a similarly peculiar insurance company which is called the Maritime Pollution Claims Fund. That is the fund under which a certain levy is placed on every barrel of oil which comes into eastern Canada to protect the East Coast in the event of an oil spill. Whether one has a two-bit, old, beat-up, rusty ship or a super, ultra modern tanker, one pays the same rate. It is ridiculous, yet it is called an insurance fund. It is a ridiculous fund because obviously the old, tin-pot rusted out venture out there, filled with oil, is more of a risk than the ultra, super, brand-new tanker. The same is true with this piece of legislation. Certain trust companies which can go unnamed at this point because we all know what they are, which are over-extended, involving themselves in some questionable, peculiar activities which are imprudent by anyone's definition, are paying the same rate, 0.3 per cent of their insured deposits, as the venture which is the most conservative, the most laid back or, the best way to say it, the most "secure" venture available.

I guess what I am saying is that it is unfair. Not only is it unfair, but we must consider that we are in a situation which is quite different from the one which prevailed when the Insurance Act was introduced back in 1967. At that time, when the decision was to levy a particular premium on the insured deposits of 0.3 per cent, the banking or financial system of Canada was relatively tranquil or stable. Since then, however, the situation has changed. We are in an incrediably dynamic financial situation which is changing by the month in terms of new approaches, with new technology and techniques being applied to the way in which we manage our finances. The Inspector General of Banks himself admitted that it is virtually impossible for him and his Department to keep on top of the system these days. We have a financial system out there which, to some of us at least, appears to be out of control in certain areas in terms of the people of Canada having any sense of what is going on with regard to regulations or the ability to regulate some activities.

I will use an example of some of the questionable practices of the banks in terms of their offshore ventures. I think that if the realities or the truth were ever known, if an explanation were required as to what those ventures were, which is not the case under present legislation, Canadians would be somewhat concerned. Therefore, here we are in a situation where the banks of Canada have now expanded into the international lending sphere, which is certainly much more risky in terms of the loans Canadian chartered banks make in countries such as Argentina, Mexico, Venezuela, Columbia and the like. It is questionable whether these countries will ever repay those loans. We find today that 20 per cent of 40 per cent of the total business of some of our chartered banks concerns overseas activity. Also, the total liabilities of banks have expanded to more than 30 times their shareholders' equity.

Mr. Blenkarn: Thirty-four.

Mr. Riis: In some cases, it is as high as 34, and some months back it was as high as 38. These are highly risky, highly levered situations, again placing the situation in quite a different risk climate than we were experiencing back in 1967.

The problem that I see is that we must make some changes to the Bill before we will be happy with it. I do not believe that today is the time to offer those amendments because of the need to pass this particular legislation to bring some security to the depositors across Canada. However, I would certainly urge the Minister to consider the unfairness of requiring the same premium to be paid by both risky ventures and secure ventures. If it is really an insurance scheme, then I suggest that that ought to be changed and changed quickly.

I want to mention one other aspect which has not been considered seriously to this date. To enable the CDIC to cover deposits in the three trust companies in Ontario concerning which there was some difficulty, the federal Government must approve a loan of $500 million to the agency. The CDIC previously had only $260 million in available funds based on premiums paid to it by its 150 member institutions, including the banks and trust companies. What that means is that it was ultimately the people of Canada who had to come back and guarantee the situation. The premiums which the companies

themselves were paying, that is, .3 per cent of their insured deposits, is perhaps not adequate under these dynamic financial times to provide the necessary coverage if the CDIC had to come to the federal Government to have a $500 million loan approval offered to it. Perhaps in terms of the ultimate security to Canada's depositors, these are some of the items which should be reconsidered.

The Acting Speaker (Mr. Corbin): I will recognize the Hon. Member for Restigouche (Mr. Harquail) in a moment.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Corbin): It is my duty pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Central Nova (Mr. MacKay)—Regional Development—Hawker-Siddeley plant at Trenton, Nova Scotia—Request for assistance; the Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie)—Medical Care—Status of proposed Canada Health Act—Drafting of legislation; the Hon. Member for Spadina (Mr. Heap)—Trade-Level of clothing imports.

GOVERNMENT ORDERS

[*English*]

CANADA DEPOSIT INSURANCE CORPORATION ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Cosgrove that Bill C-142, to amend the Canada Deposit Insurance Corporation Act, be read the second time and referred by unanimous consent, to Committee of the Whole.

The Acting Speaker (Mr. Corbin): The Chair would like to remind Hon. Members that under Standing Orders of the House of Commons, under permanent and provisional Standing Order 15(3), when an Hon. Member is speaking, no Hon. Member shall pass between that Hon. Member and the Chair. I would hope that Hon. Members would adhere to that Standing Order in the future.

Before recognizing the Hon. Member for Restigouche (Mr. Harquail), the Chair should first inquire as to whether there are questions or comments arising from the remarks of the Hon. Member who spoke last.

Mr. Nickerson: I would like to ask a question, Mr. Speaker. The Hon. Member for Kamloops-Shuswap, who has just spoken, went on at length criticizing the operation of the Canada Deposit Insurance Corporation because, according to him, it will not operate under proper insurance principles according to which the premiums or the levy should be greater when there is greater risk. He also cited the operation of the fund which has been established to compensate people in eastern Canada who are victims of oil pollution. He said that this Bill operated the wrong way, in his opinion, because everyone was subject to the same levy. These are sound conservative insurance principles.

However, in Canada there is another insurance scheme, that is, the Unemployment Insurance scheme. This one, according to the Hon. Member's principles, presumably works backwards because the premiums are less and the benefits are greater when the risk is greater. Is the New Democratic Party advocating that unemployment insurance benefits in Newfoundland should be less than they are in Alberta, or that residents of Newfoundland should pay higher premiums? That is the natural corollary to what he was saying this afternoon.

• (1630)

Mr. Riis: Mr. Speaker, I actually appreciate the opportunity to speak on this point because the NDP has always considered the Unemployment Insurance scheme not to be the best method of ensuring adequate incomes to people during difficult times. We have always advocated a more comprehensive universal social scheme to replace it. What the Hon. Member is making is again the kind of simplistic inquiry that one would expect from a Tory backbencher on a topic such as this. It reflects once again their, or perhaps his, inability to understand the complexity of this particular problem.

Mr. Maurice Harquail (Restigouche): Mr. Speaker, it is indeed a genuine pleasure for me to participate in this debate this afternoon, to come back after our recess and sense this fresh breeze of co-operation that exists in the House this afternoon. I speak of the attitude among all Parties in the House with respect to Bill C-142, an Act to amend the Canada Deposit Insurance Corporation Act. I certainly want to congratulate the Hon. Member who spoke before me, the Hon. Member for Kamloops-Shuswap (Mr. Riis), the NDP financial critic, for his positive attitude toward the importance of this Bill.

He did raise a few points in his comments about Unemployment Insurance and about the Minister's statements on this. However, I am sure he will agree, and all Canadians know, that the principle of insurance is based on sharing the risk with the largest number of people involved. It would follow, with respect to the Bill we are debating today, that the same principle would apply and the same benefits would accrue to all Canadians. The issue with which we are concerned today is a matter of bringing ourselves into the eighties and updating this measure to meet the needs of all Canadians in our modern times.

The main purpose of this short Bill is to increase to $60,000 the amount of protection provided by the Canada Deposit Insurance Corporation on savings deposits placed with financial institutions in Canada.

As most Members know, the Canada Deposit Insurance Corporation is a Crown corporation that was formed in the centennial year of 1967 under the Canada Deposit Insurance Corporation Act. The main purpose of the Corporation is the insuring, within limits, of savings deposits placed by the public with member financial institutions. The existence of deposit insurance has given security and stability to the savings deposit market in Canada and has almost completely eliminated any fear of runs against financial institutions.

All banks and all federally incorporated trust companies and mortgage loan companies that accept deposits are members of the Corporation by law. Provincially incorporated trust companies and mortgage loan companies accepting deposits may become members on application if the Province of the Corporation concurs and if the financial condition of the company is acceptable to the Canada Deposit Insurance Corporation.

At the end of 1982, 132 federally incorporated institutions were members of the Corporation, of which 65 were banks and 67 were trust companies or loan companies. At the same time there were 52 provincially incorporated trust companies and loans companies holding membership.

At the end of 1982, the total assets of the Corporation amounted to approximately $255 million. Its income for the year amounted to approximately $14 million in the form of premiums and $25 million in the form of interest. Deposits insured by the Corporation as of April 30, 1982, amounted to $118 billion. The corporation is a tax-paying institution and is expected to pay approximately $12 million in taxes in respect of the 1982 taxation year.

The Corporation is governed by a board of directors comprising a chairman appointed by Order in Council, and, ex officio, the Governor of the Bank of Canada, the Deputy Minister of Finance, the Inspector General of Banks and the Superintendent of Insurance.

The three principal purposes of the Bill are, first, to increase the maximum limit of insurance on each deposit; second, to increase the borrowing authority of the Corporation; and, third, to reduce possible misunderstanding when member institutions receive funds that are not insured deposits. In addition, there are a few technical amendments not involving any important principle.

As I indicated in my opening remarks, the Government has indicated the importance of bringing the Bill up to date to meet demands in the country today. The previous speaker referred to some recent incidents which occurred in a Province which caused great concern to many Canadians and certainly to investors and depositors.

I suggest that it speaks well of our present Government that we have accepted the responsibility of assuring Canadians that, through this Bill, they are encouraged to deposit their savings. We are showing them that we are prepared to take the necessary action to protect them in every way possible by increasing the amount of coverage from $20,000 to $60,000.

Another attractive feature of this measure, which was referred to by the previous speaker, is the fact that this legislation is retroactive to January, 1983. The legislation is being changed in recognition of a number of changes that have taken place. Many are aware that deposit levels have risen of a consequence of inflation. The existence of deposit insurance has probably had an effect in increasing this type of savings as compared with other possibilities such as investments in bonds or stocks in the market. As well, the existence of tax deferred plans such as Registered Retirement Savings Plans and Registered Home Ownership Plans have probably also stimulated savings of the insured type. As a consequence, it seems desirable to make an increase in the level of deposit insurance at this time. The $60,000 limit proposed was recommended by the Standing Committee on Finance, Trade and Economic Affairs in its report on the profit situation of the chartered banks published last July. It is estimated that the $60,000 limit will cover approximately 78 per cent of the deposits in banks and 92 per cent of the deposits in trust companies and loan companies.

Some suggestions have been received that the limit should be set much higher than $60,000. The Government is conscious of these suggestions and also of the fact that in the United States the limit on deposit insurance under the Federal Deposit Insurance Plan has been set at $100,000. However, we believe that a limit of $60,000 would be appropriate for the Canadian plan at the present time. It is important to keep in mind that the basic purpose of the plan is to insure savings deposits rather than to insure investments at a level where the investor could be expected to exercise his own judgment or seek professional advice. It is not desirable to interfere in the normal functioning of the financial market by setting a deposit insurance guarantee at a level that puts all other types of investment activity at a disadvantage.

As well, it is important to note that the main volume of premium funds received by the corporation come from the large, strong institutions, whereas the smaller and less known institutions are probably the beneficiaries of the plans to an extent that is out of proportion to their relative size. There has to be some reasonable limit on the extent to which the large institutions are forced to contribute to a pool of this type.

• (1640)

The Bill proposes no change in the premium structure. Under present rules, the annual premium required of each member institution is one-thirtieth of 1 per cent of the amount of insured deposits. However, the Corporation has certain limited authority to reduce the premiums below this level if it believes that the fund is adequate.

With respect to borrowing power, the Corporation now has the power to borrow up to $500 million from the Consolidated Revenue Fund. Any such borrowing is to meet financial needs to the extent that the Corporation cannot conveniently meet these needs from its own resources. Any such loans would be at

a rate of interest that is appropriate to the circumstances and would be repaid by the Corporation, either from realization of its own assets or from the revenue produced by future premiums.

It is important, if the CDIC is to play its full role as a stabilizing influence in the savings deposit market, that it be of such size and have resources sufficient to make clear to everyone concerned that it can fulfil the function that it is intended to play. The borrowing limit of $500 million set in 1967 was adequate at the time. However, the total amount of all insured deposits is now more than six times the amount that was insured in 1967. In the context of this fact and of the increase in the insured limit from $20,000 to $60,000 it seems appropriate to provide the Corporation with access to larger financial resources to meet emergency needs. The Bill, therefore, proposes that the borrowing authority be raised from $500 million to $1.5 billion.

With respect to possible confusion where a member institution accepts money that is not insured, the Bill proposes that all member institutions be required to mark clearly any instrument issued in return for funds where the transaction does not give rise to an insured deposit. Certain exceptions are specified in the Bill where it is most unlikely that any misunderstanding would occur. The purpose of this provision is to meet certain problems that have arisen in connection with the operation of the Corporation over the years.

Because of these pertinent facts and of all the figures and other substantive information I have given, I encourage and urge Members on all sides of the House to assist us in the giving of second reading to Bill C-142 as expeditiously as possible.

The Acting Speaker (Mr. Corbin): Questions, comments, debate.

The Hon. Member for Western Arctic (Mr. Nickerson).

Some Hon. Members: Hear, hear!

Mr. Nickerson: Listen to the applause, Mr. Speaker.

Mr. Keeper: There is only one person applauding.

Mr. Thacker: Let those who have ears listen.

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, before I get into the detail of second reading debate on Bill C-142, I would like to digress a little, but no more than did the Hon. Member for Ottawa Centre (Mr. Evans). He made the remark that he favoured greater federal presence in the securities business. I have some reluctance in accepting offhand that type of advice. If the federal Government gets into the business of regulating the sales and dispositions and trading in securities of corporations that are provincially chartered, I think that might cause some difficulty. If all stock exchanges in Canada were to become subject to federal regulations and all operated the same way, we might not have as good a system as we now have where legislation affecting the operation of stock exchanges is made by the various Provinces. The example that comes to mind is what happened in Ontario several years ago at the time of the MacMillan Windfall episode. At that time the Ontario Securities Commission, the Ontario Stock Exchange and the Government of Ontario of that day decided they wanted to get out of the junior end of the securities business. They wanted to concentrate solely on blue chip issues such as Inco, the Bank of Montreal, Chrysler, Massey-Ferguson and so on. When they got out of the junior end of the business, the action went to Vancouver. The Vancouver market grew and expanded because it was fulfilling a necessary function, that of raising junior capital largely for resource exploration. It was obvious to Canadians that that type of business was required in Canada. Had it been a federal decision to get out of the junior end of the business, there would have been nobody else to look to and we would probably have lost it entirely. As it is, with these things under provincial jurisdiction, people in Ontario who now realize they made a mistake want to change their rules to draw back a little of the business from Vancouver.

To get on with the second reading of Bill C-142, amendments to the Canada Deposit Insurance Corporation Act, let me say that I, like just about every other Member of the House, am in favour of the provision to raise the maximum insurable deposit from $20,000 to $60,000. This amendment has been brought to us largely at the urging of the Opposition. We spoke out on this matter at considerable length some time ago before the crisis, the Greymac Trust and Crown Trust fiasco, which brought the matter to the attention of the Government and forced the Government to act. About the only sense of fulfillment we have on this side of the House, and presumably what will continue to happen until the time of the next election when we will then find ourselves on the other side of the House, is that once in a while we have the opportunity to say, "I told you so".

I would like to quote from *Hansard* of February 17, 1982 when I spoke, over a year ago on this matter under the provisions of Standing Order 43. I said then:

> Madam Speaker, in order to take into account the decrease in the value of money brought about by years of Liberal-caused inflation, I move, seconded by the Hon. Member for Brampton-Georgetown (Mr. McDermid):
>
> That the maximum deposit insured by the Canada Deposit Insurance Corporation be increased from the present limit of $20,000 to a more reasonable limit of $100,000.

This allows me to say, "I told you so." It is nice to see the Government acting on my recommendations, Mr. Speaker.

What I would like to see happen in this House this afternoon is the same as what was brought to our attention by the Hon. Member for Ottawa Centre. We would like to see the Minister of State for Finance (Mr. Cosgrove), responsible for financial institutions stand in his place and give an absolute assurance that the provisions of the Bill we are debating today will apply to the victims of the Greymac Seaway disaster. There is some doubt that is the case. I see the Minister is nodding, and I hope he will do as has been asked by Members on both sides of the House today.

Personally I would have preferred it had the limit been raised to $100,000. This figure has been accepted in the

United States of America since 1978. We are told the $60,000 limit corresponds, after taking inflation into account, to the original $20,000 set in 1967. It is pretty evident that inflation, even if controlled somewhat, will continue. The huge deficits run up by the present Government of Canada will guarantee this will happen. Therefore, it will only be a matter of a few years' time when we will have to address this issue again because the limit will have been eroded by inflation. If we now raised the limit to $100,000, it could probably be kept in place for a number of years.

• (1650)

Like the Hon. Member for Restigouche (Mr. Harquail), I think that a system of deposit insurance is fundamental to a modern banking system. Any fractional reserve system of banking is inherently insolvent. On occasion the banking system, individual banks in particular, are subject to runs. The only way this can be stopped is to have the cash ready for depositors when they come to the window and ask for their money. If that cash is not available, the whole system is subject to the domino effect. One deposit-taking institution after another can fall by the wayside unless somebody has the cash handy to hand out.

Before a system of deposit insurance was brought into effect in the United States in the thirties and a little bit later in Canada, runs on banks and the collapse of banks, especially the smaller ones, were much more frequent than today. Probably one of the greatest advances made during the Depression years in order to ensure that repetitions of the disastrous financial collapses of that time would not reoccur was the institution in the United States of a federally-sponsored system of deposit insurance.

Before that was brought into effect, providing cash in times of crisis was largely up to the major bankers of the day, who sometimes rendered sterling services in making loans available to various banks and institutions that were in fear of collapse because of a run on them taking place.

It is a better system to have a federally-sponsored deposit insurance than to leave it up to the larger bankers in the country or in a particular area. Of the many Crown corporations that we have in Canada—and I do not know how many we have altogether but probably about 450 federally—in my opinion the Deposit Insurance Corporation is one that really fulfills a necessary function. It is something that Canadians can be proud of.

It is my intention to look at some of the provisions of the Bill. Of course, the most important one is the increase from $20,000 to $60,000 of insurable deposits. Everyone who has spoken on the Bill has mentioned this. There are other items in the Bill that deserve some attention.

The Hon. Member for Restigouche mentioned that the maximum amount that can be lent out of the Consolidated Revenue Fund to the Canada Deposit Insurance Corporation will be increased under this Bill from the present limit of half a billion dollars to $1.5 billion. I would like to know where the $1.5 billion comes from. It is a nice round figure. I will be proposing some nice round figures later, which I would have some difficulty in justifying absolutely. When this Bill is at Committee stage, some explanations should be given as to why the $1.5 billion is to be imposed. Why is it that figure rather than $1. billion or $2 billion? Why was it decided that the correct figure was $1.5 billion?

I agree with the Hon. Member for Kamloops-Shuswap (Mr. Riis) who, when it comes to insurance is very conservative, that the Corporation should be self-financing. I agree it is necessary that the Corporation in very particular and, in unusual circumstances, should have the authority to borrow money from the Government out of the Consolidated Revenue Fund. It has to have that authority for those times when everything goes awry and it needs a lot of cash at one time. Hopefully the cash can be paid back once the emergency has receded. However, by and large the operation of that Corporation should be self-financing. It should be financed out of the premiums it charges.

The present levy is one-thirtieth of 1 per cent of deposits. The Hon. Member for Kamloops-Shuswap misled the House when he said that it was .3 per cent. I am sure that was inadvertent. No doubt he will have the opportunity to correct that. It was obviously just a slip of the tongue. He cited the figure wrongly by a magnitude of ten.

I understand that CDIC presently has $260 million on hand. At least that is the figure cited in the press. It is stated that about $200 million of this could be used up as a result of the Crown Trust default, if that is the right word. It probably is not. In any event, it is the Crown Trust case. If that were to take place, there would be virtually no cash left within the Corporation. Therefore, as a very immediate measure, it should have authority to borrow from the Government.

In my opinion, the CDIC should have a cushion of about $500 million from which it could operate. Please do not ask me why I came up with $0.5 billion. I do not think I could explain it any better than the gentleman opposite could explain the $1.5 billion figure. It seems in the region of adequacy.

In order to build up that cushion, it might be necessary to increase the premium over the intermediate or short term. Perhaps a system could be adopted whereby the premium would be increased until the cushion was built up. I am not adverse to the insurance principles voiced this afternoon by the Hon. Member for Kamloops-Shuswap, but we might have difficulty unless we have a formula based on past experience of allocating different premiums to different deposit-taking institutions. Because the premium or levy is so small a percentage, if we were to go by strict insurance principles, the levy for different institutions might not be that much. For the sake of simplicity, we might be able to live with a system of a uniform levy. After the cushion had been built up to the $500 million range, it may be desirable to decrease the premium.

I now want to look at the different ways in which the Deposit Insurance Corporation can fulfil its function. The worst case is where an institution goes absolutely belly up, is no longer there, and the CDIC has to pay the depositors up to the maximum amount.

I am pleased to see contained within the Bill a minor amendment to Subsection 13(4) of the Act which has the effect of clearing up certain possible legal difficulties with regard to who should be paid by the Corporation. I understand that previously it had to be the depositor named in the books of the member. There might be some errors there. The owner of record of that deposit might not be the beneficial owner of that deposit, so I am pleased to see that that technical amendment has been made.

• (1700)

When the member deposit-taking institutions is savable, when it has not gone completely belly-up but where with a little bit of help it might get by, there are various ways in which the CDIC can operate. Formerly the main way in which it did this was to make a loan to that member. Now in the Bill there are other proposals. I am not quite certain whether CDIC had the authority to help out in these other ways, but now it is quite explicit. It now has the authority not only to make loans to the member institutions but it is to have the authority to guarantee loans. If a trust company is in difficulty and wants cash on hand to pay its depositors, it can borrow that money from a bank and CDIC now has the authority to guarantee that loan. CDIC now has the authority to make a substantial deposit in a deposit-taking institution which is in trouble, and it is pretty obvious that that has the same effect.

If depositors are standing in line wanting $200 million that probably does not exist and CDIC comes along and puts a deposit of $200 million in that institution and says that it has no intention of withdrawing those funds for some time, then the effect will be the same. It will be known that the institution has cash with which to pay its debts, make good the deposits, and the lines will discontinue.

There are certain good points about these other methods of dealing with the problem. Certainly CDIC is to be given a greater degree of flexibility than it had previously. It has a greater number of weapons in its arsenal to fight insolvency. But there are also some points about this that are not so good. First of all, when it goes into loan guarantees and deposits-making, there is no actual cash involved so it is not so hard to do and it is sometimes done under the bushel, so to speak. It is away from the eyes of the public and away from the eyes of Parliament. CDIC could perhaps over-extend itself not by cash loans but by way of loan guarantees. We see this in other areas of Government where loans have been guaranteed and the Government says, "Oh, they are never going to exercise that guarantee". But then things go from bad to worse and the Government gets hooked. I have seen that at the provincial level and it seems that I have also seen that at the federal level.

If these things are to happen, in my opinion, then there should be maximum numbers imposed on the guarantees and on the deposits in these shaky institutions and these matters should be reported regularly. These matters, I suggest, need careful study in committee.

Mr. Deputy Speaker: Are there any Hon. Members rising to ask questions of the Hon. Member who has just spoken? If not, the Chair recognizes the Hon. Member for Vancouver Quadra (Mr. Clarke).

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I want to take just a few moments of the time of the House to add some words on Bill C-142, an Act to amend the Canada Deposit Insurance Corporation Act. I, too, favour the principal proposal in this Bill to increase the amount of insurance on individual deposits from $20,000, which was the amount established in 1967, to $60,000, an amount that will approximately reflect the loss of purchasing power since that time.

It is worth noting that the Act covers deposits in 91 federal member institutions, including 29 banks and 62 trust and loan companies, and 54 provincial deposit-taking institutions, making the total of 145.

We have agreed, I think, that the limit of $20,000 was a ridiculously low amount and had to be changed. However, there is one principle that has not been addressed in this Bill, and that is that it was already easy under the $20,000 limit to circumvent the limit by moving funds around, by opening deposit accounts in different institutions or in different names because the $20,000 limit only applied to accounts that were held in one individual name.

Now the $60,000 will overcome the purchasing power problem but it will not change the fact that depositors will still be able to move funds around and put funds into more than one account in more than one deposit-taking institution and achieve coverage that perhaps the Government did not intend to give in this amending Bill.

I think it was another colleague, perhaps the Hon. Member for the Northwest Territories (Mr. Nickerson), who suggested that there should not be any kind of limit at all. That is something that the Government—

Mr. Nickerson: No, it was not.

Mr. Clarke: It was not the Hon. Member for the Northwest Territories. I heard another colleague suggest that we should not have any kind of limit. I think that should be studied by the Government because it is so easy to get around this $60,000 proposal by having multiple accounts in different deposit-taking institutions. Probably all our deposits should be insured. I leave that to the Government to consider.

When the Canada Deposit Insurance Corporation was established in 1967, obviously it was felt that there was a need for protection for depositors. Indeed, some three years later, the Commonwealth Trust Company collapse in Vancouver confirmed that need. The loss then as recorded by the Corporation was $5 million. There was not another loss until 1980, but by then the funds had begun to build up and build up. By 1980, the Corporation had on its books a cumulative surplus of over $200 million. By the end of 1981, the surplus in the premium account was $167 million and in the accumulated earnings, $58 million; the surplus totalled $225 million at the end of 1981. I have been unable to confirm the 1982 figure but using that progression, it is now probably $260 million in surplus.

Where is the surplus, Mr. Speaker? A reference to the Public Accounts of Canada or the Canada Deposit Insurance Corporation's annual report tells us that $82 million of that surplus is invested in Government of Canada Treasury bills and another $82 million is invested in Canada Bonds. A total of $164 million has been taken out of the CDIC and invested by the Government in its own securities.

If the money has just come out of one company and gone into the Government coffers, then I would like to know what the difference is between this kind of a levy or so-called premium and a tax. I do not think the Government will be successful in answering that question because they do not answer it about many other forms of tax like Canada Pension Plan premiums and Unemployment Insurance premiums. These things all just go into the federal pot and get lost.

If it is a tax, then is it a desirable tax? The premiums for 1980 were $22 million, and the 1981 premiums were $20 million. I suggest, and I know from the annual report, that reduced premiums have been in effect for the last ten years, presumably because the surplus is building up adequately. Well, now the surplus is building up in any event. The investment surplus in 1981 was $13 million so that to tax the companies, which amounts to taxing the depositors another $20 or $22 million, seems to be totally unnecessary. All of that money, the $20 or $22 million, could be left in the company's hands. The Bill will increase the loan capability of CDIC from $500 million to $1.5 billion. I contend that there is no need for the company to build up a surplus at the rate of $35 million or so every year. This is not a private enterprise but a Government enterprise. The Government is making it possible for the CDIC to dip into the Consolidated Revenue Fund on the basis of loans for anything from $500 million to $1.5 billion. The surplus that has been building up is totally unnecessary and leads to the kind of abuses that the Auditor General reports nearly every year.

• (1710)

Another reason why I say this surplus is not required is that the Department of Insurance supervises all of the deposit taking institutions and also the operations of CDIC. Banks, trust companies, mortgage and loan companies and mortgage investment companies are supervised by Government. A surplus is not necessary. Altogether, 145 companies are insured in the CDIC. Even in a year as disastrous as 1982, it is extremely unlikely that these companies would produce a substantial loss. The losses produced in any year are going to be relatively small if the experience of the last 15 years is a guide. And, of course, we should not consider 1982 as an exemplary year. If CDIC should go into a deficit position, the Government has given it the power to borrow $500 million, and is now proposing that it have the power to borrow $1.5 billion. If the borrowing power were used, it would mean lower premiums for all participants in the scheme.

Looking at the financial condition of the company and even taking into consideration what happened in 1982, it would appear to me that the premiums could be suspended for the foreseeable future. Let the losses, if any, absorb the surplus and then, if the company needs to, let it dip into the borrowing power given under this Bill. If there is a big loss, it makes no difference if CDIC has to cash in its Government bonds—the Government then has to find the money to retire the bonds so that CDIC will have the money to pay its claimants—or, if CDIC simply goes to the Consolidated Revenue Fund and borrows $500 million or even $1.5 billion.

While we agree with speedy passage of this Bill, I appeal to the Government for a renewed assessment of the need for a surplus which is left in the hands of the Government rather than in the hands of the taxpayers.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

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

Some Hon. Members: Agreed.

Motion agreed to, Bill read the second time and, by unanimous consent, the House went into Committee thereon, Mr. Francis in the Chair.

On Clause 1—

Mr. Blenkarn: Mr. Chairman, I should like to put some questions to the Minister of State for Finance arising out of the second reading debate before we proceed to approve clauses. The Minister and I had a discussion concerning the Bill, and I think we came to an agreement but the Hon. Member for Vancouver Quadra has indicated that he has some concerns about the inbreeding, in effect, that is going on.

The Superintendent of Insurance is a director of the Canada Deposit Insurance Corporation and is responsible for the supervision and management of registered trust and mortgage companies. The Inspector General of Banks is a director and he is responsible for the banks that are covered by the Canada Deposit Insurance Corporation. He is supposed to inspect them and look after them.

I wonder if the Minister has given any thought to changing the directorships to make sure that there is another check and balance in the process of managing the Canada Deposit Insurance Corporation so that the interlocking control that seems to exist will not take place but that different people be made responsible for the Corporation than are responsible for the operation of the institutions covered by the Corporation.

Mr. Cosgrove: Mr. Chairman, there was some discussion of the point raised by the Hon. Member for Mississauga South on the potential for change of directors or the widening of the directorships. I agree that the Superintendent of Insurance and the Inspector General of Banks are closely associated with two sectors of the economy that are large depositors in the Corporation and that this could be perceived as inbreeding.

On the other hand, I would urge that the Hon. Member consider that it is the very strength of their position that gives

them the ability to advise the Corporation. They have knowledge gained in the supervision of the industry and through that, can ensure the strength and the health of the industry. On the one hand there is a danger that they may be so close and so expert that they may overlook something. Perhaps the difficulty with an expert is that he is so good at what he does he loses the larger picture.

We have not received requests from member organizations that the directorships be changed; we have not received a submission from the Minister of Consumer and Corporate Affairs advising the Government that the membership should be changed, and we have not received submissions from the public to that effect either. I agree with the Hon. Member and we have had the thought in mind.

Because we feel that the advice has been strong and the experience in the Corporation has been good, although he might refer to a hypothetical difficulty with the directorships we are not inclined to make a change at this time. If the Hon. Member wishes to develop that line of thought further I would certainly be willing, as I am sure the directors of the Corporation would be, to consider a well presented brief. We do not see any need for the change at this time but we are willing to hear further submissions on the point.

Mr. Blenkarn: Further to that issue, Mr. Chairman, the other directors of the Corporation are the Deputy Minister of Finance, the Governor of the Bank of Canada and one outside director. Obviously the Minister gets no complaints from the institutions. In the case of trust companies, the Superintendent of Insurance is their superintendent. You are surely not going to find them complaining about the Superintendent being their chief insurer, and you are not going to find very many banks complaining about the Inspector General of Banks. I have never heard a bank complain about that. That has been one of the concerns of the Finance Committee as to whether the banks were well enough supervised because they seem to get along in a very patsy arrangement with the Inspector General of Banks. The Deputy Minister of Finance, from the way this country is being managed right now, is probably having enough trouble just keeping the books of the country together. The Governor of the Bank of Canada tells us he has to bring on additional staff just to look after the borrowing requirements of the Government. It strikes me that the only people who are effective directors of this Corporation are the very persons who are responsible for making sure that these institutions are operating according to law.

• (1720)

Earlier, in the second reading debate, I brought out the fact to the Minister that we had real concerns. Indeed, I certainly expressed concern at the meetings of the Finance Committee in 1981, and subsequently with respect to how these institutions were being supervised by the Superintendent of Insurance. To have the Superintendent of Insurance, or his people, running the Canada Deposit Insurance Corporation effectively really means that the Superintendent of Insurance can use the Deposit Insurance Corporation to cover up his own mistakes in management. Perhaps if the Superintendent of Insurance had been on the ball and had pulled the plug on Greymac and Seaway a year ago, we would not have the problems we have today with those corporations. We certainly would not have the problem with Crown Trust because the owners of Greymac could never have purchased Crown Trust. No one would have sold it to them. They could not have financed it. Therefore, the problems that this Corporation now faces would not be there had the Superintendent of Insurance done his duty.

I ask you, therefore, could we not at this point consider that very seriously and make sure that we do not have a person who is supposed to be judge on one side and judge on the other side, policeman on one side and policeman on the other side, and no cross-reference control?

Mr. Cosgrove: Mr. Chairman, with respect, I do not believe the Hon. Member has advanced his case. As a matter of fact, I believe he has weakened his case in his representations; the point being that he has confused the role of the Superintendent of Insurance in his relationship to the Corporation. He is merely one of the directors. Along with him, as the Hon. Member has indicated, there is the Deputy Minister of Finance, who has responsibilities to the Minister of Finance. The Minister of Finance has responsibilities under Acts of Parliament, the Administration Act. These Acts require the Minister and his deputy to act in accordance with law for the public good. Similarly, the obligations assumed by the Governor of the Bank of Canada are to act in the public good, not on behalf of the Superintendent of Insurance or on behalf of any other official of any other Ministry of Canada. Therefore, the role of the Superintendent of Insurance in that makeup is simply as one of the members, and he is joined by other officials who have a legislative responsibility, which is to act for the good of the public, generally. I believe there is, therefore, a safeguard built into the operation of the Corporation.

I do not want to appear quarrelsome, Mr. Chairman. I did say in my comments that the role of the Superintendent of Insurance, the former Superintendent of Insurance who has recently taken retirement, and the role of the new Superintendent of Insurance, were challenged in the courts, and at trial none of the statements which were repeated by the Hon. Member for Mississauga South were upheld by the court. I admit that that case is under appeal, but I would respectfully suggest that the Hon. Member really is jumping to conclusions when he makes those allegations. I emphatically reject the allegations made by the Hon. Member that the Superintendent of Insurance, or any officer or employee of the Government of Canada and the Department of Insurance acting for him, acted in any way which was less than the duty imposed by the statutes or any less than what a reasonable and efficient officer of the Government would have been required to do under their circumstances of employment. That is the case which the Government put in the Federal Court of Canada. It was one, as I have indicated, which was upheld by the independent judiciary. I certainly hope that the Hon. Member is not casting

any aspersions on the judiciary in his wide brush condemnation of staff, because it is not supported by the judiciary.

Mr. Evans: Mr. Chairman, I would like to ask the Minister, in light of the fact that Crown Trust, Greymac and Seaway are all provincial institutions, whether he could clarify to me what the role of the federal Superintendent of Insurance is with regard to the regulations of provincially chartered institutions?

Mr. Cosgrove: Mr. Chairman, I thank the Hon. Member for Ottawa Centre for that question. It gives me the opportunity of indicating that, of course, in the Provinces of Ontario and Quebec it is the provincial ministries which are responsible for the licensing and supervision of provincially-incorporated companies, and that includes Crown Trust, Seaway Trust and Greymac Trust. Giving the Hon. Member for Mississauga South the benefit of the doubt, I thought, when he used simply the name of Greymac and Seaway, that conceivably he may have been referring to Seaway Mortgage and Greymac Mortgage, which are, of course, federally incorporated companies. The Hon. Member will know that he raised these very questions at the Finance Committee meeting. He asked the Superintendent what circumstances prevailed vis-à-vis these companies during the last few months. The Superintendent responded that they have been on short licence and that the Superintendent had been monitoring their performance very closely, and was monitoring them very closely up until the month of December, 1982. The Superintendent was not satisfied with the performance of the companies, notwithstanding the warnings and requests that they comply with the statutes. They moved in the first week in January to assume control under Section 73 of the Act.

Mr. Blenkarn: Mr. Chairman, that is most interesting but I thought we were talking about the Canada Deposit Insurance Corporation. I was wondering if the Minister could tell me, if the directors of the Canada Deposit Insurance Corporation are not responsible for enforcing the Act, who is? Are the Seaway Trust Company, the Crown Trust Company and the Greymac Trust Company not insured under the Canada Deposit Insurance Corporation? And does the Canada Deposit Insurance Corporation not provide, under Section 24 and Section 25, that if that Corporation is not satisfied the securities are available to satisfy the requirements of the Canada Deposit Insurance Corporation, it is required to do something to effect the closing down of those companies and prevent those companies from taking deposits insured under the provisions of the Canada Deposit Insurance Corporation Act? Does that not mean that he is also responsible as the Minister designated in the Canada Deposit Insurance Corporation?

• (1730)

Mr. Cosgrove: Mr. Chairman, this is really a rehash of the questions we went over in this morning's deliberation. At that time I pointed out that by way of agreement between the Province of Ontario and the federal Government, the Province has the responsibility for supervision and inspection of provincially incorporated companies. Reports are made available to the Superintendent of Insurance as the agent for CDIC federally. But it is not as if the Department is acting in isolation. I have indicated in the House and Committee that, because the Superintendent was already involved with subsidiary companies of Seaway, Greymac and Crown, both the federal and provincial ministries had taken parallel steps to indicate their concern and moved to exercise supervisory control over those companies. So that although the major responsibility is with the Province, the federal Department was aware of difficulties and had moved in areas in which it has specific responsibility to take specific steps to protect depositors as well as the interests of the Corporation.

Mr. Thacker: Mr. Chairman, I have two questions for the Minister. In his speech he set out the number of financial institutions covered by the statute. Are there a number of financial institutions not presently covered, and which ones are they so that Canadians can be aware of that?

Mr. Cosgrove: My officials advise that there are none that we are aware of, Mr. Chairman.

Mr. Thacker: Mr. Chairman, the Government has chosen to limit the amount to $60,000. We of course would like to see it at $100,000 because first, that coincides with the United States whith which we have a lot of investment going back and forth and we might as well synchronize with them, and, second and more important, some innocent people will be caught even with a $60,000 amount if there were ever a major catastrophe. That compares to the more sophisticated investor who will put his money into more than one institution and cover himself for 100 per cent. Why are we leaving at risk the less sophisticated person with, say, $100,000 who puts it in just one bank account?

Mr. Cosgrove: Mr. Chairman, in my opening remarks I attempted to explain that when the Act was originally introduced it was designed to protect the ordinary investor in Canada. It was not designed to provide total protection to everyone, certainly not, for example, to those large companies or very wealthy individuals who would have the advantage of lawyers or accountants to advise them in their investment practices. By and large the result of the move to $60,000 would bring a great measure of protection to the majority of Canadians. As I recall the figures, it was something like 92 per cent of deposits in trust companies and somewhere in the high seventies for banks.

I would remind the Hon. Member of the study done by the Standing Committee on Finance, Trade and Economic Affairs, and Members on both sides of the House, who looked into this issue in detail. The basis of their recommendation to increase the maximum amount from $20,000 to $60,000 had to do with the general performance of the economy. I would also remind him that if he is using the American experience as a precedent, then he should be aware that there is a move afoot in the United States to decrease the $100,000 maximum because the experience is that it is too rich. The American administration

in certain areas has now moved to actually limit the $100,000 and to reduce it in certain categories. So I think that for those reasons the $60,000 is an adequate amount.

Mr. Thacker: Mr. Speaker, would the Minister confirm that the exposure to the Consolidated Revenue Fund is $118 billion? If there was a total collapse, that presumably would be the amount to be paid out less the value of the bank's assets which could be recovered. Could the Minister tell us what the value of those banks would likely be and what the exposure to the Consolidated Revenue Fund would be?

Mr. Cosgrove: Those facts are correct, Mr. Chairman.

Mr. Riis: Mr. Chairman, when the sum of $60,000 was determined, was the rationale simply the increase in inflation since 1967, and did it also include consideration given to the changing nature of the financial institutions in Canada since 1967 and their over-all exposure?

Mr. Cosgrove: Mr. Chairman, I was not a member of the committee which studied bank profits and made the recommendations, but I have read it. I think both those matters were taken into account by committee members. As I recall, the most important one, and one on which they spent some time in demonstrating mathematical parallels, was the one having to do with inflation. In other words, you will find that 60 per cent is very close to the actual inflationary experience in the economy from 1967 to the time the committee considered the matter.

Mr. Riis: Mr. Chairman, I would like some clarification regarding the fees paid on the insured deposit. Do all participating members, regardless of whether they have participated since 1967 or perhaps others who have been participating since 1977, do they all pay .03 per cent of their insurable deposits on an annual basis, or is there some differentiation depending on the length of time a firm has been participating?

Mr. Cosgrove: Mr. Chairman, the answer is yes. It is a uniform amount irrespective of time involved.

Mr. Taylor: Mr. Chairman, I would like clarification of Clause 8(2), which says that in order to be eligible for deposit insurance a deposit must be repayable on or before the expiration of five years. I would like an explanation of that, and I would also like to know whether there are going to be other considerations set out in regulations concerning the payment of $60,000 or any portion thereof?

Mr. Cosgrove: Mr. Chairman, as to the second part of the question, no, there are no more regulations affecting additional requirements. Secondly, the five-year deposit has always been the practice of the Corporation. This merely clarifies the practice. The thinking behind the Clause is that again the Corporation and the legislation were not designed to insure long-time deposits. It was for the average Canadian depositor, and experience shows that the majority of people in ordinary circumstances would not be investing beyond that period. It was a judgment call.

• (1740)

Mr. Taylor: Mr. Deputy Speaker, my second question is, when is the Bill to come into force? I notice that Clause 9 states:

> Subsections 3(1) and (2) shall be deemed to have come into force on January 17, 1983.

Subclause (2) states that Sections 4 and 7 shall come into force upon proclamation. I wonder why the entire Act is not coming into force upon Royal Assent. Is there some reason for delaying the bringing of this Section into force or into effect?

Mr. Cosgrove: Mr. Chairman, Clause 9(1), which makes reference to Subsections 3(1) and (2), deals with a part of the Act addressing the amounts, the change from $20,000 to $60,000. The setting of the day upon which it was to come into effect was to ensure that it came into effect as soon as possible. After all, the whole objective is to bring that kind of peace of mind and security to ordinary Canadian depositors as quickly as possible.

On that point, the Member for Mississauga South and I have had discussions on a possible change in the date so as to secure peace of mind for a number of people involved in present difficulties with some companies in the Province of Ontario.

The other part dealing with Sections 4 and 7 concerns the question of stamping and the way in which depositors are made aware as to whether a deposit is covered by the Act. It is felt that the institutions will need some time in order to amend their business practices and put that into place. Therefore, it was thought that there should be some flexibility to ensure that all member companies in the Corporation have sufficient time to allow them to be ready to administer it properly. That is the only reason some flexibility was retained.

Mr. Taylor: I would like to ask one short question. Just to make it abundantly clear, does the balance of the Act, other than those Sections, come into effect upon Royal Assent? Second, I understood from what the Minister said that there is likely to be an amendment to Clause 9(1) later today.

Mr. Cosgrove: That is correct, Mr. Chairman.

Mr. Blenkarn: Today the Minister made some reference in the debate with respect to an arrangement with the Province of Ontario, the Minister responsible in that Province for the administration of CDIC work. I was wondering if there was not a written agreement between the Corporation and the Province of Ontario with respect to that supervisory work. Could he point out to me where in the CDIC statute it is stated that the authority to enter into an agreement to have the supervision required under the Canada Deposit Insurance Corporation can be delegated to another corporation? Could he point out how that delegation takes place and what the arrangements were and are for payment to the Province of

Ontario for the supervision which it presumably did or did not do?

Mr. Cosgrove: Mr. Chairman, the officials advise me that there is no written agreement between the Province of Ontario and Canada. It is a practice between the two Departments. Second, the authority for that is under the employment of staff section, Section 39 of the Act as it presently exists. Counsel have indicated that it is sufficient legal authority, in their view.

Mr. Blenkarn: That being the case, what remuneration is paid to the Province of Ontario officials, agents and employees? How are they paid and under what arrangements are they paid? Did each of these employees or agents enter into an oath of fidelity in accordance with Subsection (2)?

Mr. Cosgrove: Mr. Chairman, I assume that the questions of the Hon. Member are raised because he is looking at the words of the Section. I am satisfied that when the provincial authorities give oath or are employed by the Province, they are finally employed by the Crown, by the Queen or by the Governor in right of the Queen. Whether it is an oath which is taken under employment in Canada or in Ontario, it is one which calls for allegiance to the public good. There would certainly be practical considerations which would flow from that employment.

Second, no, the Province does not pay Canada for the services which it provides. Obviously, the Department of Consumer and Corporate Affairs for the Province of Ontario feels that it is large enough and well enough equipped to do the work and it is one which, as I say, is done without remuneration.

Mr. Blenkarn: I think that at some point the Minister would like to read Section 39 of Chapter III of the Revised Statutes for 1976-77. I think that on reflection he will not that the use of Ontario civil servants, unpaid and not under any oath of fidelity to the Canada Deposit Insurance Corporation, is not the employment of staff required under the terms of the Act, that the Minister is responsible for the Act, and that his employment of staff in this regard is probably illegal.

I make that point for his benefit in that it might well arise, in the lawsuits with respect to Crown and Seaway Trust, that he has perhaps not fulfilled his responsibilities. He will know that in the take-over of those corporations, there are threats of lawsuits involving in excess of $1 billion and that he may well be in trouble with respect to his supervision here.

I suggest that he obtain counsel and consider this very closely. I suggest to him that in the meantime he direct the directors of Canada Deposit Insurance Corporation immediately to engage their own staff on some sort of a payroll arrangement because he may well be in trouble. May I ask the Minister—

Mr. Cosgrove: Mr. Chairman, I appreciate the legal advice which the Hon. Member, who is a lawyer, has offered me and the Government of Canada, I might say, free of charge. Certainly we will consider it.

Mr. Fisher: Very worthwhile.

Mr. Cosgrove: I hope it is worth more than what we are paying for it, Mr. Chairman. Neither the Government nor the Corporation has been made a party to the action with which the Province of Ontario is now involved. All I can say is that our legal advice is not the same as the Hon. Member's opinion.

Clauses 1 to 5 agreed to.

• (1750)

Mr. Nickerson: Mr. Chairman, could we have an explanation as to why the maximum amount of funds that the Corporation is entitled to borrow from the Government has been raised from $500,000 to $1.5 billion? Was it seen that in the immediate future they will have to borrow more than the present maximum of half a billion dollars? Why was it decided that the figure was to be $1.5 billion rather than some other figure? What is the justification for the request made in this section?

Mr. Cosgrove: Mr. Chairman, when the Hon. Member spoke he made a recommendation that the amount be increased to $1 billion. That is an increase of $500 million. The Hon. Member shakes his head. What was the amount?

Mr. Nickerson: I did not suggest an amount.

Mr. Cosgrove: He did not suggest an amount and did not want us to ask him why he did not suggest an amount since he could not give a rationale. I was going to say that I wish he would not ask me the same question.

In fact, the rationale is that the increase is in the same proportion as the amount the individual premium increase has been for the deposit. Therefore, if it went from $20,000 to $60,000, in order that any potential difficulties that might arise in the future be covered, we used the same proportionate amount. It is a reserve and a guarantee. We just used that increase of two times.

Mr. Nickerson: Mr. Chairman, could we be told what amount of money is presently owing by the Corporation to the Government of Canada?

Mr. Cosgrove: Mr. Chairman, it is $85 million.

The Chairman: Shall Clause 6 carry?

Clause 6 agreed to.

On Clause 7—

Mr. Riis: Mr. Chairman, would the Minister elaborate ever so briefly on Subsection (4)? That Subsection states that every person who violates any provision of this section is guilty of an offence and liable on summary conviction to a fine not exceeding $5,000 or imprisonment for a term not exceeding six months. Could he explain to whom this might apply?

Mr. Cosgrove: Mr. Chairman, I cannot really do much more than refer the Hon. Member to Section 45(1) which specifies those institutions which are subject to the penalty for violation

of a section. It is no federal institution that is a member institution, no officer, agent or employee. Those are the ones who are prohibited from doing the following things in Section 45(1). I am told that the amount is a standard amount in the statutes dealing with breaches of financial undertakings.

Mr. Riis: Mr. Chairman, as a final clarification, if a participating company were to violate the terms of this agreement in a very serious way perhaps, would the maximum fine be $5,000? If that is the case, does that not seem to be just a little light?

Mr. Cosgrove: Mr. Chairman, we must remember, of course, that this refers to a situation where the Government would feel compelled to proceed in criminal courts by way of summary conviction. It does not take into account all of the other provisions of the Act that provide supervisory control over the Corporation, for example, or for the Superintendent under companion legislation to move to control corporations and prevent them from continuing in business or require them to wind down.

For more than the $5,000, in terms of philosophy of criminal law, there is the threat of imprisonment, although it is a term not exceeding six months. But in my opinion, that would be a very salutary consideration by any person who deliberately would attempt to get around the provisions of this section.

The Chairman: Shall Clause 7 carry?

Clause 7 agreed to.

The Chairman: Shall Clause 8 carry?

Clause 8 agreed to.

On Clause 9—

Mr. Blenkarn moved:

That Bill C-142, an Act to amend the Canada Deposit Insurance Corporation Act, be amended in Clause 9(1) by striking out line 34 at page 8 and substituting the following therefor:

'4, 1983.'

He said: Mr. Chairman, the reason for the amendment is our fear that the Bill will come into force with respect to the $60,000 only on January 17, 1983. People who have demanded moneys from Greymac, Seaway, Crown or any of their agencies in the period from January 7 until January 17, when this Bill comes into force in normal circumstances, would have no claim beyond $20,000. Rather than moving to January 6, we went to January 4, because that is the first banking day of this year since January 3 was treated as a bank holiday, representing New Years Day for 1983.

I think it is imperative that we ensure that all those people who conceivably have a claim on Greymac, Seaway or Crown be covered. I think that is the intention of the Government and that is the reason why this amendment was moved.

Mr. Cosgrove: Mr. Chairman, I have discussed this with the Hon. Member for Mississauga South and I agree with what he has said. I would say that out of abundant caution, we have agreed to make sure that there is no difficulty with the section and the Government's intention to cover those people. We believe that the Hon. Member and all Hon. Members have been very co-operative today. I think it just demonstrates that with some co-operation this House can move to take action on matters. I support the amendment.

The Chairman: Shall the amendment carry?

Some Hon. Members: Agreed.

Amendment agreed to.

The Chairman: Shall Clause 9, as amended, carry?

Some Hon. Members: Agreed.

Clause 9 as amended agreed to.

Title agreed to.

Bill reported with amendment.

Hon. Paul J. Cosgrove (Minister of State (Finance)) moved that the Bill be concurred in.

Motion agreed to.

Mr. Deputy Speaker: When shall the Bill be read the third time?

Some Hon. Members: Now.

Mr. Cosgrove moved that the Bill be read the third time and do pass.

Motion agreed to, Bill read the third time and passed.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

REGIONAL DEVELOPMENT—HAWKER SIDDELEY PLANT AT TRENTON, N.S.—REQUEST FOR ASSISTANCE

Hon. Elmer M. MacKay (Central Nova): Mr. Speaker, a few days ago I once more raised the issue of Government orders for the Hawker Siddeley railcar plant at Trenton, Nova Scotia. I was assured at that time by the Minister of Regional Economic Expansion (Mr. Lumley) that he was concerned about the plant and the work force which has been idle for so long. We were also informed that the Minister has in the past tried to expedite orders for Nigeria, that he met with the Chief Executive Officer of the plant and also expressed the hope that this company would be able to take advantage of developments in offshore oil exploration. I personally, and I am sure most people in my riding appreciate these sentiments of the Minister. We appreciate his good intentions, but the path to hell is often paved with good intentions.

I am here today to raise the issue once more with the Minister and to point out that by comparison not very much is

being done to find relief for this key industry in a town in Nova Scotia that is almost entirely dependent upon it. I do not want to be unreasonable, Sir, or unrealistic in calling upon the Government to expedite orders for this industry. I only want the Government to do in a small way what it has been doing for other large employers in other areas of the country at much greater cost.

We need and can use, if we are to believe the government's own policy statements, additional railway rolling stock. We need the jobs desperately in this part of Canada from where I come. We do not, for example, really need Challenger jets to develop our country, particularly the ones that are showing such unreliability and are being produced at such terrible cost by a company that everyone knows is being subsidized by a tremendous amount of frontend debt guaranteed by this Government, an amount probably well in excess of $1 billion. If we are talking about value for money or reasonable job creation, certainly we will not find it in the way Canadair is being managed or operated.

To use another comparison, CN Marine, another example of profligate spending, probably spent between $80 million and $90 million constructing a new CN ferry to operate between Borden, P.E.I. and Tormentine, New Brusnwick. The new vessell, the *Abegweit*, is the closest thing I have seen lately to the sea going equivalent of a car that is popularly known as a lemon. It is a vessel that has not been performing satisfactorily. The sad part of it is that the former vessel which had performed for many years could have been renovated and would have served well for another decade if $3 million or $4 million had been spent upgrading it, the same amount of money that was probably earned, in interest by CN Marine when in my opinion it squirrelled away $25 million, meant to pay for the new vessel, and kept it in an unauthorized bank account for many months.

I make these comparisons, Sir, to support my plea to the Government opposite to use a little bit of selectivity and common sense when it is dealing with large amounts of taxpayers money.

Instead of having a good vessel, perfectly serviceable, which would have freed $70 million or $80 million for useful purposes, we sold this vessel to a Chicago yacht club for considerably less than $100,000 Canadian dollars, a travesty if I ever saw one. Contrast that kind of economic stupidity with the real economic benefit that could accrue if some large orders for railcars in this amount were placed with this key industry in this town in Nova Scotia; an industry, I emphasize, that has a work force of nearly 2,000 people when the plant is employed at full capacity. There would be very little net cost to the Government in doing this because this work force, through no fault of its own, is drawing unemployment insurance benefits when it could be producing something useful.

People in my area are getting very tired of the inequalities and inequities of seeing money thrown around in certain constituencies in this country where jobs are maintained or created, regardless of the expense. Yet there is no money to ensure work by producing useful commodities or useful machinery; something that would be far more appropriate than many of the profligate schemes that are being used to buy types of equipment and vessels, such as the one I mentioned, purchases that could easily be deferred for many years.

• (1805)

It is very little wonder that people in this country have lost faith in the judgment and capacity of Ministers of the Crown when day after day in the House of Commons we hear the Minister of Finance (Mr. Lalonde) and the Prime Minister (Mr. Trudeau) say that our economy is performing satisfactorily at a time when we have record unemployment and record budgetary deficits. Most Canadians see the difference clearly between the way things are and the way they could be if a little more attention was paid to practical, sound, business-like and appropriation practices in Government, with less attention paid to party politics and favouritism in subsidizing some industries and not others.

Instead of getting the taxpayers heavily involved with companies like Canadair, de Havilland, Massey-Ferguson, Maislin, to name just a few, it would be nice to see the Government stretch a point and make sure that certain useful equipment and machinery was ordered from companies that have not had to go to the public trough, but are still capable of producing it. These types of ventures would pay off. When they were completed, if the economy is as rosy as the Minister of Finance and the Prime Minister seem to think it is going to be, and that we are in the midst of a recovery, which we all hope is and will be the case, we would have value for our money. There would be something there to justify these expenditures.

At the present time we are getting very tired of seeing selective largess in certain areas of the country at the taxpayers' expense, when in many instances there are good corporations that are capable of producing useful work, if only the Government would use a little common sense and expedite these kinds of orders.

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, the Hon. Member for Central Nova (Mr. MacKay) has asked what the Government intends to do about unemployment in Nova Scotia, in the Trenton area, and especially at the Hawker-Siddeley plant. I would like to point out to the Hon. Member that railway companies have been affected by a substantial drop in overall demand for freight cars. In fact, 20 per cent of railway rolling stock is now in storage. It is clear that the present problems are the result of a substantial drop in the use of railway transport.

However, until economic equilibrium has been restored and the surplus absorbed, the demand for new rolling stock will probably be very slight. However, there is hope yet, since the

new measures relating to the Crow rate provide for the acquisition by the Canadian Government of 3,840 grain cars over the next three years. These orders should create about 1,200 person-years of work in the Canadian rail car construction industry. To ease the pressures on the industry, purchase of the first 1,280 cars has already begun.

The Hon. Member would perhaps be interested to know that Hawker-Siddeley has made a tender which, if accepted, would result in a very substantial number of jobs being created in Trenton. In fact, during the last few years, the Government has ordered more than 5,000 grain cars from Hawker-Siddeley. I therefore feel that an important step has been made which shows that the company has a good reputation for quality and that the Government does not always subsidize companies but also makes uses of the private sector. The Department I represent is continuing its search for other ways to remedy the employment situation in Trenton. Two of our main objectives are to increase exports and diversify manufacturing. The Minister has travelled to Nigeria and Indonesia to help Canadian companies making tenders for railway projects. We have talked to financial institutions in order to be able to provide competitive financing. As far as these projects are concerned, it would seem that the Hawker-Siddeley Trenton Works are in a good positiion to offer competitive prices on large orders of railway cars. Representatives of the Department are working together with Hawker-Siddeley staff to see what other products can be manufactured during periods when the demand for railway cars is weak. At the beginning of February, Hawker-Siddeley formed a consortium with CanOcean Resources Ltd. (a branck of Nova, and Alberta-based company) and they are now looking into the possibility of entering into agreements with other Nova Scotia enterprises for the purpose of developing natural gas deposits on Sable Island—

Mr. Deputy Speaker: Order, please. I am sorry to have to interrupt the Hon. Member, but his time has expired.

• (1810)

[*English*]

MEDICAL CARE—STATUS OF PROPOSED CANADA HEALTH ACT DRAFTING OF LEGISLATION

Mr. Bill Blaikie (Winnipeg-Birds Hill): Mr. Speaker, on March 17, I asked the Minister of National Health and Welfare (Miss Bégin) to tell the House what sort of timeframe she had in mind for the tabling of the proposed new Canada health act and encouraged her to put an actual proposal before the Canadian people so that there could be informed and concrete debate about what she has in mind for the founding principles of medicare and for the future of medicare itself. The Minister said then that the Department of Justice was drafting a document, but that it was important to take the time needed to get a better act than what we have now.

On March 29, I asked her to speed up the process by which Canadians would get the long-awaited Canada Health Act, and get it in a form that would prevent what has happened the previous day when Alberta announced that it was imposing, as of October 1 of this year, a variety of user fees for emergency, out-patient and in-patient services, on top of the recent hikes in premiums in that Province and the toleration of a 35.5 per cent extra billing rate.

The Minister replied that I was being too future-minded and not cognizant enough of the powers she now has under existing legislation to do something about what is going on in Alberta.

My point, however, is this. All that the Minister can do under the existing legislation is withdraw all, and I repeat, all federal health payments from Alberta. This is clearly an option that is drastic in nature and which involves both known and unknown risks to our national health care system. It was an option which was rejected by the Special Parliamentary Task Force on Federal-Provincial Fiscal Arrangements, which recommended instead that some more gradual form of penalty be designed for Provinces perceived to be violating the principles of medicare. Existing legislation simply does not provide the federal Government with the kind of flexibility and manoeuvering room it needs, forms of which it gave up in 1977 against NDP advice to the contrary.

This is why the Minister must now make clear her proposals for a new Canada health act and how those proposals address, among other things, the need for ways to enable the federal Government to enforce and encourage practices which respect the five founding principles of medicare. The Minister must do more than wait for public opinion to work, as she did in New Brunswick. New Brunswick is not a one-Party state like Alberta, and, in any case, it is about time that this Minister actually did something about the erosion of medicare, instead of just talking about it. I suggest to her that tabling a proposal for debate, around which, hopefully, all pro-medicare people could rally, is what she must do as soon as is humanly possible.

While she is at it, she might also try to put back some of the money that was withdrawn from EPF payments just about a year ago, a step which clearly eroded her bargaining power with the Provinces and which has provided a cover for those in Alberta, Ontario and B.C., who for philosophical reasons have always resented medicare and who see in federal reductions and in the recession in general an opportunity to advocate their idealogical preferences under the guise of economic realism, instead of coming out and saying honestly to the Canadian public that they prefer more privatization of medicare.

I realize many of the difficulties involved if the Minister were to bring forward an Act without getting prior agreement from the Provinces, but I think it is at the point where she needs to act. She needs to put clear and supportable proposals before this House and before the Canadian people so that all pro-medicare people can rally to the cause of a new Canada health act which will prevent the kinds of things we are seeing happening to medicare at the hands of Progressive Conservative provincial Governments in this country.

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, regarding the current status of the Canada health act, the Minister of

National Health and Welfare (Miss Bégin) would like to strongly assure all Canadians that the development of a new Act is proceeding as quickly as is possible, given the importance of this issue.

• (1815)

The Provinces and others have consistently requested that the Minister put before them, in black and white, just how she intends to strengthen our existing health insurance program and specifically how she proposes to encourage the elimination of extra billing and user charges. This is exactly what she intends to do in the very near future. The Minister believes it is essential that this extremely valuable program not be allowed to deteriorate to the point where many Canadians feel they cannot get the health care they need because of various barriers that have grown in the program.

The current Canadian Medical Association campaign against the Canada health act represents the view of only a small number of the physician population of Canada which has been attempting unsuccessfully to generate general public fears about Government involvement in assuring health services to all Canadians. It has however been repeatedly made clear to the Minister of National Health and Welfare that Canadians want prepaid universal health insurance, without barriers to necessary services. She is committed to preserving this Canadian privilege.

Other professional and public groups have made known to the Minister that they would like to see insured health services shift toward health prevention and promotion. Much as she supports these moves, and the support of the federal Government is evident in grants to the provinces for extended health care services, our present system of insured health care services has a long and strong tradition and is, therefore, slow to change. While such changes evolve in our health care services, the role of the federal Government must be to facilitate such moves, but at the same time not lose the insured health services that Canadians can depend on now. Public interest in health and health care has never been higher, and we all recognize that health care services will have to be increasingly responsive to the expectations of the public. The Minister of National Health and Welfare will not fail to do her part in strengthening our national insured health service program through the introduction of new health legislation, following a meeting which she expects to have with her provincial colleagues.

TRADE—LEVEL OF CLOTHING IMPORTS

Mr. Dan Heap (Spadina): Mr. Speaker, a few days ago I asked the Minister of Industry, Trade and Commerce (Mr. Lumley) to recall the failure of the bilateral negotiations for quotas on imports of clothing and textiles from South Korea, Taiwan, Hong Kong and China. I asked him to confirm that imports are up by 18.8 per cent this year compared to last year, and to tell us when Cabinet will decide to impose unilateral quotas as requested by the industry.

The Minister was party to those negotiations and meetings but he ducked the question. I understand why he chose not to answer. It is because the Cabinet does not want to make up its mind. I also understand why he passed the question to the Minister of State for International Trade (Mr. Regan)—because that Minister was not in the House to be asked. Nevertheless, the industry wants this question answered. Will the Government protect the 150,000 workers directly employed in this industry from unfair competition?

The fact is that according to the Government's own reports, mainly the Textile and Clothing Board reports of 1980, 1981 and 1982, the textile and clothing industry of Canada is competitive; it is efficient; it is technically on a par with the industries of other countries. The productivity of this industry is as good as the productivity of other manufacturing industries in Canada, or is better than average. The capital investment rate in this industry is larger than the capital investment rate in most secondary manufacturing in Canada. In other words, we are not suffering from fair competition. We are not suffering from competition simply in terms of putting out good work and being productive.

The competition we are suffering is the result of excessively low wages, about 49 cents per hour in the Philippines in 1979, or $1.27 an hour in South Korea a year ago. These low-wage countries have been increasing their exports of clothing into Canada in the last two or three years. Yet Canada absorbs only about 1 or 2 or 3 per cent of the production of countries such as South Korea, Brazil, the Philippines, Singapore and Hong Kong. Far more could come in from those countries which have wages that no one in this House would ask Canadians to accept. No Member opposite would dare ask his constituents to work for 50 cents an hour and support a family on that. Yet, this is the implication of the Government's policy.

• (1820)

The Government argues that if imports are restricted, clothing prices will rise too quickly. Yet it is the price of the import which has been rising at a faster rate than the cost of living and it is the price of Canadian made clothing which has been rising at a slower rate than the cost of living. In other words, if Canadian competition is taken out of that industry, the import prices will rise much faster yet, and the consumers of Canada will be the losers.

There is no gain to Canada in destroying an industry which employs 150,000 people, mostly women, many of whom are the sole supporters of their families. There is no gain to Canada in destroying an industry which indirectly employs another 100,000 in terms of supplying material and services. There is no gain to Canada in losing the buying power of 250,000 more workers, adding them to the two million people who are already out of work.

It is the duty, therefore, of this Government to defend the garment and textile industry of Canada against unfair competition, competition based on excessively low wages. It is the duty of the Government to protect our workers against unfair competition because there is no benefit in forcing Canadians to

work for 50 cents an hour. There is no benefit in destroying the industry which provides the bulk of the clothing of Canadians. Canadians, with our severe climate, would then become absolutely dependent on clothing imported from foreign companies under the control of large multinational companies which would then be able to force prices up.

If the Government wishes to force wages down by promoting unemployment, and by destroying established industries of Canada, then the policy it is following is quite logical. This Government will have to answer for its actions, if two million unemployed become three million unemployed next year because of its policy of promoting unfair wage competition.

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, I was very pleased to hear what the Member for Spadina (Mr. Heap) had to say. I think the Minister of Industry, Trade and Commerce is extremely sensitive to the concerns that were expressed by the Hon. Member with respect to import quotas for clothing, in the same way the Department was last year on the subject of import quotas for shoes. In the latter case, the Government achieved very good results by revising quotas and thus giving Canadians an opportunity to manufacture products for Canadian consumers.

As far as the clothing negotiations are concerned, the Hon. Member knows perfectly well that these involve bilateral agreements and, in fact, the entire spectrum of international trade. When the agreements are signed, we will have a certain number of responsibilities and if there were any changes, there might be penalties for countries that break the agreement once it is signed. Nevertheless, the Minister of Industry, Trade and Commerce (Mr. Lumley) already announced six months ago, in October 1982, a number of short-term measures leading up to negotiations with Korea, Hong Kong and China on certain changes that would make the import quota system more flexible. These negotiations have been more or less satisfactory, but there is still a lot of work to be done. Cabinet intends to make a statement on a clothing import policy as soon as the policy has been revised. This is being done at the present time, and it is one of our top priorities, because the Government is indeed very sensitive to the concerns expressed by the Hon. Member, and we certainly do not want anyone in Canada to be adversely affected by any import policy. On the contrary, it has never been the intention of this Government to make Canadian workers work for 50 cents an hour.

However, the Hon. Member will understand the Government's position with respect to its commitments to other countries. There is a matter of trust involved among various partners, because there are many different agreements covering clothing, cars, certain kinds of ores exchanged between countries, and so on. If countries were to unilaterally change contracts that were entered into on a voluntary basis in a perfectly normal way, one could hardly expect a climate of trust to exist. Therefore, before taking any radical unilateral measures, the Government prefers to explore all possible avenues, and I think that, not necessarily very soon but in the near future at least, the Government intends to act responsibly and make a very clear statement to the Canadian people on what it intends to do with respect to import quotas on clothing.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 6.25 the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, April 13, 1983

The House met at 2 p.m.

• (1405)

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

TEXTILES AND CLOTHING

IMPORTATION OF CLOTHING

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, today I would like to take advantage of the provisions of Standing Order 21 to bring to the attention of the House and of the Cabinet that the situation regarding clothing imports is such that Canadian industry is being threatened. An article published in *La Presse* on March 17 said that imports from the Far East, including Hong Kong, Korea, Taiwan and China, were creating an increasingly threatening situation. Before the Easter holidays, Government negotiators had meetings with representatives of the countries I just mentioned and unfortunately came home empty-handed. More and more imports are coming into the country and are threatening the livelihood of the people working in the industry. I would therefore ask Cabinet to examine the situation carefully, especially considering the many letters sent by the people concerned, and more specifically, by the Canadian Institute of Clothing Manufacturers, and also since my riding is being affected by this situation, I would urge the Government to look into the possibility of applying Clause 19 of the GATT Agreement so that we could keep the quotas, ensure that there will be no increase in clothing imports, in line with agreements we had a few years ago, and protect jobs in this industry, because, Madam Speaker, the garment industry has been severely affected by the present recession. I would therefore urge Cabinet not only to look into the matter but to make a decision as soon as possible.

* * *

[*English*]

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

RECOMMENDATION TO DISBAND DEPARTMENT

Mr. Dave Nickerson (Western Arctic): Madam Speaker, it has become quite clear to everyone who has any knowledge of the situation that the Department of Indian Affairs and Northern Development has become an anachronism, and those who live under its yoke cannot be blamed for judging it to be an instrument of colonialism wielded by a heavy-handed federal Government.

The Hon. Bud Drury in his report to the Prime Minister (Mr. Trudeau) recommended that the Department be disbanded and that its responsibilities be conferred on either the territorial governments or other federal Departments. What could be more logical than the Department of Public Works looking after public works, or the Department of the Environment looking after environmental concerns without the unnecessary involvement of another superfluous Department?

On the Indian Affairs side a consensus is rapidly developing that the Department should be replaced by a small secretariat, the function of which would be to co-ordinate funding activities and the work of other Departments in areas where they affect aboriginal affairs.

The Department of Indian Affairs and Northern Development has outlived its usefulness, and its existence should be discontinued.

* * *

WELFARE

MEETING OF NATIONAL ANTI-POVERTY ORGANIZATION

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, today the National Anti-Poverty Organization is meeting in Ottawa and will be hosted by representatives of all Parties this evening. I was actively involved with the poor people's movement in 1971 when, following a federal anti-poverty conference, this organization was first formed. Since that time many self-help projects have come and gone, largely because of inadequate funding.

I congratulate the early pioneers, and especially those women on low incomes who have raised their children in great difficulty and are still struggling to improve conditions in their communities. I also congratulate the new NAPO which has reorganized and is showing new energy this past year.

It is not easy for poor people who live on welfare or unemployment insurance to find the energy and funds to organize and fight for their rights, and to demand changes. Yet this is absolutely essential if they are to be treated not as victims but as human beings with hope for the future.

Fortunately, many new welfare rights groups are forming and are joining with organizations of the unemployed, with churches, trade unions, and concerned citizens across the

country. They are demanding changes. Many self-help organizations have demonstrated repeatedly that if they have funding they are quite capable of developing essential community services and non-profit enterprises that will help to train and put people to work on essential local services. Funds that are now allocated for make-work projects should be re-invested instead, in these kinds of permanent development. We have—

Madam Speaker: Order, please.

* * *

SPORTS

ENCOURAGEMENT FOR UNIVERSITY ATHLETICS

Mr. Jack Burghardt (Parliamentary Secretary to Minister of Communications): Madam Speaker, on June 25 the Canadian Interuniversity Athletic Union will hold its annual general meeting in Edmonton. High on the agenda of that meeting will be discussions on the role of universities in the development of world class olympic athletes. An important contribution to that program will likely be made by the results of a joint study into aspects of university sport in Canada that is being undertaken by the CIAU and Sports Canada. The CIAU-Sports Canada study will examine the possibility of Government financial support for university athletic programs, travel subsidies for athletes, and scholarships for promising athletes.

• (1410)

As the 1984 Summer Olympic Games approach, increasing public awareness of the intensity of athletic competition itself, we should not overlook the intensity of athletic preparation involving in no small measure dedication, perserverance and sacrifice on the part of Canada's athletes.

Inasmuch as the joint study may well recommend increases in the funding for the development of university athletic programs and facilities, I would hope that this House will be prepared to support any recommendations which would encourage university athletics in Canada.

* * *

[*Translation*]

HOUSING

RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM— REQUEST FOR INCREASED SUBSIDIES

Hon. Roch La Salle (Joliette): Madam Speaker, I have a few comments to make regarding the well-known Residential Rehabilitation Assistance Program, usually referred to as RRAP. Yesterday, the Member for Lévis (Mr. Gourde) remarked on the successful impact of this program, and I must agree that the Program has helped a great many people. The Hon. Member mentioned a broadening of the conditions for participating in the Program, but before those conditions can be made more flexible, I would like to ask both the Minister responsible for Public Works (Mr. LeBlanc) and the Minister of Finance (Mr. Lalonde), now that a budget speech is about to be brought down, to increase funding for this program. I made some enquiries and it seems that the demand for the program substantially exceeds the program's budgetary resources. The Government is advertising this program very well and very widely, but I wish it would practise what it preaches and make sure it has enough funds to meet demand. In the circumstances, I hope the Minister of Finance and the Minister of Public Works will understand the urgency of this matter for those who wish to take part in the program. I urge those who wish to apply, to do so, and I only hope their requests will be answered a little faster than is now the case, when many applications are being held up because of a lack of funding. If the Government intends to provide this service, it should have sufficient resources to do so.

* * *

[*English*]

ENERGY

HOME OIL TRANSFER PROGRAM

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, last year, as energy critic for my Party, I went to Boston and visited the Citizens' Energy Corporation which is headed by Joseph Kennedy, eldest son of the late Senator Robert Kennedy. One of their programs was of particular interest to Canada, the HOT Program, or Home Oil Transfer Program. When home owners convert from oil to natural gas, some oil remains in their tanks in the houses or under the gardens. The Citizens' Energy Corporation pumps out the tanks, sells the oil, and donates the proceeds to the poor.

Mr. Kennedy later visited me here in Ottawa. He met with myself, the Hon. Member for Hillsborough (Mr. McMillan), as well as Joel Bell, Bill Hopper, and Peter Toews, all distinguished Canadian civil servants. Today Mr. Kennedy, brother Michael, and mother Ethel, are in Ottawa and will visit other Canadian cities to kick off a similar Canadian program with proceeds to go to a Canadian Robert F. Kennedy memorial and to the Salvation Army. If any Canadians watching or listening to the proceedings today, or Hon. Members of this House, want more information, I wish they would please contact me. Meanwhile, on behalf of all Hon. Members, may I welcome the Kennedy family to Canada and thank them for their efforts and ideas in this important area.

* * *

THE PRIME MINISTER

Mr. Gordon Taylor (Bow River): The Prime Minister of Canada (Mr. Trudeau) is a strong man and he has used his talents to destroy much of what all of the Prime Ministers before him built. He entered the Canadian "ring" and in one fell swoop—the national energy policy—all but killed the entire gas and oil industry. Then with a left hook—the excise tax on natural gas—he crippled agriculture and the agri-food sectors. Fighting madly, he struck at the men and women who

had worked for 40 to 50 years to build a business or a farm to use it as a nest egg for retirement, by eliminating annuities and enforcing capital gains which made retirement impossible.

Still thirsting for blood, he hit at the living standard of the superannuates, the old, and even the kids, by refusing them the allowances they had been promised. With fancy footwork he let the interest rates and federal taxes rise until hundreds of businesses went bankrupt and unemployment rose to two million. With a right to the confidence of the nation, and a left to free enterprise, he sent them both reeling to the mat. Then still thirsting for money, he borrows another $19 billion, raising the debt for Canadians to pay, to more than $150 billion.

Glorying in his achievements, he darts from the "ring" and goes to the far corners of the earth leaving his Canadians divided, frustrated and depressed. Too bad this man did not use his strength to build Canada instead of destroying Canada.

ORAL QUESTION PERIOD

[*English*]

FINANCE

SIZE OF GOVERNMENT DEFICIT

Miss Pat Carney (Vancouver Centre): Madam Speaker, in the absence of the Minister of Finance my question is directed to the Prime Minister. It concerns the numbers game which the Government is playing with the Canadian public on the size of the federal deficit for the fiscal year just ended.

• (1415)

Over the last 18 months the Government has produced five different estimates of the deficit. This creates confusion and uncertainty in the minds of Canadians because the Government's borrowing activities determine interest rates and the economic climate, which affects job opportunities. My question deals with the credibility of the Government. How can Canadians have any confidence in the figures the Government produces in the budget next week, given its past performance?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, the Minister of Finance indicated yesterday that the deficit would not be as high as that, for example, indicated during his statement to the House in October of 1982. But I would remind the Hon. Member that the Minister also indicated that one of the casualties of the downturn in the economy, and probably one of the contributors, has been the forecasters and their inability in this very erratic economic climate to project adequately or accurately any great distance into the future. He indicated as well that the detailed figures would be available in his budget next week, and the Hon. Member, together with all Canadians, will have an opportunity of looking at them in detail at that time.

Miss Carney: Madame Speaker, my supplementary question is to the same Minister in the absence of the Minister of Finance, but first I would ask the House: would you buy a used calculator from that Minister?

MINISTER'S POSITION

Miss Pat Carney (Vancouver Centre): Madam Speaker, Canadians know that the budget deficit is financed by borrowed money, and the Minister's admission that he has overstated the deficit leads to the suspicion that he has inflated his borrowing requirements. The Minister of Finance and the Government have brought forward the biggest borrowing bill in the country's history. How can he avoid the suspicion that the Government is cooking the books so it can borrow more than it needs in order to avoid parliamentary scrutiny of its spending programs?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, I really cannot let the Hon. Member's introduction to the question go by unanswered. It is obvious that many Canadians are at this time, for example, buying houses at a rate which has greatly improved over the last few months compared to last year. Housing starts are up in the range of some 176,000. It is very apparent as well that Canadians in large numbers are buying appliances at a greater rate and in larger numbers than they have been in previous months. It is very apparent from the figures that retail sales are up considerably. Construction starts, as reported by the municipalities, are up considerably for the month of January. The Minister of Finance has indicated that these many positive signs augur well for the immediate and near future. With the support of the policies in next week's budget, we are also hopeful for the long term as well.

Miss Carney: Madam Speaker, in his reply the Minister ignores the fact that the one increase in statistics which bothers those on this side of the House is the two million people unemployed.

USE OF GOVERNMENT FUNDS

Miss Pat Carney (Vancouver Centre): Madam Speaker, our calculations indicate that the deficit has been inflated by about $2 billion. Are the Minister and his colleagues going to perform an act of magic, like a financial Merlin, and transform these phantom savings into increased spending in next week's budget?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, in her last supplementary and in the previous question the Hon. Member has implicitly asked about the veracity and strength of forecasting and detailing studies done by Government advisers. If she is not satisfied with those forecasts she could, for example, take a look at Data Resource

of Canada which has published the same kind of forecasts as those to which I made reference. I ask her to take a look at some of the private sector forecasters who are talking about an improved performance in the economy, which is no doubt reflected in and partially due to the change in the economy over the last quarter. For example, I am looking at a report of Nuala Beck, Vice-President of Pitfield, Mackay, Ross, who has confirmed a more optimistic projection for the next quarter.

Some Hon. Members: Order.

• (1420)

Mr. Cosgrove: There are, Madam Speaker, with respect, many independent forecasters. If the Hon. Member is not satisfied with the Government's, there are many independent ones who agree with the Government's position.

Some Hon. Members: Hear, hear!

PROVISION OF FIGURES

Mr. Don Blenkarn (Mississauga South): Madam Speaker, my question, in the absence of the Minister of Finance, who has apparently ducked today, is in connection with the lack of confidence of the people of Canada in the Government. Anyone knows that any Minister of Finance, any treasurer, ought to be able to tell what he receives in income and what he spends in payments to individuals. On March 15, 15 days before the year end, the Minister gave us what he said were the actual figures. The Minister of State for Finance confirmed those on March 28 and March 29, a day or two days before the year end.

Was the Minister deliberately misleading the House—

Some Hon. Members: Oh, oh!

Mr. Blenkarn: —or is the Minister so incompetent that he cannot add or subtract?

An Hon. Member: Or both.

Mr. Kempling: He's just plain dumb.

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, the Hon. Member has made comment that the Minister of Finance is not in the House today. I would draw to the attention of Hon. Members that 11 out of the 12 candidates for leadership of the Progressive Conservative Party are not in the House today. I would warn, Madam Speaker, that the attendance of the Minister of Finance in the House is better than any of those candidates this year.

Some Hon. Members: Hear, hear!

REQUEST FOR RESIGNATION OF FINANCE MINISTER

Mr. Don Blenkarn (Mississauga South): Madam Speaker, if the Minister of Finance were the treasurer of any company in this country and presented figures like this Minister of Finance did, to his Board of Directors, he would be fired without notice.

Madam Speaker: Order.

Mr. Blenkarn: And my question—

Madam Speaker: The Hon. Member is not to argue. He is now asking questions.

Mr. Nowlan: Argument? That's a statement of fact. That's not argument.

Mr. Blenkarn: There is not much argument in it, Madam Speaker.

I want to direct a question to the Prime Minister. In order to restore some confidence in the country, will the Prime Minister, in view of the misrepresentations, the lack of disclosure, the wrong disclosure made just two or three days prior to the year end concerning the fiscal position of the country, now ask for the resignation of the Minister of Finance?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker. I have heard the Opposition at least 20 times in the past six months asking the Minister of Finance to give projections, to give the Opposition figures on the future, to predict what the rate of unemployment will be, to predict what the level of inflation will be, and so on. The Minister of Finance has answered, almost each time, "These predictions are uncertainties. These predictions, I would rather not make them." Once or twice he tries to make projections which are helpful to the Opposition, and now they are reproaching him with making projections which are—

Mr. Nielsen: How long are you going to be with us?

Mr. Trudeau: —unhelpful. If they do not want predictions, they should not ask for them. If they get predictions, they should realize that they are subject to change.

Mr. Nielsen: How long are you going to be with us?

Mr. Trudeau: I am now asked by the Hon. Member for Yukon how long I am going to be with him. Madam Speaker, I do not know. I think it is time for him to go.

Some Hon. Members: Hear, hear!

Mr. Nowlan: Can't you get a sweetheart deal?

Mr. Broadbent: Madam Speaker, we would only say that maybe they should both go together.

Some Hon. Members: Oh, oh!

AVIATION INDUSTRY

CANADAIR—REPORT OF GIFT TO UNITED STATES CORPORATION

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of Industry, Trade and Commerce. There is a report in today's press that Canadair Limited has given an American corporation a free executive jet, plus $4 million in cash. Could he confirm whether this report is true and, if it is true, whether he has discovered the reasons for such an incredible action taking place?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, since the Minister responsible for this Corporation is a Member of the Senate, it is my responsibility to answer any questions put in the House. Unfortunately, I do not have the necessary information to be able to answer the Hon. Member's question. I shall make enquiries, and I shall then be happy to provide a more specific answer.

• (1425)

[*English*]

ALLEGATION OF FALSE SALES CLAIMS

Hon. Edward Broadbent (Oshawa): Madam Speaker, I accept that answer from the Minister. The allegations about this company's behaviour are extremely serious.

I wish to ask another question regarding the allegations that will be made tonight, I understand, on a television program "The Fifth Estate". Is the Minister aware that allegations have been made already, and will be made publicly on television tonight, that this company has faked orders and has possibly misled a committee of the House in terms of claims for sales? If he is aware of these allegations, could he tell the House whether steps have already been initiated to investigate those claims?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I am not aware of such allegations. However, I may remind the House that the Government has established the Canada Development Investment Corporation for the purpose of improving management practices of certain Crown corporations, including Canadair. I am aware that some time ago, CDIC officials were making an analysis of the management situation in these corporations, including Canadair, and that as soon as the results are known, they will take corrective action if necessary, and nature of such action will be announced in due time.

[*English*]

REQUEST FOR PUBLIC INQUIRY

Hon. Edward Broadbent (Oshawa): Madam Speaker, I appreciate the seriousness with which the Minister has responded to the question. I understand that an internal inquiry will be launched.

My final question will go to the Prime Minister. Assuming that the allegation that Canadair has given one aircraft and $4 million to an American corporation turns out to be true, and assuming it is the case that the same corporation has misled a committee of the House in terms of sales, will the Prime Minister undertake to establish a full public inquiry under the Inquiries Act into the performance of this company, because thousands of Canadian jobs are at stake?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I think we can hardly draw any conclusions or make any commitments on the basis of allegations that are supposed to be revealed in a television program. All this is purely hypothetical. I suggest we wait until the facts are known, before making any decisions.

* * *

AIR TRANSPORT

MIRABEL FILE—GOVERNMENT POSITION ON CARGO AND IMPROVED ACCESS HIGHWAYS

Mr. Marcel Roy (Laval): Madam Speaker, my question to the Minister of Transport concerns Mirabel International Airport. One year ago, a group of mayors from the Lower Laurentides-Laval region led by the mayor of Laval met with the minister of Transport to discuss the role of this international airport. The meeting was held one year ago this week. Can the minister tell us what has happened to date following his meeting with the north shore mayors, what the Department plans to do about freight transport, which was at the bottom of the representations made by the mayors, and whether he himself has already communicated with the Quebec ministers to discuss the road network development, namely the extension of road 13 and highway 50?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I cannot give a full report on the situation, but everything that was announced at the time has now been implemented with the exception of the proposal for duty-free fuel, which is being actively considered, and as the Minister of Energy, Mines and Resources noted yesterday, I hope that a solution will be found in the near future.

Regarding the road network, we have no decision to announce jointly with the Quebec government. However, progress is being made for bus transport and we hope that certain amendments will be made to the proposals now in the hands of the Montreal Urban Community Transit Commission, which will greatly improve the flow of traffic between downtown Montreal and Mirabel. The Hon. Member also asked me . . . A task force has been created, namely the group usually called the Levasseur Commission, and it will report within a few days. The relaxation of the Toronto moratorium is another thing that we have done. We are keeping in mind

the interests of Mirabel in relation to certain extensions of the access to Toronto. These are all measures which have beneficial effects on Mirabel. Once again, what everyone considers most important is to establish a policy for duty-free fuel, which has not been done as yet, and this is where we are now focussing our efforts.

* * *

• (1430)

[*English*]

LABOUR CONDITIONS

UNEMPLOYMENT AMONG ENGINEERS

Mr. Albert Cooper (Peace River): Madam Speaker, my question is for the Prime Minister. Since 1981 in the field of engineering unemployment has risen some 500 per cent. In the next 60 days there will be about 7,000 engineering graduates hitting the streets looking for jobs. At present Canada is importing about 250,000 barrels of oil a day, which creates jobs in Saudi Arabia, not in Canada. When can we expect the Government to do something for those graduating 7,000 engineers?

Right Hon. P. E. Trudeau (Prime Minister): I ask the Hon. Member to wait for the budget, Madam Speaker.

* * *

FISHERIES

STATUS OF CANADA-UNITED STATES AGREEMENT ON PACIFIC SALMON

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, my question is for the Minister of Fisheries and Oceans. It is related to the Canada-U.S. agreement on Pacific salmon. It is my understanding that because of objections from Alaska the agreement has not been ratified by the United States. First though, is the ratification process complete in Canada? In any event, since it is not going to be in effect when the fishing season opens, because the season will be open in about a fortnight's time, what steps has the Minister taken to ensure that the fishery does not degenerate into a catch as catch can situation, thereby possible destroying what is a very rich fishery on the Pacific coast?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, as the Hon. Member knows, we have been negotiating for years with the United States about orderly harvesting of salmon on the West Coast. The treaty that has been negotiated, which will come before Cabinet for formal ratification in the near future and will on the American side have to go to the Senate, and which is supported by most fishing organizations in B.C., I think does reflect the principle of fairness that each country should harvest the fish it produces.

The Hon. Member refers to some opposition in Alaska. I hope that both in Alaska, like in Washington State, and the remainder of the Pacific coastal states, they will recognize it is in the interests of both countries to achieve this treaty. I am not looking at one country winning and the other country losing. Both will win because we will achieve fairness for fishermen on both sides.

The Hon. Member is asking me what will happen if the United States does not ratify the agreement. Frankly, I prefer to be an optimist, Madam Speaker.

POSSIBILITY OF FRICTION BETWEEN FISHERMEN

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, there are the two questions, whether Canadian fishermen not being bound by any agreement with the United States may fish, and also the problem of disputes increasing the number of friction points between Canada and the United States, between Canadian and U.S. fishermen. What steps has the Minister taken, either in Canada or in Washington, to make sure that this situation does not occur?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I can assure the Hon. Member that our director for salmon fishing in B.C. is in constant contact with his counterpart on the Armerican side. Except for some incidents, of which the Hon. Member is certainly aware, they have managed up until now to do things in tandem so that the fears of the Hon. Member will not, I hope, be warranted.

* * *

MINES AND MINING

CYPRUS ANVIL MINE IN YUKON—REQUEST FOR INTEREST-FREE LOAN

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, in the absence of the Minister of Finance I would like to direct my question to the Prime Minister. The unemployment rate in the Yukon is in excess of 30 per cent, the highest unemployment rate in the land. The entire mining industry is shut down. Cabinet meets tomorrow and will hopefully discuss a proposal to save the Cyprus Anvil Mine and put the mine workers of Faro and the Yukon back to work. Will the Prime Minister undertake to have that matter discussed in Cabinet tomorrow, and will he ensure that the proposal for an interest-free fully repayable loan will be concurred in by Cabinet, so that we can get the economy of the Yukon back to work?

Hon. Paul J. Cosgrove (Minister of State (Finance)): Madam Speaker, of course it is not the practice to talk about Cabinet business in advance. When Cabinet has made its final decision on the item which has been before it for discussion, of course Hon. Members will be advised, as well as the Hon. Member's constituents—

Mr. Nielsen: My constituents.

Mr. Cosgrove: —who are well aware and quite anxious to have that decision.

Mr. Siddon: Madam Speaker, once again the Prime Minister shows his total disregard for the concerns and needs of the people of the Yukon. One wonders whether the federal Government really cares about the Yukon and the northern regions of the country.

REQUEST THAT PROPOSAL TO TAX NORTHERN BENEFITS BE RESCINDED

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question, if the Prime Minister will not answer, is directed to the Minister of State for Mines. Will she ensure that the Minister of Finance in his budget to be presented next week will take special measures to ensure a resurgence and a recovery of the economy of the North by rescinding all proposals to tax the benefits enjoyed by northern mine workers, and by providing some capital relief for the building of important infrastructures with respect to the power and transportation needs of the Yukon and the Northwest Territories?

Hon. Judy Erola (Minister of State (Mines)): The Hon. Member will just have to wait until Tuesday evening, Madam Speaker.

* * *

MEDICAL CARE

MOOSE FACTORY GENERAL HOSPITAL

Mr. John A. MacDougall (Timiskaming): Madam Speaker, my question is for the Minister of National Health and Welfare. She will be familiar with the telex she received on April 6 from the James Bay Tribal Council. It is with regard to the Moose Factory General Hospital, concerning the closure of one ward and the possible laying off of 16 employees. Can the Minister tell me what has happened? Is the Ministry reconsidering the problem?

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, there is no intention in my Department to close down the hospital, which is a very valuable institution. I think that is the main message that should be transmitted today to all parties concerned.

MINISTERIAL ASSURANCE

Mr. John A. MacDougall (Timiskaming): Madam Speaker, my supplementary question is also for the Minister of National Health and Welfare. I appreciate that the hospital will not be closed down. My concern is the health care of the people of the James Bay area, that the facilities they have today will not be changed and that the same service will be continued.

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, I do not understand if that is a question but, of course, I can give an assurance.

RAILWAYS

CROWNEST PASS RATE—MINISTER'S POSITION

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, my question is for the Minister of Agriculture whose Department has provided much of the research into the projected grain prices in order to justify the Government's policy of increasing the Crow rate. As an example, the estimate would indicate that by 1990 wheat should cost $12.40 a bushel and, therefore, farmers could afford to pay an increased freight rate. Since a slightly older study, using the same techniques, predicted $7.20 per bushel for wheat in 1983, and since the Minister in charge of the Wheat Board has just announced that the wheat price this year will be in the range of $4.50 or $4.60 per bushel, can the Minister tell the House what has gone wrong? Assumptions are probably no longer accurate. What is the Minister's position now in support of the Crow rate?

Hon. E. F. Whelan (Minister of Agriculture): My position in support of the Crow rate has not changed, Madam Speaker.

RATIONALE FOR POLICY

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, since the decision was obviously made with bad information, since the Minister is now faced with recommendations from the Wheat Board Minister to reduce rather than to increase acreage, and since the whole basis for this policy change was to take extra products out of the country, and the Minister in charge of the Wheat Board himself is recommending that we cut back, how can the Minister of Agriculture justify that stance? What rationale does he have for maintaining his policy of doing away with the Crow rate?

Mr. Nielsen: Yes or no.

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, I am not aware of what the Minister in charge of the Wheat Board has said about farmers planting wheat. I do know that I have not made such statements, and there has been no official Government statement that farmers should cut back on acreage. We have not taken an official position on what the United States of America is doing, that is, paying farmers not to produce. I do not know whether the Hon. Member is suggesting that we put millions or maybe billions of dollars into some kind of a program to pay them not to produce.

• (1440)

Mr. Althouse: No.

Mr. Whelan: He is not saying that. Personally, I think it is very wrong to tell them not to produce, because we only did that once and within two years we were sorry for doing it.

* * *

[*Translation*]

NATIONAL DEFENCE

POSSIBILITY OF INSTALLING CF-18 SHOOTING RANGE IN LAC-SAINT-JEAN RIDING—QUEBEC GOVERNMENT POSITION

Mr. Maurice A. Dionne (Northumberland-Miramichi): Madam Speaker, my question is directed to the Prime Minister. Today, in *La Presse*, the Minister of Intergovernmental Affairs, Mr. Jacques-Yvan Morin, said that he was, and I quote:

—counting on public opinion to prevent the Federal Government from setting up a CF-18 shooting range in the P.Q. riding of Lac-Saint-Jean.

[*English*]

Will the Prime Minister assure the House that the Quebec Government cannot have it both ways, that is, have the F-18s at Bagotville but not have the firing range there? If they do not want the firing range and do not want to provide the ancillary facilities, there is a place in New Brunswick called Chatham which will take the planes and provide the range.

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think the point is well taken. I think the Hon. Member has raised a suggestion which should bring the Ministers of the Quebec Government to reflect upon their contradictory position on this.

* * *

CANADIAN WHEAT BOARD

INITIAL GRAIN PRICES

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, my question is directed to the Minister of Transport who answers for the Minister responsible for the Canadian Wheat Board, and it concerns the issue of grain prices for farmers. Has the Minister of Transport been in touch with his counterpart? Can he say how he expects farmers to continue to produce, when the initial price offered by the Wheat Board continues to go down? Will he not encourage his counterpart to reconsider and at least keep the initial price the same as it was last year so that farmers will have some optimism?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, under any Government at any time when initial payments are anticipated there is a debate as to how high they should be. That debate took place this year among the Ministers, the same as it does every year. The general mood was to establish it higher than some would have liked but not as high as others would have liked. That is a judgment call, and the Government makes it every year. This is the best we can make now. At the level at which they are, the general view is that the incentive to produce is still quite high.

* * *

COMMITTEES OF THE HOUSE

LABOUR, MANPOWER AND IMMIGRATION

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is directed to the President of the Privy Council or his Parliamentary Secretary. The Parliamentary Secretary to the President of the Privy Council is in the House but he is not in his seat—he is still not in his seat.

Some Hon. Members: Oh, oh!

Mr. McGrath: Now that the Hon. Member has found his seat, I hope he has the same success in finding a chairman for the Standing Committee on Labour, Manpower and Immigration. Could he tell the House why this is the only standing departmental Committee which has not been struck? I am sure it has nothing to do with the two million Canadians who are unemployed, but I am told by the Clerk of the Committee that only the Government Whip can take the initiative in this regard, and I am not sure whether you, Madam Speaker, would permit me to ask a question of the esteemed Government Whip.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, no, I do not know the answer to that question—

Mr. Nielsen: Where is your seat?

Mr. Smith: —but I will find out. I am sure a meeting will be convened very shortly.

APPOINTMENT OF CHAIRMAN

Hon. James A. McGrath (St. John's East): Madam Speaker, if the problem is agreeing on a chairman, then I tell the Parliamentary Secretary to the President of the Privy Council that Members of Her Majesty's Loyal Opposition are quite willing and able to provide a chairman for that Committee.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, there are many able Members on that Committee. I do not think finding a competent chairman is a problem at all.

* * *

CROWN CORPORATIONS

CANADAIR—ROLE OF VICE-PRESIDENT ASSOCIATED WITH ENGINEERING FIRM

Hon. Jake Epp (Provencher): Madam Speaker, my question is directed to the Minister who reports to the House on

Canadair. Yesterday in the Standing Committee on Privileges and Elections a document was produced which listed a group of Canadian businessmen who purportedly acted as advisers to a Montreal engineering firm, Les Ateliers d'Usinage Hall, in its attempt to gain federal Government contracts. One of the people listed on the list of advisers was a Mr. Jacques E. Ouellette, a vice-president of Canadair Ltd. Therefore, will the Minister undertake to investigate this matter and advise the House if a Crown corporation vice-president is allowed, under current conflict of interest guidelines covering such officials, to sit on an advisory board of a private company seeking business from the federal Government in a field which is so closely related?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I shall check the facts given by the Hon. Member and I shall also find out whether it is against the guidelines or common practice.

* * *

[*English*]

SUPPLY AND SERVICES

COMMITTEE TESTIMONY

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is directed to the Minister of Supply and Services who undoubtedly knows of certain testimony given yesterday concerning a company known as 109609 and which, it was represented, had a connection with the Hon. Member for Lincoln. As there was further evidence at the hearing yesterday that the Minister of Supply and Services did indeed respond to certain requests with respect to contracts—

Some Hon. Members: Order.

Mr. Stevens: —could the Minister of Supply and Services indicate to the House whether he has looked into these allegations, and what are his findings which he would like to share with us today?

Madam Speaker: The Hon. Member knows that he may not ask questions in the House concerning Committees. These questions should be asked in the Committee.

Mr. Nielsen: They are based on press accounts.

Madam Speaker: Is the Hon. Member rising on a supplementary to a question which was not allowed?

Mr. Stevens: No, Madam Speaker.

CROWN CORPORATIONS

CANADIAN ARSENALS LIMITED—ROLE OF CHAIRMAN RESPECTING CONTRACTS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my earlier question and certainly my present question were based on press accounts. Undoubtedly the Minister of Supply and Services is aware of a Pierre MacDonald who happens to be chairman of Canadian Arsenals Limited and reports to the Minister of Supply and Services. Could he indicate to the House whether Mr. MacDonald at any time reported to him concerning certain contracts which have an involvement with a company known as 109609 and, if so, what has he been told about those contracts by Mr. MacDonald?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, as I understand it, again from the press reports, it is the intention of the Committee to call Mr. MacDonald before it. Therefore it is a matter which is pertinent to the Committee's deliberations, and I have no further comment to make.

Mr. Nielsen: Why not?

* * *

ENVIRONMENTAL AFFAIRS

ACID RAIN POLLUTION—MINISTER'S MEETING WITH UNITED STATES SECRETARY OF STATE

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is directed to the Secretary of State for External Affairs. The Minister and the United States Secretary of State, George Shultz, evidently agreed in Washington this week to turn the urgent problem of acid rain over to a group of Canadian and U.S. scientists to see whether they could find some common ground on which to base a bilateral accord on acid rain affecting the two countries.

Since the very same approach has been tried unsuccessfully for the last three years, largely because the United States administration has undermined it at every turn, even to the extent of manipulating scientific findings, would the Minister tell the House what evidence Mr. Shultz gave to him to indicate that the same approach would be any more successful this time? Would it not be more forthright of the Minister to admit to the House, and through the House to the people of Canada, that he returned from Washington empty handed following meetings with his former classmate?

● (1450)

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I do not think that what is proposed is a continuation of the process that had already taken place. In fact, that idea was tossed around at our meeting and it was abandoned because we finally concluded it would not lead to any further progress.

As the Hon. Member knows, there is a peer group of scientists now in the United States evaluating the results of

working groups that have been dealing with acid rain, and likewise there is a scientist heading up a similar group in Canada. Both of these scientists are outside of Government service. It appeared to us that it would be very useful if the two scientists, working from an objective basis, could come together to try to sift out the differences because it is very difficult for me, or for Mr. Shultz, to deal with the matter when we are receiving conflicting advice from our scientists upon which we are attempting to base policy.

It seems to me that what we have proposed has the possibility of reducing what the Americans allege to be considerable scientific uncertainty.

We take the contrary point of view and say that there is sufficient evidence to move with abatement programs. That is the purpose of the exercise.

We hope the next time we meet to be joined by the two scientists and by the Minister of the Environment and the new U.S. administrator, who presumably will be confirmed in that office, Mr. Ruckelshaus, to try to move this very difficult problem forward.

* * *

NEW EMPLOYMENT EXPANSION AND DEVELOPMENT PROGRAM

CREATION OF JOBS WITH DEPARTMENT OF NATIONAL DEFENCE

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is for the Minister of Employment and Immigration. Last year the Department of National Defence used some 4,000 term employees. These are temporary jobs. This year the Minister of Employment and Immigration has announced some 3,000 temporary jobs be allocated through the Department of National Defence under the NEED program. Already, by March 31, the Department of National Defence terminated some 1,000 temporary jobs. It appears as though the Minister is using the wrecking ball on existing jobs in order to be able to cut the ribbon on new jobs. Will the Minister take this situation seriously, will he investigate it, and will he take the necessary corrective action so that he does not destroy existing jobs in order to be able to announce new jobs?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Hon. Member is quite mistaken in the suggestion that he has made. We have looked very carefully at the situation because it was brought to our attention by certain union members.

What in fact has occurred in a few defence establishments is that the term workers had a term contract for the fall and winter season and would then go back to work for the summer season. Therefore no workers who are normally employed on defence establishments are in any way being replaced under the NEED program. We have worked very closely with my colleague, the Minister of National Defence, and received his assurances and those of the base commanders. I would suggest to the Hon. Member that he is quite mistaken in the allegations he is making.

REQUEST FOR INVESTIGATION

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, the Minister may claim that myself and the union are mistaken, but I remind him that last year the Department used 4,000 term positions and this year he has allocated 3,000 temporary NEED jobs. Some 1,000 term positions have already disappeared and the year is just beginning. Even though it is difficult to document the situation on the job, the union has begun to do that. For example, in Gander, a janitor, a food service worker, both regular full-time workers, have been replaced. In Goose Bay, three labourers who were on term—

Madam Speaker: Order. Does the Hon. Member have a question?

Mr. Keeper: Madam Speaker, is the Minister aware that these replacements of term positions by temporary NEED jobs has begun to happen, that it is being documented, and that the criteria for his NEED program stipulate that the new NEED jobs should be extra employment and not replace existing activities? Will he take this matter seriously and investigate?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, the Hon. Member is correct in one small portion of his statement, and that is that the NEED program is designed to provide additional employment. But we have looked at the situation very carefully as it applies to defence establishments. What he is suggesting is not in fact taking place. What we are doing is providing incremental jobs to do work that would not otherwise be done. I would suggest to the Hon. Member, as well as to certain representatives of the union who are raising these objections, that it would be much more helpful if they would co-operate with the program rather than raising this kind of criticism.

* * *

LABOUR RELATIONS

EASTERN PROVINCIAL AIRWAYS DISPUTE

Mr. Maurice Harquail (Restigouche): Madam Speaker, my question is for the Minister of Labour. It has to do with the prolonged negotiations between Eastern Provincial Airways and the pilots. I ask this question on behalf of all Atlantic Canadians. Could the Minister of Labour give us some assurances and indications of what steps will be taken to try to resolve this dispute which is having an unduly serious effect on the economy and on all Canadians in that part of the country? I should hope that through the good offices of the Minister of Labour we could bring about an acceptable solution to this serious problem.

Hon. Chas. L. Caccia (Minister of Labour): Madam Speaker, I welcome the interest Hon. Member has expressed

on several occasions. I would like to inform him and the House that negotiations between the parties broke off on April 5 without settlement. As I understand it, the key issue is the question of the status of pilots who were hired during the strike. At the present time the Canada Labour Relations Board plans to hold hearings starting next Monday, during which all parties will be heard. I will be glad to keep the Hon. Member informed about any developments.

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AGRICULTURE

REQUEST FOR ASSISTANCE

Hon. John Wise (Elgin): Madam Speaker, in the absence of the Minister of Finance I want to pose a question to the Minister of Agriculture. He has in the last year and a half spoken very frequently and has spoken publicly and positively with reference to additional funding required for the Farm Credit Corporation. He has also spoken publicly and positively with reference to the need for implementation of the agri-bond concept, with reference to the need for capital gains as relates to people in the agricultural industry, and with reference to some reductions in the cost of farm fuels, all of these being budget items.

Has the Minister had some discussion with and made some representation to his colleague, the Minister of Finance, with reference to these four items which he has spoken positively about on numerous occasions in the last year and a half? Is the Minister satisfied that these discussions have been influential enough to provide some positive results in these four areas for the budget on Tuesday night?

Hon. E. F. Whelan (Minister of Agriculture): Madam Speaker, we have had discussions. I am sure the Hon. former Minister is known for his patience. He will have to be patient and wait until Tuesday night.

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PUBLIC SERVICE

CONTRACT GIVEN FORMER CANADIAN AVIATION COMMISSION OFFICIAL

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is for the Minister of Transport. He will recall that last August he approved a contract with Mr. Walter McLeish who, at that time, was still the official of his Department in charge of the Canadian Aviation Transport Administration. Mr. McLeish took early retirement some three months after the Minister had submitted the contracts to the Treasury Board. Given the Treasury Board guidelines of May, 1978, on contracts for the services of former Government officials in receipt of Government pensions, which specify that a contracting process between the Government and employees who take early retirement must "withstand the closest scrutiny", would the Minister tell us whether the $43,000 contract to Mr. McLeish for 80 days at $450 per day was given to him as an inducement in the usual way for senior mandarins to fatten their pensions, or was it to get rid of him because of the adverse reaction to his job performance as outlined in the Dubin Aviation Commission of Inquiry?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, in my Department as I think in all other Departments there is a procedure under which former employees of the Department, people who have retired from the Department, can be rehired on contract. I am just following the normal Government practice. Indeed Mr. McLeish is now on contract and doing work which I would think would be very important to the future of the air industry in Canada. He is exploring ideas with the Americans as to the maximum use of air space between Canada and the United States in terms of navigational aids, air control, equipment and procedures, et cetera. He should produce an analysis which might lead to a common approach by Canada and the United States on the manufacturing of equipment. This is a very important subject indeed, and I am delighted to have Mr. McLeish in charge of it.

• (1500)

RESPECT FOR TREASURY BOARD GUIDELINES

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, the Minister will know that a confidential departmental memorandum dated July 23, 1982, a full four months before Mr. McLeish retired—that is what I am getting at—raises doubts about whether the contract did not breach Treasury Board policy of 1974 concerning employer-employee relationships.

Would the Minister give us some assurance that the letter as well as the spirit of the 1974 Treasury Board guidelines were fully respected in the case of this rich contract for Mr. McLeish? Will he also assure us that there will be very close scrutiny as to whether public funds will be flowing into Mr. McLeish's companies, be it the Aero Development Company or his numbered company, No. 116598?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I am aware of that. At the time there was the possibility that there might appear to some people to be a conflict between the interest of Mr. McLeish's wife, if I remember clearly, and himself. She is part of a consulting firm which was bidding on that contract. For reasons that my Deputy Minister is in charge of, this was not continued. It has been resumed since. I am waiting for a decision. It was to prevent the appearance of what might have been seen by some people as a conflict of interest that the contract was not pursued at the time.

House of Commons

HOUSE OF COMMONS

APPOINTMENT OF PRINCIPAL CLERKS

Madam Speaker: I am very pleased today to announce to the House the appointment of two Principal Clerks. These two promotions are of particular significance in that they exemplify the willingness of the House of Commons to promote equality in the career paths of the employees of the House of Commons. That has to mean to promote women.

Some Hon. Members: Hear, hear!

Madam Speaker: Let me say, however, that these two appointments were made through a regular competition and that the two new Clerks who come to us today are very qualified.

I thought it was important to signify this to the House because obviously it is a breakthrough at the Table of the House of Commons.

[*Translation*]

I therefore take great pride in introducing today our two new Clerks, Mrs. Mary Anne Griffith, who will be principal clerk in charge of research for the Table—

[*English*]

—Mrs. Mary Anne Griffith, who is Principal Clerk in charge of research for the Table; and Mrs. Nora Lever, who becomes Principal Clerk in charge of committees and private legislation.

[*Translation*]

Mrs. Nora Lever will be principal clerk of the Committees and Private Legislation Branch.

[*English*]

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I welcome and congratulate Mary Anne Griffith and Nora Lever, the first women ever appointed to the Table of this House. Their presence in the House will do much to enhance the position of women in our society. They will serve as visible symbols of equality in our political system. It is important that our institution reflect the reality of Canadian life, the fact that 52 per cent of Canadian women over age 15 are in the labour force.

I am confident that these Table officers will bring along with them a wealth of experience and special qualities that will serve to enrich this House.

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I want to offer the congratulations of this Party to the two persons who have been appointed to the Table today even though we were not advised in advance that this was being done by the Minister responsible for the status of women.

Some Hon. Members: Oh, oh!

Miss MacDonald: I should like to offer the very real appreciation of this Party. If I were to make a comment on that, Madam Speaker, I would only say that it has not come soon enough. I should also like to make the point that we expect to see many more appointments like this in the future. These have been a long time coming and they are indeed welcome. We hope to see many more.

Mrs. Margaret Mitchell (Vancouver East): Madam Speaker, on behalf of the New Democratic Party I also congratulate the two new staff members at the Clerk's Table. Certainly we will look forward to working with them.

We also congratulate you, Madam Speaker, for the leadership you have shown in demonstrating moves toward affirmative action, not to mention the implementation of a day care centre in the workplace. We have also noticed women working in other branches of the House of Commons staff. We hope, however, that this means a definite step toward affirmative action in all Government Departments, and certainly in the election of women to the House of Commons as well.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

MR. GUSTAFSON—CROWSNEST PASS FREIGHT RATES

Mr. Len Gustafson (Assiniboia): Madam Speaker, I should like to present a petition on behalf of over 3,300 people in the Weyburn areas to the Honourable the House of Commons of Canada in Parliament assembled.

The petition of the undersigned of the Province of Saskatchewan, who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners in the certain assurance that your honourable House will therefore provide a remedy, humbly sheweth that we object to the Hon. Jean-Luc Pepin's transportation proposal announced in Winnipeg, February 1, 1983. It will cause serious economic hardship to grain producers, rural communities, service industries and to the entire provincial economy, through substantially higher freight rates, loss of family farms, abandonment of branch lines, fewer grain delivery points and a massive transfer of economic wealth from Saskatchewan to the railways and other regions. Wherefore we demand that the present statutory Crow rate be maintained. And as in duty bound your petitioners will ever pray. Dated Wednesday, April 13, 1983.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 4,546 and 4,753.

[*Text*]

THÉRÈSE CASGRAIN AWARD

Question No. 4,546—**Mr. Hawkes:**

With reference to the Thérèse Casgrain Award (a) who selected the members of the national selection committee (b) how many members are on the committee and, in each case, what is his/her name (c) how are the members selected for the committee (d) what are the members' job designations (e) are the members to serve for a certain length of time and (i) if so, for how long (ii) if not, for what reason?

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): (a) Members of the National Selection Committee are chosen by the Minister of National Health and Welfare and act in a twofold capacity to select nominees for: (1) Thérèse Casgrain Award, (2) Lifestyle Award (another voluntary award program administered by the Department).

(b) The committee is comprised of five representatives from National Health and Welfare and seven others involved in voluntary activities throughout Canada as follows: Mrs. Pat Fulton, Mr. Pierre Couture, Mr. Ronald Pitt, Mrs. Olivette Gareau, Mr. Bernard Lattion, Mr. Roger B. Mondor, Mrs. N. Krangle, Mrs. Jacqueline Neatby, Mrs. Alphonsine Howlett, Mrs. Doris Ogilvie, Mr. Tim Sale, and Mr. Charles E. Rheaume.

(c) A list of proposed members is submitted by the Department of National Health and Welfare's Public Affairs Directorate, which administers the award, and the list is approved by the Minister. Consideration is given to these persons' present and past occupations and to their knowledge and involvement in health and social services related voluntary activities.

(d) The members' primary task is to examine nominees for the award and to submit their recommendations to the Minister. They also provide advice and guidance with regard to the promotional and procedural aspects of the awards. Mrs. Jacqueline Neatby is the chairperson of this National Selection Committee.

(e) Yes, members serve for a determined period of time: (i) for a minimum period of two years, (ii) N/A.

NRC—EVALUATION OF RESEARCH RESULTS

Question No. 4,753—**Mr. Mazankowski:**

Was a study done for the National Research Council to evaluate the transfer of research results from universities to industry and, if so (a) who performed the study and at what cost (b) what were the major conclusions and recommendations (c) what steps has the Government taken to implement the recommendations?

Mr. Jim Peterson (Parliamentary Secretary to Minister of State for Economic Development and Minister of State for Science and Technology): In so far as the National Research Council is concerned the answer is as follows: No.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

* * *

[*English*]

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, I would ask that all notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall all notices of motions be allowed to stand?

Some Hon. Members: Agreed.

PRIVATE MEMBERS' BUSINESS—PUBLIC BILLS

[*English*]

Madam Speaker: Shall all orders listed under Private Member's Public Bills preceding No. 458 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

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CANADIAN FORCES SUPERANNUATION ACT

AMENDMENT RESPECTING RETIREMENT FOR MISCONDUCT

The House resumed from Wednesday, March 30, 1983, consideration of the motion of Mr. McKinnon that Bill C-658, an Act to amend the Canadian Forces Superannuation Act, be read the second time and referred to the Standing Committee on External Affairs and National Defence.

• (1510)

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, I would first of all like to thank the House for their co-operation in allowing me to stand my Bill over until this time when it could be given full discussion. This is a rather unusual Bill. I have given it a lot of thought. It has been on the Order Paper for a couple of years.

If I were to be asked what there is about this Bill to recommend it to the House, I would quote Edmund Burke, who we all know and revere as a politician of outstanding stature in the days in which he lived. Just about 200 years ago when he was running for nomination in Bristol, in taking questions at the

end of his speech he was asked why he wanted to be a Member of Parliament. He replied:

> I want to be a Member of Parliament so to have my share of doing good and resisting evil.

Today all Hon. Members will get a chance to have their share of doing good. I believe that "evil" is a bit hyperbolic for this situation, but there has been an injustice done in the Superannuation Act of the Canadian Forces for many years. A volunteer ex-serviceman has given me permission to use his name as an example of a case which I believe has resulted in a very serious miscarriage of natural justice. I did what I could to get this injustice corrected by writing to various Ministers, to the President of the Treasury Board, to the Minister of National Defence and to the Minister of Justice. I wrote to them on several occasions with no result. If ever I saw a case where people hid behind regulations and bureaucracy had its way, it was in the case of Lieutenant Eric Haywood of the Royal Canadian Navy.

In a letter to the then President of the Treasury Board (Mr. Johnston) on April 5, 1982, just over a year ago, I pointed out these facts, and I quote:

> In 1966, then Lieutenant Eric Haywood, of the Royal Canadian Navy, was released from the Royal Canadian Navy for misconduct. He had been convicted on December 20, 1965 on five offences dealing with misappropriation or theft. He and a civilian accomplice appear to have stolen or misappropriated $606 worth of photographic supplies from the Royal Canadian Navy.

Whether he was guilty or not is a question I do not wish to quarrel with. Quoting from the same letter:

> He was convicted in a civilian court and sentenced to two years on each count, sentences to run concurrently. He served something in the order of one year in jail and was then paroled.

His accomplice in this serious act was tried with him. They were tried in a civilian court for, I believe, two reasons; one, the regulations which operate in the Department of National Defence forbid them to sentence an officer to detention and, clearly, there was a likelihood of Lieutenant Haywood being sentenced to confinement in some court or other where they did not have such restrictions, such as a court martial. Second, his accomplice was a civilian. I will have quite a bit more to say about what happened to the two men who were accomplices in this act.

Mr. Haywood was released from the forces under Item 1(b) of the table to Article 15.01 of the Queen's Regulations and Orders for the Royal Canadian Navy, which is entitled "Service Misconduct". At the time of his release the Canadian Forces Superannuation Act had the following provisions for the payment of benefits under the Act for members whose retirement was due to misconduct. Section 10 provides that a contributor who is compulsorily retired from the forces by reason of misconduct is entitled to—and in subparagraph (b) it says, and this is the critical subparagraph which my Bill amends:

> —in the discretion of the Treasury Board if he has served in the Forces for ten or more years, the whole or any part specified by the Treasury Board of any annuity to which he would have been entitled under this section.

That means that the Treasury Board can decide to pay him all of his pension or any part of it. In fact, they could do away with it entirely. Under this authority, ex-Lieutenant Haywood was informed by the Treasury Board that he was to lose 50 per cent of his pension. It should be noted that this meant an additional punishment, without a trial or any representations made on behalf of the person most involved, Mr. Haywood. The fact that the Treasury Board is not a judicial body and the fact that the judge in a court in Saanich, British Columbia deemed that a jail sentence was sufficient punishment for misappropriation with an accomplice of an amount equivalent to $606, seems not to have influenced the Treasury Board at all. It, as I have said, added its punishment of a 50 per cent loss of pension. The amount which Mr. Haywood lost because of the findings of the Treasury Board was something slightly over $50,000 a year ago. The amount is now over $55,000 which he has lost. In my letter of April 5, 1982, I said:

> I am asking you to review the equity and justice of this heavy penalty imposed on top of the penalty for a first offence.

Frankly, it seemed to me that the two-year prison sentence for a first offence of stealing $606 was a fairly heavy sentence in itself. Then he had an additional $55,000 fine imposed by a non-judicial board in Ottawa. I pointed out to the then President of the Treasury Board in my letter:

> I have discussed this matter by correspondence with the Minister of Justice and the Minister of National Defence. The Minister of National Defence in replying to a representation of mine, informed me on March 9 that the Canadian Forces Superannuation Act was amended in 1969 and again in 1977. He then went on to say
>
> "Insofar as Mr. Haywood is concerned, if his case had arisen after the amendments to the Act, there would have been no change in the amount of the annuity which would have been referred to the Treasury Board for consideration. The policy of the Treasury Board appears to have changed, in that at the time of Mr. Haywood's release it seemed almost automatic that a retirement for misconduct would result in a fifty per cent reduction in the member's annuity.
>
> Today, the Board is perhaps more compassionate and reductions in the area of twenty to twenty-five per cent are customary."
>
> I respectively submit that Mr. Haywood has long ago paid the full price for the crime that he committed and that his pension should now be restored.

I finally received an answer to that, and I do not know what civil servant prepared it for the Minister. The then President of the Treasury Board, I assume, took responsibility for it. I would like to read part of it, which might give an idea of the kind of reply I have received from all of the Ministers on this matter. The then President of the Treasury Board said, and I quote:

> The recommendation to the Treasury Board was based on a certification of the Service Pension Board, as constituted under Section 22 of the Canadian Forces Superannuation Act, that the retirement of ex-Lieutenant Haywood was compulsory because of misconduct and a concurrence that a recommendation to the Treasury Board of a 50 per cent annuity to Mr. Haywood was warranted.
>
> This recommendation to the Treasury Board was based on the prevailing policy of the Treasury Board at that time which was that a 50 per cent reduction in the annuity payable to a member dismissed for misconduct was appropriate. You will understand, therefore, that the 50 per cent pension reduction subsequently approved by the Treasury Board in the case of Mr. Haywood was fully in accord with decisions taken during those years in numerous other similar cases of release for misconduct.
>
> It is quite true, as the March 9, 1982 letter to you from the Office of the Minister of National Defence indicates, that in the misconduct cases which the Treasury Board has reviewed in recent years (and these have been very infrequent), the Board has approved reductions in amounts lesser than the 50 per

cent reductions approved in earlier years. This, I feel, is a reflection of more recent views concerning the extent to which pensions payable to contributors who are released from employment for reasons of misconduct should be abated.

He then goes on to make a very curious remark for a Minister of the Crown and President of the Treasury Board, and I quote:

There is, of course, no legal means by which the Treasury Board's decision concerning Mr. Haywood's pension could be altered at this time.

That is the reply I receive from everyone. They feel that they are not the rulers of this land, that they are not the Cabinet of the country; they are just poor, unwitting people who have to go along with and obey every decision they have previously made. I am particularly dismayed that a Minister of the Crown would write such garbage to me. He continues in his letter to me, and I quote:

Even if it were possible for the Treasury Board to reconsider the matter, any decision to do so would not, of course, be fair to other contributors who were similarly dismissed from the Forces for misconduct and were awarded a pension benefit reduced by 50 per cent.

• (1520)

I think that sums up what I meant when I said that various Ministers are beating around the bush, trying to avoid their responsibility in this matter. Now, Mr. Speaker, I went to the trouble of looking up who can be discharged for misconduct. It is possible to have a kind of subliminal fine, in this case $55,000, added to the penalty without either the person involved or the judge who passed sentence understanding it. Because the man was discharged under a provision which calls for misconduct releases, he pays that fine whether he knows it or not. I am sure the judge did not understand that. The relevant part of the Queen's Regulations is Article 15.01, which reads:

Service Misconduct.

when convicted by a service tribunal of a serious offence that warrants release under this category: when convicted by service tribunals of a number of offences indicating a course of misbehaviour that warrants release under this category: when convicted by the civil power of an offence of a serious nature related to the performance of his duties which would have warranted release under this category if convicted by a service tribunal:

That is the one under which they no doubt released Lieutenant Haywood. But how do you like this one? It reads "Illegally Absent", and it applies to someone:

who has been illegally absent and will not be required for further service under existing service policy:

So you can be released for the misconduct of being absent without leave. I point this out so you will understand, Mr. Speaker, how wide ranging this can be. The Act and the Queen's Regulations provides for release from the forces for what really amounts to a trivial offence if they feel like letting you out for that reason.

As I said, I tried every way I could to get some action on this matter without the rather unusual step of producing a Private Member's Bill in an attempt to get the rules changed. I was forced to this because of the inaction or unwillingness of any of the Ministers to seize their responsibilities and do something about such an injustice.

Now, I think the explanatory note in Bill C-658 is fairly clear to everyone. It reads:

The purpose of this Bill is to limit the extraordinary discretion of the Treasury Board under the *Canadian Forces Superannuation Act* to reduce substiantially pensions of Canadian Forces personnel who have been discharged for misconduct, sometimes for less than major offences.

The new scheme would basically limit Treasury Board's power to intervene by deeming the total period of pensionable service to expire at the time of the commission of an offence and allowing that period to be reduced by a maximum of twelve months for the purposes of calculating the annuity payable.

In this particular case Lieutenant Haywood had 26 years' service when he committed a crime. He does not wish to quarrel with or debate whether he was guilty or not. They found him guilty; he accepts that. They sentenced him; he accepts that. But what he finds difficult to accept is that they took away 13 years, one half, of his pensionable service. Now, if during that period of time his service was actually of a character such that he was misconducting himself, it is not Mr. Haywood who is in trouble; it is the Armed Forces who are in trouble if they cannot find out in less than 13 years that people are doing things which would lead to misconduct releases.

I do not think the Bill needs any further explanation except for Clause 2 on the back page of the Bill. It provides:

Section I shall be deemed to have come into force on January 1, 1946.

Now, there is a very fine legal point here. The present Superannuation Act was not in force at that time. It did not come into force until July 8, 1959. If the House wanted to amend my Bill to change January 1, 1946 to July 8, 1959, I would be quite willing to do so. It is a very fine legal point because the Bill in 1959 gave Treasury Board the authority to deduct the vested rights a serviceman had before the Bill came into effect. I expect you could get into quite a legal argument over that if you wanted to do so.

In closing, Mr. Speaker, I would like to point out the difference between these two people who were convicted on the same day, by the same judge, on the same charge. One was a civilian, one was a service officer, and both were sentenced to two years' imprisonment. When they came out on parole, I believe at the same time, the civilian went back to his job but the service officer was not allowed to go back to his job. He was thrown out forever. That is an additional punishment.

Not only that, the civilian can go ahead making his plans for retirement; anything he had accumulated previously was still waiting there for him. If he had an annuity, no one cancelled it; if he had a lot of bonds in the bank to live on in his old age, no one cancelled them. The service officer finds out that not only did he have to do his time and lose his job, he has also lost $55,000 so far. This seems to me to be a simple injustice, and I would like to see it corrected. I have been trying for over a year and a half to get it corrected, and Bill C-658 is kind of a last recourse. So I ask for your indulgence, that the Bill be passed and sent to the appropriate committee for further action.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, I would like to rise to speak in support of the Bill put

forward by the Hon. Member for Victoria (Mr. McKinnon). It seeks to protect the pensions of Armed Forces personnel who have been forced to retire because of misconduct.

As the Member said, there are often cases where the charges and penalties are quite trivial compared to the past record of the person who is suffering the consequences such that this Bill is trying to correct. Lieutenant Haywood had 26 years of service and was forced to retire from the Armed Forces because of this conviction. That he lost 13 years of pensionable service time seems to be very unfair and very unjust indeed.

I would hope that, if the Bill moves beyond Private Members' hour today, the Hon. Member who introduced the Bill would consider looking at the implications of this kind of activity as it applies to the RCMP as well. I am not sure that exactly the same case applies, but if it does, I would certainly want to see members of the RCMP included in this type of Bill.

We all know the good job that members of the Canadian Armed Forces perform for us. In active service during World War I, World War II and the Korean conflict many Canadians put their lives on the line for our democratic freedoms in this country. Since the United Nations came into being Canada has participated in peacekeeping forces throughout the world and many service personnel served very admirably on such missions. Of course, we are all aware of the good job that our Armed Forces personnel do in search and rescue and helping out in times of national disasters. I know very well the job that the Canadian Forces personnel sometimes do when they are called into my constituency, The Battlefords-Meadow Lake, to help fight forest fires when there are not the person-power resources available to get some pretty extensive blazes under control. Although this is sort of a peripheral role of the Canadian Armed Forces, they certainly act in reply to the call of the country whenever we are in trouble in terms of armed conflict, national disaster or search and rescue. Quite often they are asked to do this with old and outdated equipment, inadequate resources and material to perform their jobs.

• (1530)

I know that all people in Canada enter the Canadian Forces of their own free will; in some cases it is for jobs, and in other instances as a service to their country. In a great many cases it is to obtain training that they want to take with them when they do in fact leave the Canadian Forces. One of the things, of course, which they plan on when they join the Canadian Armed Forces or the RCMP is the pension which is available to them.

The Bill before us today will correct some of the inequities which take place as a result of the discretionary power of the Treasury Board in terms of cutting pensions of those Canadian Forces personnel who may have done something of a trivial nature which has offended the Armed Forces, with the result that they have been asked to retire, sort of amounting to a forced retirement. When they are asked to do this, it means cutting their pensionable years in half. It is a great hardship on such personnel in their retirement years. In the case of Mr. Haywood, he had planned for some 26 years as an active member of the Canadian Forces, only to find himself in a very dire situation, I would imagine, having only half the pensionable time which he would expect to have served out in his term with the Canadian Forces.

As I mentioned earlier, I would also like to have this Bill applied to members of the Royal Canadian Mounted Police who, as well as the Canadian Forces personnel, often put their lives on the line for our country in service to us in times of natural disaster or whatever the call might be.

The New Democratic Party supports the intent of the Private Member's Bill introduced by the Hon. Member for Victoria, and we would be very happy to see the Bill go through the House this afternoon.

Mr. W. Kenneth Robinson (Etobicoke-Lakeshore): Mr. Speaker, I note that the explanatory notes of Bill C-658 state:

> The purpose of this Bill is to limit the extraordinary discretion of the Treasury Board under the Canadian Forces Superannuation Act to reduce substantially pensions of Canadian Forces personnel who have been discharged for misconduct, sometimes for less than major offences.

Taking it from there, I would say that contrary to what one reads in the explanatory notes, the discretion of the Treasury Board under the provisions of the Canadian Forces Superannuation Act is not extraordinary but, rather, is similar to the discretion presently exercised by Treasury Board pursuant to Regulation 41 of the Public Service Superannuation Act, which reads as follows:

> Where a contributor is convicted of an indictable offence committed by him while employed in the Public Service, if the Treasury Board is of the opinion that the commission of the offence by the contributor constituted misconduct in office, any annuity or allowance payable under the Act to or in respect of the contributor shall be reduced by such amount as the Treasury Board, in its discretion, considers appropriate.

Therefore, one will see from this statement of the Public Service Superannuation Act that the individual in question is being treated just as fairly and could not expect any further fair treatment than that. Furthermore, contrary to what you read in the explanatory notes, no Canadian Forces personnel, to my knowledge, or to the knowledge of the Department so far as I know, has ever been discharged for misconduct for less than a major offence.

I submit to Your Honour that this offence was in fact a major offence. It was not only one offence, it was a series of offences. There were, in fact, five offences.

The definition of "contributor" in paragraph 10(4)(b) of the Canadian Forces Superannuation Act is found in paragraph 10(5) and reads as follows:

> For the purposes of subsection (4), a contributor described in this subsection is any contributor who is compulsorily retired from the regular force.
>
> (a) as a result of the carrying out of a punishment of dismissal, or dismissal with disgrace, from Her Majesty's service;
>
> (b) by reason of his having been convicted under
>
> (i) section 296 of the Criminal Code, or
>
> (ii) section 120 of the National Defence Act for an act punishable under section 296 of the Criminal Code—

Paragraph 10(5)(b), which really deals with one of these sections about which we are concerned, continues:

By reason of his having been found guilty of an offence under section 104 of the National Defence Act that was found to have been committed at a time when he was, by reason of his rank, appointment or employment or as a result of lawful command, entrusted with the custody, control or distribution of the thing stolen;

(c) by reason of his having been convicted under any law of Canada, other than section 84 of the National Defence Act, of an offence involving traitorous or treasonable behaviour;

(d) by reason of his having been convicted under section 78 of the National Defence Act—

(e) by reason of his having been absent without authority—

This was a Section of the Act to which reference was given by the Hon. Member for Victoria (Mr. McKinnon).

Any member who receives any one of the above-noted punishments or commits any one of the above-noted infractions has been convicted of a major offence. As such, he should not expect necessarily to receive as a right the same pension benefits as a person who was released for reasons other than misconduct. It should also be noted that although the statement was made that misconduct releases may affect those who have committed less than major offences, no attempt has been made in Bill C-658 to amend the definition of "misconduct". It may be, then, that the Hon. Member may wish to do this in the future.

Consideration must be given to the fact that, at the very worst, a member released for misconduct will receive a return of contributions under the Canadian Forces Superannuation Act and Supplementary Retirement Benefits Act pertaining to this. As well, he will receive interest thereon at the rate of 4 per cent compounded annually.

Any attempt to make the proper legislation retroactive to January 1, 1946, is unacceptable for two basic reasons. I think the Hon. Member has noted his own error in this, although I do not believe he gave the appropriate answer.

First, Bill C-658 is attempting to amend the Canadian Forces Superannuation Act, and as the Act only came into effect in 1959, one cannot amend an Act retroactively to a point in time when the Act did not exist. The Hon. Member did point that out.

Second, any amendment in the manner proposed would be inequitable, as some ex-members would have already chosen a return of contributions rather than elected for reduced annuities, while other members in receipt of a reduced annuity would now be deceased. All members knew, or should have known, both the legal implication of their criminal activities and also the possible pension implications. I suppose we would say that there is a presumption of knowledge as far as the law is concerned. One is presumed to know. I think that applies to all of our laws. One is presumed to know the nature and consequences of one's act, and one is presumed to know the law; yet individuals sometimes choose to commit offences. As such, they should not expect special consideration at this late stage.

I further note from the explanatory notes:

The new scheme would basically limit Treasury Board's power to intervene by deeming the total period of pensionable service to expire at the time of the commission of an offence and allowing that period to be reduced by a maximum of 12 months for the purposes of calculating the annuity payable.

In the application of this existing Section, it has been the practice of the Department in recent years to recommend the benefit equal to the benefit which would have been applied to members released for other reasons at the time of the commission of the offence. This, in fact, is a more liberal benefit than that which is recommended in Bill C-658. Moreover, the existing Section provides some discretion which might apply in exceptional circumstances. I do not really know whether special circumstances can be shown in this case, but perhaps they can. It may be that the longer period of service in itself, some 26 years, should be taken into account. It is a long period to find that one would have his or her pension reduced by one-half.

• (1540)

As the law presently stands, there is no reason why this decision would not stand in the absence of any other evidence to the contrary. There is, however, no such discretion provided for in Bill C-658, which is another amendment I would suggest to the Hon. Member if he intends to present the Bill on a subsequent occasion.

Since the Hon. Member is obviously referring to the Haywood case, I can mention it. I assume that was the case he was referring to when preparing his Private Member's Bill. The facts of the case are rather interesting and I suggest they should be put on the record. In October of 1965, this ex-member was convicted by the civil authorities at Victoria, British Columbia, on each of five charges of fraud and theft under the Criminal Code of Canada. He was sentenced to the term of two years' imprisonment on each count, such sentences to run concurrently. In other words, he did not serve ten years, two years for each conviction, but the five two-year terms were to run concurrently. The charges arose out of the misuse of photographic equipment which was the property of the Royal Canadian Navy Photographic Establishment at Esquimalt, British Columbia.

As a result of his conviction the ex-member was released from the Royal Canadian Navy on May 31, 1966, under Item 1(b) of the table to Article 15.01 of the Queen's Regulations and Orders for the Royal Canadian Navy entitled "Service Misconduct".

At the time of his release the Canadian Forces Superannuation Act had the following provisions for the payment of benefits under the Act for members whose retirement was due to misconduct. I believe it is noteworthy that these Sections of the Act are somewhat different from what they presently are. In fact, the Hon. Member for Victoria alluded to them in part.

Section 10(5) indicates that a contributor who is compulsorily retired from the Armed Forces by reason of misconduct is entitled to:

(a) return of contributions, or

(b) in the discretion of the Treasury Board, if he has served in the Forces for ten or more years, the whole or any part specified by the Treasury Board of any annuity to which he would have been entitled under this section if—

It goes on to indicate some other Sections as well. However, I think we should take into account that there is the presumption of knowledge of the law although it may not have in fact been known by the perpetrator of the crime. By the same token, I have never yet met anyone who was charged with a criminal offence who expected to be caught. One does not expect to be caught when committing a crime or it would not be committed in the first place. I can only assume that he did not expect to be caught in the first place. Since he was caught he should have appreciated the nature and consequences of his act.

In a meeting held on August 15, 1966, the Service Pension Board certified that it had determined that the reason for the retirement of the ex-member was compulsory because of his misconduct. At the same time the Board concurred that, in accordance with the provisions of a policy guide on discretionary awards, the member's retirement warranted a recommendation to the Treasury Board of a reduced annuity pursuant to Section 10(5)(b), Subsection 2, of the Canadian Forces Superannuation Act. The so-called policy guide was one adopted by the then Associate Minister of National Defence on discretionary authority of the Treasury Board to approve certain benefits under the Canadian Forces Superannuation Act.

On September 1, 1966 the Treasury Board approved an annuity reduced by 50 per cent, as has been pointed out. I am sure that at the time this was brought forward the amount involved was considered to be rather nominal in nature. The amount is as large as it is today due to the numbers of years that have passed since this order was made.

Apparently the ex-member has applied to the Service Pension Board on numerous occasions since September, 1966 for a review of his case. On every occasion the Board members were unanimous in their opinion that the Board ruling of August, 1966 and the subsequent award by the Treasury Board should not be disturbed. I think it is important to note that they were unanimous on every occasion that he took this matter before the Board.

The ex-member was subsequently granted a pardon by the Governor in Council in accordance with the provisions of the Criminal Records Act. As a result of this pardon, the Service Pension Board was faced with the problem of whether the pardon vacated the disability placed on the ex-member's annuity and whether it meant that the annuity should be restored to its full amount. It should be appreciated that when one applies for a pardon it only pertains to the conviction that was lodged and not to any of the other consequences following therefrom.

The matter was referred to the Department of Justice which advised that the pardon granted under the Criminal Records Act did not affect in any way the decision of the Treasury Board to specify that the ex-member was entitled to 50 per cent of the total annuity that could be awarded to him under the Canadian Forces Superannuation Act.

When the ex-member was advised that the Service Pension Board decided that no change in the Treasury Board ruling with respect to his annuity was indicated as a result of the opinion from the Department of Justice, he appealed directly to the Treasury Board itself. After a complete review of all the material available on his case, the chief of the Treasury Board pension group advised the ex-member that as a result of the opinion expressed by the Department of Justice she could not accede to his request for a review of his entitlement under the Canadian Forces Superannuation Act.

In order for a decision to be reversed in this matter, the ex-member would have to submit new evidence to the Service Pension Board concerning the original offence which led to his dismissal. As well, the nature of that evidence would have to be such that the Board could reasonably conclude that the reason for his release was not in fact misconduct as defined in the Canadian Forces Superannuation Act. I would suggest that this is indeed a very heavy onus upon this ex-serviceman. Obviously if there was any evidence it should have been presented at the time of his trial, and if there was any evidence available that was not presented, he may have had an appeal at that time.

In any event, that was not the case. In the absence of his ability to oblige this obviously extensive onus placed upon him, nothing further could be done. While the amount of the reduction may seem harsh by present day standards, we must accept the fact that penalties were more severe in cases of misconduct release at the time of the Treasury Board decision. It should be noted that in misconduct cases which the Treasury Board has reviewed in recent years, which have been very infrequent, the Board has approved reductions in amounts lesser than the 50 per cent reduction approved in earlier years. Obviously times have changed since this happened some 17 years ago. Perhaps there would be a great difference today and the amount would be less, but anyone who has received a sentence years ago cannot expect to have it reversed years later and have a lesser sentence meted out by the courts or the tribunal.

Of course, this is a reflection of the more recent views concerning the extent to which pensions payable to contributors who are released from employment for reasons of misconduct should be abated. I note that there has been a tremendous amount of correspondence in regard to this matter from various Departments, including the Department of National Defence and the Treasury Board, with the Hon. Member for Victoria.

I would point out to him that this is not as though it was a case of a first offence, as he has alleged. It is actually a situation in which there are five offences. Furthermore, they are not five offences where one conviction results; it is a case of five offences and five convictions. It is a case where there was an individual sentence of two years on each of the convictions. There is no doubt that the sentence which was meted out was a proper one for the court or the tribunal to consider at that time. The penalty was in fact served.

The Hon. Member for Victoria has talked about an additional penalty which this ex-member has had to bear, being the loss which he has sustained in his pension. I would suggest to the Hon. Member that if he wanted to consider it as a fine, it could have been part of the sentence. Not only would he serve a term of incarceration, he might have been fined as well. Moreover, I understand that he is assumed to have known the nature and the consequences of his act. He is not placed in double jeopardy, as the Hon. Member has suggested. These were five separate acts of major misconduct. The gentleman was charged on each of the five fraud and theft charges and convicted of each of them. To my knowledge there were no appeals launched on any of them.

• (1550)

I do not think you can analogize that the civilian and the service officer are necessarily in the same situation. The service officer knows what the terms of his service are. He knows he must follow the law. He knows there is a very high onus upon him. He knew or ought to have known that if he committed those offences that he did in fact commit and of which he was convicted, he would have to pay a penalty and the penalty could be very high, not only in terms of incarceration but also in terms of loss of pension. He knew or he ought to have known that the Treasury Board had the power to make this kind of determination. I would assume there had already been cases heard before this when Treasury Board utilized this same power.

This is a sad case, there is no question about that. This serviceman had 26 years of service. I suppose if he had taken an early retirement he would not have had the problem at all. But he did not take an early retirement; he chose to stay on. He commited the offences of which he was charged, convicted and he served his time. It is unfortunate for him but he had to follow the terms of service in his service career. He is, you might say, the author of his own misfortune in that he had to serve time and as a result lost part of his pension.

Mr. Roger Simmons (Burin-St. George's): Mr. Speaker, I have a few words to say on Bill C-658 which is sponsored by the Hon. Member for Victoria (Mr. McKinnon). This Bill seeks to amend the Canadian Forces Superannuation Act.

My good friend, the Hon. Member for Etobicoke-Lakeshore (Mr. Robinson), has done quite a good job of informing the House of some of the circumstances from which this Bill flows. There is no doubt the Hon. Member for Victoria is well motivated, as he usually is. I appreciate full well what he is attempting to do. I just want to say to him in all candour that I do not think he can do what his Bill asks, not because he does not have a majority in this House to support his Bill in the particular issue, but because in principle it would be wrong for this kind of Bill to pass. If we reduce this legislature, this House of Commons, to a place where we have to tailor a Bill, an act of Parliament, to the particular circumstance of every individual in this country, the permutations are large in number. I did not say a Bill for every individual in this country. That would require only about 24 million Bills. I said an Act for every circumstance in the life of every person in this nation. You are talking hypothetically of billions of permutations.

What this House is intended to do is something different. It is not intended to write a rule book to address every conceivable circumstance in the country. It is intended, among other things, I submit, Mr. Speaker, to provide protection for people as a whole in this country, to provide opportunities for them, and to provide constraints within which they must operate.

The gentleman who is the focal point of this piece of proposed legislation knew full well the constraints in which he was expected to operate. It is my understanding, and the information which my friend from Etobicoke-Lakeshore read into the record has not been contradicted, that the gentleman concerned elected, as is his prerogative, to operate outside those constraints. For that there were penalties.

I do not believe the time of the Hon. Member for Victoria, my time or your time, Mr. Speaker, would be well served if we were asked in effect to change the rules after the fact. To present a case of someone who operated outside certain legislative constraints who would now like to have the constraints tailored to suit his circumstances; is there anybody in this country who believes that is a proper role for this Parliament to undertake? I do not, Mr. Speaker. I believe, knowing the gentleman from Victoria as I do—not well, but I believe I know him well enough—I do not believe he sees that as a role for this particular Parliament.

I say to him and to Parliament that I believe he finds himself in a fairly unenviable position. He has been supplicated by an individual who clearly has a very real problem, a problem which imposes upon him many financial implications. If a sweep of the pen could make the financial situation of that gentleman easier, I am sure in principle no one here would be against it. I am not against it. But I tell you what I am against, Mr. Speaker. I am against setting a precedent which would know no end. This case has floodgate implications. If after the fact you were to broaden the constraints which were well understood, legislated in good faith and abided by almost everyone, what would happen if you were told there was one individual who chose not to abide by them? I have said already that it is his prerogative to make that kind of election. But I learned a long time ago, and I believe everyone in this House has learned likewise, that for every act there is a consequence; and for every action there is a reaction. Everything you do and everything you say triggers a set of events. Simply put, I believe—no pun intended—that this man has had his day in court.

From what I have read, I believe he has been treated fairly. I believe it is time to let sleeping dogs lie. I say to my friend from Victoria, let us put this one to bed. Give the Hon. Member an "A" for effort. He has tried, and he has aired the case. He has aired it in a proper fashion. He has done the right thing by raising the case. The Hon. Member must know there is no way that this initiative can succeed. It cannot succeed because of the awesome precedent it has the potential of setting.

Much has been made of the pardon obtained in this case. As I understand the Statute under which this pardon was obtained, such pardons are intended to facilitate the future activities of those pardoned, not to undo the past. The pardon does not say that we will undo the past. It does not say that this never happened. It does not say that the finding of the court was in error. Do not let it be suggested for a moment that the provision of a pardon is tantamount to suggesting that the court was in error in the first place. We all know that was not the reason for the pardon or the spirit within which the provision of pardons was legislated. Pardons are there to facilitate the future activities of individuals who have need of such.

• (1600)

The discretionary power vested in Treasury Board in this particular type of case is there for very good reason. We often hear in a country as large and as diverse as ours, trying to address many problems, that our legislation could run into the danger of lacking some compassion and flexibility. We have a number of mechanisms for addressing the problem of potential inflexibility. We do it by setting out broad parameters in law or in legislation which we put through the House. Then we allow certain discretionary powers to flow from that broad legislation. If we were to make the mistake of locking into law or statute every single possible occurrence and were to try to anticipate every wrinkle which could flow from a statute and then incorporate in law a provision to accommodate that wrinkle, of course we would be here all the time, and I do not think we would be serving the country very well.

Thus we do something else instead. We vest certain discretionary powers. Who are these people in Treasury Board? Are they people who have an axe to grind with an individual, probably? Are they people who are on a witch hunt, maybe? Are they people who get their jollies out of adversely affecting the financial situation of someone thousands of miles away? I do not believe that; I just do not believe that. I believe those people who made that decision and exercised that discretionary power properly vested in law did so fairly, with compassion and at the same time dispassionately, without grinding any axes toward any particular individual. It is not that Mr. Speaker has to take my word for it because I understand the Department of Justice has indicated exactly what I just said. Justice has said that Treasury Board acted honourably and properly in this particular case.

We cannot have our cake and eat it too. We cannot in one debate parade the Department of Justice as an instrument of Government whose advice is listened to and in this debate forget the respect we have for that instrument and say that they should have no discretion, that we should cross every "t" and dot every "i".

Let us be clear about what we are talking. We have a case which has had the benefit of the full process—the judicial, the executive and the governmental process. The case has been well aired, well heard and well adjudicated. I find no dissent. I find no minority reports from Treasury Board on the issue. I find no evidence that there were suspicious circumstances, and by that I mean circumstances which would tend to suggest that the individual was being scapegoated in some particular fashion. I find no evidence of any of this whatsoever.

Indeed, if we were to line up the forces on either side of the argument, we would find the Department of Justice, whose opinion I respect, on one side; we would find Treasury Board on the same side; and we would find Parliament on this side because it passed the Canadian Forces Superannuation Act in the first place. We would find them all on this particular side, save one or two individuals.

If I were in the gentleman's situation, I would be on the same side as he. Understandably we find the person whose pension has been adversely affected on the other side of the issue, and somewhat understandably the Hon. Member for Victoria is on that particular side of the issue. He is on that side for another reason, but an equally good one. Obviously he does not stand to gain financially in any way, but as a Member of Parliament he wants to be sure that he does the right thing. I think he is doing the right thing. If I were in his situation, I would be doing the same kind of thing. I would be airing this to the fullest extent. I would be ensuring that no stone was left unturned. I would have this matter fully aired on behalf of the gentleman concerned. But I suggest that these are the only two individuals, both for good reason, who are on the other side of the argument.

It is significant that of all speakers who participated this afternoon it is only the Hon. Member for Victoria who has spoken from his side. Maybe he wants to take a few minutes of the time of the House to find if there is someone else who will support the case he puts. I am not referring to his right to put that case. I support his right to put it, but I do not believe, in all candour, that he has a supportable case. That may well be the reason it is he alone who stands in the House and advocates his position. I say he does it because he has to. I do not say that in any pejorative sense. I defend his right to do what he is doing today, but having done it, I think he should put the issue to rest.

The case has been well aired. I believe that the right decisions have been made and that we would commit a travesty this afternoon if we took any steps which would undermine the decisions made in this case.

Some Hon. Members: Hear, hear!

Mr. McKinnon: Mr. Speaker, I rise on a point of order. It will be very short. I am sure the last Member who spoke would not want to mislead the country unwittingly. The New Democratic Party supported my motion and my Bill.

Mr. Simmons: I was unaware of that. I thank the Hon. Member for bringing it to my attention and to the attention of the House.

• (1610)

The Acting Speaker (Mr. Blaker): Pursuant to Standing Order 24(2), it is my duty to interrupt the proceedings and to proceed to the next order.

Shall all orders listed under Private Members' Public Bills preceding Order No. 466 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

OFFICIAL LANGUAGES ACT

AMENDMENT RESPECTING JOB OPPORTUNITIES FOR CERTAIN UNILINGUAL PUBLIC SERVICE EMPLOYEES

Mr. Dan McKenzie (Winnipeg-Assiniboine) moved that Bill C-666, an Act to amend the Official Languages Act, be read the second time and referred to the Standing Committee on Communications and Culture.

He said: Mr. Speaker, may I refer to the explanatory note on this Bill to amend the Official Languages Act. The purpose of this Bill is three-fold. It would amend and enshrine in legislation paragraph 7 of the House of Commons Resolution of June 6, 1973, on official languages and certain principles respecting employment in the Public Service of Canada and to extend its application to Crown corporations, the Armed Forces, and the Royal Canadian Mounted Police.

The amendment to paragraph 7 would provide that any person employed in the above-stated categories as of the Royal Assent of the Official Languages Act in 1969 would not be subject to the Act's provisions or the interpretations of the provisions. It would also ensure that private companies applying for or under contracts or subject to grants from the federal Government would not be forced to comply with provisions or interpretations of the provisions of the Official Languages Act which the Secretary of State (Mr. Joyal) is proposing in his Bill C-398.

This particular Bill would impose Sections of the Official Languages Act on the private sector, and for non-compliance they would receive jail sentences and fines.

The bill to amend the Official Languages Act would give greater credibility to the notion of the "merit principle" as a basis for hiring and promotion in the civil service by reinforcing the vested rights of a generation of civil servants who may be fully qualified for designated positions but who may not have had the aptitude to learn the French language and thus have been denied promotion.

I would point out that there has never been any all-Party approval for any of the items I have just mentioned. Any time this issue was raised in the House or elsewhere, we would get the standard answer from the Prime Minister (Mr. Trudeau) or Members of his Cabinet that this has all-Party approval. I want to assure the House that there has never been any all-Party approval to dead end fully qualified, English-speaking Canadians.

Another matter that is causing considerable concern across the country is a recent speech made by the Hon. Serge Joyal, the Secretary of State for Canada, where in his speech he pointed out that he is going to turn Canada into a French state. I have no recollection of any discussion in the House of a proposal to turn Canada into a French state. In this speech that the Minister made in Halifax, he also stated that he is going to make Canada a French country, both inside and outside Quebec. I do not know what that means and how that is going to affect English-speaking Canadians, but the plan to turn Canada into a French state is something that the Government should be explaining to the Canadian people.

In the Secretary of State's recent speech in Halifax, he stated:

> My role as Secretary of State is first and foremost to ensure that my French compatriots in Canada feel with deep conviction, as I do, that this is their country and that it reflects their image.

I do not think we can argue with that. He goes on to state:

> —the ambition of making Canada a French country both inside and outside Quebec.

The Minister certainly puts his cards on the table and tells us exactly what his aspirations are. He continued:

> Because everything we undertake and everything we are doing is to make Canada a French state.

I imagine when he says "we" he is referring to the present Liberal Government.

Mr. Yalden, the Commissioner of the official languages program, has stated that it is time the Liberal Government told the country what its official languages program is all about; but its reluctance to do that is what is causing so much division and confusion in the country. I have acted in accordance with this statement of Mr. Yalden's by calling for debate in Parliament on this issue. Many of the points that the Liberals should be acting upon are described in my Official Languages Bill.

I would like to refer to a recent questionnaire that I distributed in my riding asking if my constituents would like to have a full and open parliamentary debate on whether they support the Liberal Government's policies of making Canada a fully bilingual country. I received the highest return on this questionnaire that I have ever received over the past 10 years. Ninety-seven per cent voted for having a full-scale parliamentary debate so the present Government could explain its bilingual policies to the Canadian people.

This questionnaire was also distributed widely throughout Ontario and I received approximately 1,200 of these questionnaires back. Ninety-nine point seven per cent of respondents stated yes, they wanted a parliamentary debate on the discriminatory elements of the Government's bilingual policies. You can see the concerns that we have across the country, Mr. Speaker.

Here are some points of discussion that we could have in regard to abuses of the Official Languages Act. Parliamentary

legal opinion is that the Official Languages Act is very loosely worded and is open to broad interpretation. If a Minister instructs his Department to implement the Official Languages Act without filling in the details and thus without acting responsibly, then the discretionary powers of the officials charged with the duty are practically limitless. This results in the abuses of the original intent of the Act and opens the doors to broad exaggerations of the original policy. Examples of this are Franco-banks, quotas, hiring teams, and the dead ending of qualified Anglophones.

Here are a few examples of how unilingual English Canadians are being discriminated against as a result of the hiring and promotion practices of the present Government. These examples are evidence of the necessity for laws to protect English-speaking Canadians.

A former Member of a Government agency described by superiors as a "very loyal and dedicated" employee is threatening to go to court and sue for damages because of bilingual policies which prevent her from regaining her job. She has been denied re-employment only because she does not have a "desired knowledge of the French language". The following is an excerpt from her letter. I would also like to point out that this individual has two diplomas from two schools received upon learning and passing a test in the French language. This is what the individual has stated:

> As an English speaking citizen of Canada, I find this unacceptable as I have proven that I am not adverse to learning the second official language. What I cannot understand is why any federal agency or Government Department for that matter is denying a Canadian citizen employment solely on the fact he or she cannot speak one of the second official languages. In the past the foundation of hiring and promotion was based on merit. Has this long established, fair and used standard of hiring the best suited person for the position been changed to one of linguistic qualifications only?

Unfortunately that is what is happening in Canada.

> Furthermore, why are they not taking my qualifications and experience into consideration?

The staffing and personnel officer had written the following in regard to this individual in answer to this person's question regarding re-employment:

> We would like to assure you that the reason not to process your application for re-engagement is based solely on a matter of bilingualism.

There has never been any all-Party approval for any such thing. The individual's appraisal reads as follows:

● (1620)

> This young member impressed me quite favourably and I would have to say that the agency is losing a very loyal and dedicated employee.

The recommendation given at the time of the appraisal was that favourable consideration be given to an application for a position should she seek employment at some future time. Another staffing and personnel officer had made these comments: "She is reported as a good employee and should be given serious consideration should she reapply in the future."

This individual has all the qualifications but they will not rehire her because she cannot pass a certain level language proficiency test. A third authority in the Department said: "I agree with the recommendation to hire this person", but they would not hire her because she could not pass the severe language training test.

I should like to read now from an RCMP directive. It is now under investigation by the Human Rights Commission which I hope will hand down a decision very shortly. It reads in part as follows:

> Since there is still an urgent need to recruit first official language French bilingual applicants, I urge you all, Members and public servants to make a special effort towards the force's bilingual recruiting program. While normal recruiting programs such as advertising campaigns through the news media, participation in career days, high school visitation et cetera, have brought about good results, I firmly believe more can be done on an individual "word of mouth" basis. More specifically, people you come in contact with such as neighbours, acquaintances and relatives provide an excellent base to stimulate our recruiting efforts. Our employees are therefore encouraged to alert any person they may come in contact with whom they feel has the potential to become a member of the force.

What all this means is that they are recruiting one nationality for jobs in the RCMP and that fully-qualified, English-speaking members of the RCMP who do not have the aptitude to learn the French language and cannot pass the severe proficiency test are being denied promotion. That is ridiculous in a paramilitary organization. What we want is the most qualified police officers going to the most senior positions, but that is being disregarded.

I should like to quote now from a letter issued by the Department of Consumer and Corporate Affairs regarding hiring, recruitment and promotion of Francophones. The letter points out that this is being done to the exclusion of any other Canadian nationality. This is discrimination; it is special, preferential treatment for one nationality for hiring. The correspondence reads in part as follows:

> There are many rumours circulating in the office that the hiring team presently seeking examiners has been instructed to limit their search to Francophones and particularly to unilingual Francophones. It has been further alleged that academically-qualified Anglophones have been rejected.

There has never been any discussion of any kind of policy like this and there has not been all-Party approval for any kind of discriminatory hiring and promotional practice. It is time that this matter was fully and completely debated in this House. The letter continues:

> The possibility that these rumours could be true appears to be supported by the apparent attempt to keep bilingual positions open for those Francophones being hired rather than offering these positions to bilingual examiners presently in unilingual English positions. Such rumours have considerable impact on morale in the office and invite discredit. Such practices are also contrary to the "merit principle".

The purpose of my Bill is to make paragraph 7 law. It would enshrine the merit system in law so that the Government could not implement this kind of discriminatory hiring and promotional practice. The letter continues:

> It is time that such rumours were squelched. Of the many ways in which you could do this, we would like to suggest that you assure all the staff of the office that these rumours are unfounded and that you support them by publication of the criteria being used for hiring.

English-speaking public servants have, since the passage of the Official Languages Act, consistently been losing ground in their attempts to be treated equally with their French-speaking counterparts. Another example is the case of an air traffic

controller who was going to lose his job about five years ago because he did not have the aptitude to learn the French language. He had to spend five years in the courts to try and save his job and finally had to go to the Supreme Court before there was a ruling that the Government could not dismiss him because he could not learn the French language. The Supreme Court ruled on a section of the 1973 language resolution. My Bill proposes that paragraph 7 be made law. Canadian citizens would then not have to spend five years in the courts in an effort to save their jobs because they do not have the aptitude to learn the French language.

I should like to quote a portion of a memorandum which was issued following an energy sector management meeting of the Department of Energy, Mines and Resources. It reads as follows:

> From now on, all French-speaking candidates should be considered exceptional and, therefore, subject to clear-track hiring. Managers should feel free to hire Francophones without interference.

Why is only one nationality being declared exceptional, Mr. Speaker? I do not recall any discussions like that taking place in the debates of 1969 or 1973. There has never been all-Party approval to declare one nationality exceptional over other nationalities in this country.

An Armed Forces order states as follows:

> Government policy dictates that departments and agencies are to ensure that an equitable participation of both official language groups is achieved. With the intent of meeting this requirement the CF attempts to maintain an Anglophone/Francophone cultural balance, relative to the NRG ratio, where possible, in each rank in each officer classification. To reach this balance, adjustments may be made to the merit list sequence in order to satisfy NRG requirements.

This points out that that merit is not always used for promotion in the Armed Forces. The order continues as follows:

> Where such an adjustment has been made, the promotion of an officer who should have been promoted because of that adjustment, will be "protected". If his supervising officers' recommendations for promotion and his medical status have not changed, an officer whose promotion has been protected will be promoted when a new promotion quota is authorized for his rank and officer classification.

It could take years for that particular Anglophone to catch up, Mr. Speaker. He would lose out under an arrangement like this. This particular promotional practice has been under investigation by the Canadian Human Rights Commission since June, 1980. I hope it will hand down a decision in the near future.

One of the most ridiculous things I have come across is that today the Government is declaring that operators of English word processors be bilingual. For example, a fully qualified word processor operator cannot gain employment in the civil service because she is not bilingual even though the position she applied for is to use an English word processor. This occurred at the Export Development Corporation and is another example of discrimination. I would certainly like the Government to explain why an individual needs a knowledge of the French language in order to operate an English word processing machine. This person has a degree and all the qualifications; she applied for the job to operate this word processing machine but was turned down.

I hope the Government will agree to make paragraph 7 law so that we can stop this type of discrimination in the Armed Forces, the RCMP and the federal civil service.

• (1630)

[*Translation*]

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, on December 15, 1982, the Member for Winnipeg-Assiniboine (Mr. McKenzie) moved for first reading of Bill C-666, to amend the Official Languages Act. I am rather surprised to hear him talk about discrimination in connection with official languages and members of the RCMP who must have a knowledge of both official languages for their work. I think it is deplorable that today, in 1983, fourteen years after the Official Languages Act was passed, this should be a subject for debate. I think it shows crass ignorance of Canadian reality, Mr. Speaker.

However, before proceeding with a clause-by-clause examination of the proposals being made by the Member for Winnipeg-Assiniboine (Mr. McKenzie), I would like to make a few general comments which, I trust, will provide some insight into the real nature of the amendments he is proposing to the Official Languages Act and consequently help to judge the relevance of his proposal.

Clause 1 of the Bill provides that the Official Languages Act is amended by inserting, immediately after Section 35, a number of new sections.

I wondered why the Member for Winnipeg-Assiniboine decided to have the amendments inserted after Section 35, and why he used the same number, followed by decimals .1, .2, .3 and .4, and kept number 40 for the clause on contracts and grants.

If we look at Section 35 of the present Official Languages Act, we see that it provides that the Governor in Council may make such regulations as he deems necessary to effect compliance with the Official Languages Act in the conduct of the affairs of the Government of Canada and departments and agencies of the Government of Canada. Now, the purpose of Section 35 is to avoid encumbering the Act with measures that are regulatory and administrative instead of straightforward legislation. If we look at the proposals contained in this Bill, we see that some of them are purely administrative, while others have already been laid down either in legislation or in separate regulations. I think this is a very important point that we should bear in mind throughout the debate this afternoon.

I would also like to point out, Mr. Speaker, that the series of amendments comprised under Clause 1 of the Bill are presented under the general heading "Language of Work". I am not sure whether the Hon. Member means to restrict the scope of his recommendations to the language of work, since the

Government has already provided that as a general rule, public servants, subject to the provisions of the Official Languages Act relating to service to the public, should be able to carry out their duties within the Government of Canada in the official language of their choice. If such were the case, this Bill would be even less commendable—if that were possible—because, on one hand, its long term effect would be to isolate such closely related goals as service to the public, equitable participation and working language, and on the other hand, it would legislate on aspects of the policy which do not exclusively relate to the working language as a goal. Indeed, the linguistic identification of jobs, the urgent and non-urgent staffing, as well as the exemptions apply to all civil servants, be they assigned to serve the public or to internal management or both at the same time, as it does happen fairly frequently.

In that respect, the Bill is far from being clear and, in my opinion, it reflects the sponsor's lack of familiarity with the Government's official languages policy. In any event, Mr. Speaker, we should rejoice that nearly ten years after the passage of the parliamentary resolution of 1973 by the House, the Hon. Member for Winnipeg-Assiniboine is proposing today that we incorporate in the Official Languages Act new sections which, he states, are the extension of paragraph 7 of the resolution. That seems to me to be all the more relevant as the Hon. Member, I was told, did vote against the resolution in 1973. It does not come as a surprise to me.

Before rejoicing too hastily, however, we ought to ask ourselves whether we would be justified to take this step. Does the Bill stem from the Hon. Member's constructive intellectual progress with respect to the official languages program? Is it the omen of a better understanding of the Government's goals in the field of the official languages, an understanding based on a close, though belated, scrutiny of the Canadian reality in all its complexity?

When I read what the Hon. Member for Winnipeg-Assiniboine is advocating in his Bill, I detect, beyond its obvious banality, rather than an evolution of his thinking patterned, as we would have wished, after the evolution of the thinking of the great majority of Canadians, but indeed an almost obsessional relentlessness to stop any progress when it comes to the official languages of Canada.

Mr. Speaker, the Hon. Member claims that this Bill is an extension of paragraph 7 of the 1973 parliamentary resolution. Not only is he straying away from it, as I will demonstrate in a few moments, but worse still he does not respect the letter and especially the spirit of the resolution in his Bill which is supposed to be a step forward in achieving the Government's goals with respect to the official languages.

Were we to endorse this Bill, we would collectively accept to backtrack, and I am convinced that the House and most Canadians would never agree to that. Since 1969, we have had 14 years of linguistic reform, 14 years of unmistakable progress, 14 years of cooperation on the part of civil servants, which have made it possible to respect everyone's rights and provide our country with a Public Service which is increasingly qualified to serve Canadians in the official language of their choice. After so many years of sustained efforts, strategic withdrawals would be untimely, no matter how the Hon. Member is seeking our support.

Let us now consider this Bill clause by clause. Clause 35.1 provides that the chief executive officer of each public sector employee shall identify those positions under his direction that require:

(a) the use of both the English and French languages;

(b) the use of the English language;

(c) the use of the French language;

(d) the use of either the English or the French language.

The addition of clause 35.1 to the Official Languages Act does not alter in any way the official languages policy since the procedure for the identification of bilingual positions has been enforced in the Public Service of Canada since 1973 as well as those for the identification of positions where French or English are essential and those where either French or English may be used.

Indeed, since 1973, the identification of language requirements for positions is done within the Public Service of Canada on a continuous basis as soon as a new position is created or becomes vacant thus enabling managers to review constantly the language requirements of positions for which they are responsible to make sure that such identification is done in a rational way and on the basis of the clients' actual needs and/or according to their responsibilities at the working language level in matters of internal management.

At the very beginning of the linguistic reform, the fact that the Public Service was considered as being a bilingual institution had an effect on the identification of linguistic requirements of positions. With the 1977 policy revision which came as a result of a constant follow-up, according to which a position is only identified as bilingual if there is a need to provide effective services to the public or to employees, this situation was corrected and the linguistic requirements of the positions were based on the specific requirements of the job to determine the use of either language in carrying out the duties of a given position.

The Government is not trying to promote individual bilingualism but wants to make sure that bilingual positions are only created when needed so that uniligual individuals from both official linguistic groups may operate as much as possible in their first official language.

Indeed, when we look at the statistics, Mr. Speaker, we realize that the three types of unilingual jobs account for 73.6 per cent of all civil servants or 165,890 employees using one official language only as against 26.4 per cent or 59,432 employees using both official languages in bilingual positions.

This means that within the functionally bilingual federal institutions, there are 165,890 employees operating in unilingual positions, of which 135,140 or 81.5 per cent are in jobs that are identified as exclusively English, 16,870 or 10.1 per cent in jobs identified as exclusively French and 13,880 or 8.4 per cent in jobs identified as either French or English.

• (1640)

As may be seen, without this proposal having ever been included in the Official Languages Act, the Government has already acted on this the way the program is being implemented. So there is nothing new in the Hon. Member's proposal. Why must we oppose the addition of clause 35.1 to the Official Languages Act? For the simple reason, Mr. Speaker, that it seems unwise to include in a statute provisions of an administrative nature. As I said, under section 35 of the Official Languages Act, the Governor in Council may make such regulations as may be needed from time to time, without the Act itself having to be brought back before Parliament. The administrative procedure for the formal linguistic identification of jobs that is used throughout the departments, Government agencies considered as departments and Crown Corporations under Schedule B of the Financial Administration Act, is followed to a lesser degree, according to the type of agency and the terms of reference of the Crown Corporations listed under Schedules C and D and others that are not.

While Crown Corporations are subject to the Official Languages Act and relevant Government policies, the program may be and is indeed implemented differently as in departments. Especially so, Mr. Speaker, when it comes to the identification of jobs as being bilingual or otherwise. For various reasons, some corporations have decided on a system in which the number of bilingual people required is determined, without formally identifying any of the positions involved as being bilingual. In some cases, such a format has its merits. This kind of flexibility would be lost were Bill C-666 to pass. By way of legislation this would convey to the official languages policies a kind of rigidity that was never intended by Parliament and from which the program has been spared up till now.

These measures, Mr. Speaker are purely administrative in nature. If they were to become compulsory, the official languages policy would be deprived of all the flexibility needed to meet the various conditions it is constantly faced with.

Earlier the Hon. Member referred to some kind of discrimination where a man had to fight for five years so as to keep the job they wanted to take away from him because he could not pass a language proficiency test under the Official Languages Act—just about anything is possible in this day and age—but I suggest he went a bit too far when he accused the Government of discriminatory hiring and promotion practices. He claimed that it was unfair because this man simply lacked the aptitude to learn French and that it was discriminatory to make the learning of French a condition for hiring. I find this hard to believe in 1983, when Francophones are learning and being exposed to English, when Federal Civil Servants have easy access to all sorts of learning facilities, when a bilingual bonus is paid to all those who must speak both languages in the performance of their duties. Mr. Speaker, I think that situations such as this in 1983 . . . The Hon. Member referred to cases where individuals had to spend 5 years in court, but when he started to talk about discrimination, Mr. Speaker, as a Francophone, I just could not buy that.

Under Section 35.2, the Hon. Member dealt in three paragraphs with hiring practices for bilingual, English-essential or French-essential positions.

The first paragraph states that knowledge of the English and French languages shall be included among the elements of merit to be taken into account in the promotion of employees and the appointment of candidates to positions in the public sector.

In the second paragraph it is stated that knowledge of both official languages is a pre-requisite for appointment to bilingual positions only, and that unilingual candidates who have in the prescribed manner expressed a willingness to become bilingual may participate in competitions for appointments to bilingual positions.

On the other hand, according to paragraph 3, where a position requires knowledge of one of the official languages, and not of the other, only candidates having an adequate knowledge of the required language may participate in the competition. Again, Mr. Speaker, these provisions do not really change the official languages policy. This fact is already recognized in another legislation, namely the Public Service Employment Act.

Section 10 of the Act states that appointments to or from within the Public Service shall be based on selection according to merit, as required by the Public Service Commission. This is a reassertion of the merit principle, a golden rule of the Commission. Under Section 12(1) of the same Act, which is related to section 10, the Commission may, in determining the basis of assessment of merit in relation to any position or class of positions, prescribe selection standards as the education, knowledge, experience, language, age, residence or any other matters that, in the opinion of the Commission, are necessary or desirable, considering the nature of duties to be performed. As for Section 20, it states that those employees appointed to serve in any department, or other portion of the Public Service, or part thereof, shall be qualified in the knowledge and use of the English or French language or both to the extent that the Commission deems necessary.

In addition, under section 30 of the Public Service Employment Act, where the Commission decides that it is not praticable nor in the best interests of the Public Service, it may, with the approval of the Governor in Council, exclude such

person or class of positions or persons from the operation of the present legislation. This gives some flexibility about which, in my opinion, English-speaking or French-speaking people cannot complain.

Under section 35 of the Public Service Employment Act, the Governor in Council, on the recommendation of the Commission, may make regulations prescribing how these persons excluded under section 39 shall be dealt with. When it comes to staffing bilingual positions, imperative or non-imperative, some sections of the Public Service Employment Act apply in a particular way.

It is interesting to note that the only element of our policy which was retained in Subsection 35.2 (2) of the Bill is the provision concerning what is usually called in bureaucratic circles non-imperative appointments. This provision has applied from the beginning of the linguistic reform and allows all unilingual candidates to apply for bilingual positions if they express the willingness to become bilingual and are able to do so within a given period.

Temporary, and in certain cases, permanent suspension of the merit principle is made possible by Section 39 of the Public Service Employment Act. The resulting exclusion order, which suspends application of Section 10 of the Public Service Employment Act, already provides that, in all cases where bilingual positions must be filled on a non-imperative basis, unilingual and bilingual candidates are eligible and can be considered on an equal footing as far as their linguistic qualifications are concerned. This exclusion applies to people whose candidacy for a bilingual position is considered for an unspecified period.

Mr. Speaker, all this shows that the new paragraph 2 included in the bill adds nothing new to the official languages policy. Moreover, it does not take into account imperative staffing which requires in certain cases, where there is a need for specialized knowledge or techniques or where certain operational necessities exist, for instance, that the linguistic requirements of a given bilingual position be met completely at the time of the appointment.

Mr. Speaker, it has in fact been said that if the proposed paragraph 2 were accepted and included in the Official Languages Act, it would mean a delay of several years in the official languages program as it would deny various departments and agencies the right to bill certain bilingual positions, with candidates who are linguistically qualified at the time of their appointment, which would remove from the Official Languages policy one of the levers with which the government has been able to hasten the pace of linguistic reform, especially in the area of services to the public.

In a few words, and I shall close with this comment, there is no need to reaffirm in the Official Languages Act something that already exists in the Public Service Act and the exclusion order on Official Languages in the Public Service. There must not be any confusion among responsibilities and jurisdictions. I believe that the flexibility of the Official Languages Act gives everyone of both official languages equal chances to apply for positions and I do not believe that there can be any suspicion of discrimination in 1983.

• (1650)

[*English*]

Mr. David Orlikow (Winnipeg North): Madam Speaker, when introducing his Bill, the Hon. Member for Winnipeg-Assiniboine (Mr. McKenzie), in explaining what he had in mind, suggested that he was trying to amend the Official Languages Act to make it more clear that the merit principle for those entering the Public Service and those in it should be made much more explicit. The Hon. Member is considered by many people in the city which I represent as being opposed to the whole concept of bilingualism. I say to the Hon. Member that if he is, if that impression is correct, then he is in the minority, not just among Canadians but, indeed, in his Party as well.

Because the Hon. Member suggested that much of what was being done was never approved by Members of Parliament, I want to put on the record a couple of paragraphs from a speech made by the then Leader of the Conservative Party in Parliament, Mr. Stanfield, when the Bill was being debated. The speech was made on May 16, 1969, and reference can be found on page 8790 of that year's *Hansard*. On that occasion, Mr. Stanfield said:

> This bill is placed before the House to strengthen rather than weaken Canadian unity. It is put forward for the purpose of making Canadians, whether they speak English or French, feel at home in this country to the extent that this is practical, and making federal government services available in the two languages. This was the principle which was discussed at the resolution stage. It was warmly accepted by all parties, including the New Democrats and Creditistes. Our task now is to judge the bill in the terms of these general purposes.

In the next passage, a translation from the French language, he said:

> The purpose of this bill is not to compel English-speaking Canadians to learn French, and vice-versa. This bill is aimed at providing French-speaking or English-speaking minorities with all federal government services in the language of their choice, as far as it is practical.

Mr. Stanfield went on to support the Bill in principle, and a substantial majority of Conservative Members of Parliament voted for the Bill at that time, so I believe did all Members of our Party, all Members of the Creditiste Party, and all Members of the Liberal Party.

I understand the concerns of many people in this country. I represent a very ethnic constituency in which a majority of the people are of neither English nor French origin. My father came to this country from the Ukraine almost 80 years ago. I represent people of all races, religions and colours. It would take me nearly all my allotted time to simply list the various groups of people I represent. There are Ukrainians, Poles, Jews, Anglo-Saxons, Yugoslavs, Greeks, and I could go on and on. They worry about this bilingual policy, and I can understand it. They worry that somehow this Bill and what the Government has done in recent years makes them second-class citizens. That is not true.

This is a very large country geographically, and it has a pretty small population. As I have said, the people have come from all the continents. They are of different races, different colours and different religions.

The first Prime Minister of this country, Sir John A. MacDonald, helped set up the railway company, building the CPR from the Atlantic to the Pacific. Some of us may question the way in which he did it, and some of us may think that he gave away too much in order to do it. However, if that railway had not been built, there would not now be a country of Canada, because the economic lines on this continent run north and south rather than east and west. In a similar way, in the 1970s and through the 1980s, we have had to face up to the fact that the first language of almost a third of the people of this country is French. Eighty per cent of the people of Quebec are French-speaking. Close to 45 per cent of the people in New Brunswick are French.

Mr. McCain: No, 38 per cent.

Mr. Orlikow: I stand corrected by the Hon. Member who comes from New Brunswick. Almost 40 per cent of the people in New Brunswick are French-speaking. Their forefathers were here before Canada was a country. They very strongly believe that they have a right to be served in their language—French—when they have dealings with the federal Government, with any Department or agency of the Government; just as English-speaking people, for example, in a city like Quebec City, feel that they have a right to deal with the federal Government or any of its Departments or agencies in the English language. That is precisely what Mr. Stanfield, who was then Leader of the Conservative Party, said in the part of his speech which I quoted. That is what the Official Languages Act spells out, and that is what Members of Parliament, by an overwhelming majority, supported when the Bill was before Parliament and when it was enacted.

Does that mean that Members of Parliament, whatever Party they come from, agree with everything which the Government has done to implement the Official Languages Act? Of course not, Mr. Speaker. However, I say to the Hon. Member for Winnipeg-Assiniboine that a vast majority of the people of Canada understand the reasons we have adopted and supported this kind of policy. All the polls prove that. I do not have the time today, but when I spoke during the debate on this Bill in 1969, I placed on the record the results of polls which were taken across Canada at that time, and I could do it again if anyone is interested.

I say to the Hon. Member for Winnipeg-Assiniboine that he should realistically look at what is happening in our own city in which the percentage of French-speaking people is relatively small. An increasing number of young people are being urged by their parents to attend French immersion schools. I have a six year old grand-daughter who attends a French immersion school. The complaints in Winnipeg are not that we have too many French immersion classes but, rather, that we do not have enough. I do not think there is one Hon. Member from Winnipeg who can deny that.

The Manitoba Government has gone a step further. It has said to the people of Manitoba that where an appreciable number of people who are of neither English-speaking nor French-speaking origin want to have a good part of their children's schooling conducted in another language, they can have it. Therefore, classes in the public school system are conducted not only in English and French, but also speaking from memory, in German, in Polish and in Hebrew, and that program is being extended.

The French immersion program is growing by leaps and bounds every year. The only thing which holds it back from growing even faster than it has is financial constraint. I will deal with that topic in a few moments.

• (1700)

I want to make it clear that it has never been suggested that every public servant must be bilingual. However, I have received some complaints and have dealt with individual cases where I thought a Department was implementing the policy wrongly. After all, we must recognize that in much of Canada where about 95 per cent of the people speak English, few French-speaking public servants are needed to deal with them in French. Similarly, in many parts of French Canada where there are a small number of English-speaking Canadians, few English-speaking public servants are required to deal with those Canadians in the English language.

While I do not agree with every decision that has been made by various Departments, the basic principle of bilingualism is one that the vast majority of Members of Parliament supported when it was implemented in 1969. I am sure that Hon. Members still support that principle.

The Hon. Member for Winnipeg-Assiniboine quoted certain Government documents which specifically refer to encouraging francophones to come into a certain branch of the Public Service. To understand the real situation we would have to consider individual cases, not just in a few minutes in the House but in a committee where these cases can be studied in depth. The fact of the matter is that the Canadian Public Service has had far fewer francophone public servants in proportion to the number of French Canadians. When I was studying this question in 1969 there was a report which indicated that among the 1,100 senior public servants, just over 10 per cent were francophones. When this is compared to the 30 per cent francophone population, it is evident that we have never been overstaffed with francophone public servants. Despite the fact that this percentage is probably higher today than it was in 1969, I am certain that it is still far from 30 per cent.

I am not suggesting that quotas should be put in place. I am simply saying that when one looks at the issue realistically, the percentage of anglophone public servants at this time is still much higher in proportion to the anglophone population.

I wish to say to the Hon. Member that I can understand the Public Service making a special effort to hire more francophones, and I wish it would make a similar effort to include more natives in the Public Service. In order to accomplish this

we must change our old concepts about merit. While merit is an important factor when hiring and people should have the education and training that is needed for a particular job opening, if we adhere to the old ideas and very technical requirements of job merit, it will be generations before native people, for example, will enter the Public Service in any kind of appreciable numbers.

I hope the Hon. Member for Winnipeg-Assiniboine will consider this in the days to come: unless we make special efforts to persuade and recruit more native people into the federal and provincial Public Service as well as private sector jobs, they will remain among the poorest, least educated, least healthy, highest unemployed and worst housed in the country.

It is necessary for us to develop new concepts and consider affirmative action in order to deal with this problem. I am not opposed to federal Government Departments making special efforts to recruit francophones in areas where there have been very few of them or none at all. While merit is still an important consideration, in order to achieve our collective goal of uniting the country we must face reality and include people in the Public Service from all the groups which make up this country.

I previously indicated that I have occasionally felt a mistake was made in individual cases respecting bilingualism. The hon. Member for Winnipeg-Assiniboine, and I am sure many other Members, have heard of individual cases where people have felt they were unfairly treated because of this program, or perhaps some other program. When I have felt a mistake was made, I have taken it up with the Government Department concerned—sometimes successfully and sometimes unsuccessfully.

When we say that we support bilingualism in the Public Service, we are indicating our belief in the principle that the Public Service should be made more accessible and capable of dealing with Canadians in the language of their choice. While this policy specifically concerns English and French, there are many newcomers to this country who speak neither French nor English. It is important that they be able to deal with a Government Department or agency. Therefore, there should be people in the Public Service who speak the languages of our recent immigrants.

In conclusion, let me reiterate what I said in the beginning and what I have tried to say whenever this question has been debated in the House and elsewhere: that I and my Party support the principle of bilingualism which is the cornerstone of the Official Languages Act. We voted for it when it was introduced, as did the majority from every Party, including the Progressive Conservatives at that time. While we still believe that it is the proper policy, it is probably quite true that mistakes have been made. For example, I suggest that the program to train thousands of public servants to speak a second language, which was a major expense and effort, was a failure to a large extent and probably a mistake when it was conceived. Most of those people were unable to learn a second language sufficiently to be able to put it to practical use. A few of those who did learn the second language use it very infrequently. I believe that the money and effort would have been much better spent in educating young people and promoting a second language at the learning stage. There are ordinary citizens in Holland, Belgium, Norway and Germany who speak up to three and four languages. It is only arrogance on the part of the English-speaking people to believe that everybody else should learn their language while they do not have to learn any other language.

Therefore, we support the idea of bilingualism which is enshrined in the Bill. We support the programs which have encouraged young people and other Canadians to learn a second language. While this Bill is fundamentally good, we believe it should be reviewed. The way bilingualism is being implemented, it should be carefully studied because mistakes have been made and should be corrected. I do not believe that this amendment adds anything to the objectives which we already have.

[*Translation*]

Mr. Léopold Corriveau (Frontenac): Mr. Speaker, I am very pleased to be able to speak to this amendment. After what was said by my colleague, the Member for Lotbinière (Mr. Dubois), I would like to add a few comments on the Bill to amend the Official Languages Act tabled by the Member for Winnipeg-Assiniboine (Mr. McKenzie).

The Bill's sponsor probably feels he is making only a few minor changes in the Act, without altering its basic principle.

The Acting Speaker (Mr. Corbin): Order please! Pursuant to Standing Order 24(2), it is my duty to interrupt the proceedings.

• (1710)

[*English*]

Shall all items listed under Private Members' Public Bills preceeding No. 357 be allowed to stand by unanimous consent?

Some Hon. Members: Agreed.

* * *

CANADA LABOUR CODE

MEASURE RESPECTING UNJUST DISMISSAL

Mr. Lyle S. Kristiansen (Kootenay West) moved that Bill C-557, an Act to amend the Canada Labour Code (unjust dismissal), be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

He said: Mr. Speaker, in rising to speak to Bill C-557 I would like to say at the outset that the principle of the Bill is very simple and can be stated very briefly. It is simply that workers should not be fired for obeying the law. Conversely, what this Bill would do, if implemented, is to prevent an employee from being fired or otherwise disciplined by his employer for refusing to obey a direct order from his employer if he reasonably believed that if he were to follow such an

order his action would place him, the employee, in violation of any law or statute.

I think it goes almost without saying that the principle underlying the Bill itself is a reasonable one. It is a principle enshrined with regard to occupational health and safety legislation in many jurisdictions across Canada. It is one in which we have been engaged in discussions with the federal Government over the last three or four years in order to have the principle enshrined more appropriately within Part IV of the Canada Labour Code. This Bill goes much further than attempting to protect the right to health and safety of employees across this country.

That is not the kind of issue that initially gave rise to my particular concern with the need for such legislation. In fact my motivation stemmed from an incident that took place in the Queen Charlotte Islands, B.C. when sixteen loggers were arrested because they were ordered by their employer to cut an area that had been declared off-limits to logging by federal fisheries officials. Many of us felt the order of the federal Government was quite appropriate. It had followed a considerable degree of investigation and there had been considerable disagreement with the provincial Forestry Department in B.C. at that time. Irrespective of whether that initial decision not to log that area was correct, what was done was totally unfair. I and many others in British Columbia and I think across the country who were aware of the incident felt it was totally unfair to arrest and jail 16 employees of a particular logging company because they had followed the very clear and specific orders of their employer. The employer thought he was obeying the law as interpreted by the Government of British Columbia. He realized he was in some disagreement with the federal authority.

In order to allow employees to assist in the enforcement of law, I and a number of others feel it is rather important, not just for the sake of occupational health and safety, not just for health matters in a broader spirit, not just relating to matters of the environment or to matters of fisheries, that we should attempt to enlist the assistance of working people, men and women across the country, in standing up for the laws which we have enacted in our wisdom, in either the federal Parliament, the provincial Parliaments or elsewhere, and in the enactment of a law to protect society as a whole or particular sectors of it. It is unrealistic to expect a working person, particularly in economic times like these which are not so different from situations in certain industries even going back to 1979, to risk his or her livelihood and perhaps even the existence of families. We know what happens to families which go for extended periods in these times without a source of income. It is unfair to expect them to put themselves at risk and put their jobs, their livelihoods at risk, unless there is some protection for them.

The incident at Riley Creek which took place in the early months of 1979 again followed the enactment by Parliament in 1978 of a law to protect fish breeding and spawning rivers. Federal fisheries officers had to arrest loggers when their cutting operations threatened Riley Creek, an important salmon ground in the Queen Charlotte Islands. Eight employees were arrested initially and a further eight later. Following long discussion and arguments between federal and provincial Governments, finally a stay of proceedings was instituted, but the lesson was quite clear.

Surely it is preferable in the enforcement of legislation, whether environmental or in dealing with health and safety, to have on the spot enforcement by citizens. If that can be done in a peaceful and legitimate manner it is preferable than having to hire additional large numbers of inspection and enforcement officers from either federal or provincial jurisdictions. In fact, the history of enforcement of many of our laws is a very sad one. We have many, many statutes on the books across Canada, federal and provincial, in which we either did not put enforcement mechanisms into play or, for financial, budgetary or other reasons, do not provide the wherewithal for hiring inspection and enforcement officers or for hiring sufficient numbers of them to attempt to ensure that the laws we have in place are observed. It is not enough to assume, as some idealistic people sometimes do, that because we pass a law it actually changes anything. There are too many motivations which cause people to act in other ways. We are all aware of those.

I have one example and although it comes under provincial jurisdiction, it is not exactly typical, but it is a glaring example of what can happen. In the Province of British Columbia for many years we have had an Act called the Factories Act which was passed in the 1920s or 1930s. In the late 1960s many of us in my corner of B.C. became aware for the first time, that there was such a piece of legislation. We phoned the provincial Department of Labour. We could not find anyone in any Department who said the Bill came within the responsibility of their Ministry or Department. Most people, even in the Department of Labour which was finally found to be responsible, did not even know of its existence. The Factories Act provided for health, working conditions legislation, heat and appropriate light in virtually thousands of industrial installations across the Province.

• (1720)

When the New Democratic Party administration of Dave Barrett was elected in 1972, we found that there were two inspectors, not only to enforce that body of legislation but to carry on the inspection required by law to ensure that any new industrial installation would comply with the laws and regulations as well. When we asked them how they did their job, we were told "telephon book inspections". At that time I asked them what they meant. I asked whether they telephoned the thousands of companies on the list, just the two of them, to see whether they were in compliance with the law. I asked, "Did you just ask them that question?" They said, "No, we did not have time to do that. We just copied the names of the companies out of the telephone book and into our records to show that we had considered them."

When it came to the working conditions of thousands of British Columbians in industrial installations, that was the kind of enforcement there was of the law which the legislature of that Province in its wisdom had decided to place on the books, presumably with some debate, some decades before.

I am not suggesting that we are sinning quite to that extent. A number of my colleagues and I took tours across Canada related to what we hope are still forthcoming amendments to the Canada Labour Code. We have been told that these amendments were coming since we were first elected in 1980. We visited many parts of the country. For instance, on the waterfront of Saint John, New Brunswick, there were only one or two federal officers presumably available to consider any breaches of health and safety regulations relating to the transport industry and the docks in that entire area. They also had many other duties which took them outside the immediate vicinity of Saint John. If we want some enforcement of the laws on the books, whether it is to protect the environment and, with the increasing exploration, presumably the development of many energy resources in the far North of Canada, surely it is important to have as much self-enforcement by the people working in those industries as possible. There is no way the Government, or almost any Government, could conceivably have enough people present throughout the Arctic or in the Canadian offshore to ensure that either environmental laws or health and safety laws are enforced.

We can all say that working people, like companies, ought to do their jobs, obey the law and do the right thing, even if they put themselves, their incomes or profits at risk. We know that people do not normally do that, so the least we can do is to provide some security of employment for those who, of their own volition, decide that they should stand up and attempt to enforce the laws of the land simply by refusing to pursue tasks which they know or reasonably believe to be in violation of the laws.

I hope Government representatives will seriously consider such legislation; whether or not it is in this exact form, certainly the thrust of it. Also I hope for the support of Hon. Members of the Official Opposition. I would be agreeable to withdrawing the Bill if there were agreement that the subject matter of it be referred to the Standing Committee on Labour, Manpower and Immigration. We hope that that Committee will soon have an opportunity to consider the amendments to Parts III, IV and V of the Canada Labour Code, which we have been assured were coming for some years now. At the same time it would be appropriate, as Members from all sides are attempting to draw up a more reasonable definition of the right of employees to refuse to obey an order when their lives are placed in jeopardy, to realize that it is the right of Canadian employees to stand up in good conscience and say that they will not do work which violates the laws of the land as passed by the House of Commons or other legislatures across the country. I think that plea is clear and fair. I hope for the co-operation of Hon. Members opposite on this occasion, but if not at this time, hopefully at some time soon in the future. Perhaps they would consent to the kind of request I have included in my remarks.

The principle that workers should not be fired for obeying the laws is self-evident. I hope other Hon. Members will see the issue likewise.

• (1730)

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, I greatly appreciated the comments made by the Member opposite concerning the problem of worker safety, in connection with improvements to our labour laws which have now made it possible for workers to work safely without constraints that might engender problems of a physical nature or unfair working conditions, as a result of doing work that infringes, legislation that provides for the worker's right to job security and job safety.

Mr. Speaker, I am particularly pleased to be speaking to this Bill because I represent a riding where 85 per cent of the workers are unionized and employed in the private sector. Baie-Comeau, Port-Cartier, Sept-Îles, Schefferville, Gagnon and Fermont—everywhere I go I meet workers, and I believe I am very aware of the problems raised earlier by the Member opposite. I feel it is absolutely essential to have strong labour relations and just and fair laws that provide maximum safety for workers, because profits, production and a good labour force are also the result of laws that provide for a safe job environment.

On the other hand, Mr. Speaker, the Bill before the House today, Bill C-557, seems a little unclear in parts, because the Canada Labour Code already contains sections that are abundantly clear and already provide, practically word for word, the same elements as Bill C-557. For instance, in Section 184, it says quite clearly . . . But first I would like to quote from Bill C-557, which stipulates the following:

> No employer and no person acting on behalf of an employer shall suspend, discharge, or impose any financial or other penalty on an employee, or take any other disciplinary action against an employee, by reason of his refusal to perform an act that he has reasonable cause to believe is prohibited by law.

The Canada Labour Code, Part IV, Industrial Relations, contains the following provisions regarding unfair dismissal and unfair practice, and if you compare both paragraphs, they are very similar. I refer to section 184.3, and I quote:

> (3) No employer and no person acting on behalf of an employer shall
>
> (c) suspend, discharge or impose any financial or other penalty on an employee, or take any other disciplinary action against an employee, by reason of his refusal to perform all or some of the duties and responsibilities of another employee who is participating in a strike that is not prohibited by this Part;
>
> (f) suspend, discharge or impose any financial or other penalty on a person employed by him, or take any other disciplinary action against such a person, by reason of that person having refused to perform an act prohibited by this Part;

Both these paragraphs deal with the right of an employee to refuse to take part in activities which he thinks may be contrary to the Canada Labour Code, as well as with the rights of employees who take part in a legal strike.

For all practical purposes, these provisions provide employees with protection against any disciplinary action an employer might take against them in violation of the Labour Code. This would apply to a strike situation, but it is going even further, for the Canada Labour Code is quite clear in two other sections which resemble closely those which appear in the bill introduced by the Hon. Member.

Mr. Speaker, Part IV of the Canada Labour Code deals with health, safety and protection of employees, and I think these are major items. It is very similar to what the Hon. Member is seeking through his bill. Section 81(1) of the Canada Labour Code states, and I quote:

> 81.(1) Every person operating or carrying on a federal work, undertaking or business shall do so in a manner that will not endanger the safety or health of any person employed thereupon or in connection therewith.

Then, there is Section 82.1 which states, and I quote:

> Where a person employed upon or in connection with the operation of any federal work, undertaking or business has reasonable cause to believe that
>
> (*a*) the use or operation of a machine, device or thing would constitute an imminent danger to the safety or health of himself or another employee, or
>
> (*b*) a condition exists in any place that would constitute an imminent danger to his own safety or health,
>
> that person may refuse to use or operate the machine, device or thing or to work in the place.

Mr. Speaker, I feel that we are really coming to the heart of the matter which the hon. member has raised, because the Canada Labour Code is clearly protecting employees both in strike and health or safety situations, when it states that an employee may refuse to use or operate a machine, device or thing or to work in the place.

Earlier, the Hon. Member gave an example of an incident he had witnessed in his riding, something to do with a forest worker who had experienced a problem because there were some factors which—it would seem, in light of the Hon. Member's remarks—did put his health or safety in jeopardy. I am surprised that anything like that might have occurred because the fact is that the Canada Labour Code is very clear about workers' rights. In that respect, I suggest that a reference to the sections I have just read would be ample proof.

And that is not all. It is clearly stated that, judging from the quotations given and related to Parts III, IV and V of the Canada Labour Code, any employee who is wronged, whether or not he belongs to a union and is protected by a collective agreement, has the option to launch an appeal in the case of unwarranted dismissal resulting from an order which itself calls for a violation of the Code. As to other laws, the Criminal Code also provides appeal opportunities for any employee forced to break the law by his employer.

In short, the Bill recommends close supervision of the application of the Canada Labour Code provisions relating to security and safety in the work place. Yet, I do not see what Bill C-557 adds at this time, because if you look at chapters 3, 4 and 5 of the Code, those aspects are very well defined. On the other hand, the Member raised a point about inspectors which is worth paying attention to. In my region for example, in my constituency of Manicouagan which I visit quite regularly, I meet a lot of union members. As I mentioned previously, 85 percent of all workers in that area are union members. It is important to go and check whether the assessment of their work place or their working conditions by workers is well founded or true to reality. One often has to turn to the inspector, but according to all current collective agreements, if the worker is a member of a union, he can file a grievance. This is the usual method used by unions in order to correct problems relating to the application of collective agreements since current agreements cover quite obviously all the specific issues raised by the Hon. Member.

That explains why I have difficulty in seeing the advantages of the Bill proposed by the Member. We may be able later on to discuss it during the question and answer period, but on the basis of the earlier presentation by the Member, I have difficulty in seeing anything that is not already in the Canada Labour Code.

As far as inspectors are concerned, I believe that each company, each union and each employee should know the various possible recourses in cases of abuse where an employer or a foreman assigns a worker to operations in an environment that seems unsafe, and the same goes with respect to equipment or work site. But with reference to the Bill introduced by the Hon. Member, after I have read the proposal, it is my view that additions could hardly be made. I have here in my hand this Bill in which it is provided, and I quote:

> The Canada Labour Code is amended by adding, immediately after section 184 thereof, the following section:
>
> 184.1 No employer and no person acting on behalf of an employer shall suspend, discharge, or impose any financial or other penalty on an employee, or take any other disciplinary action against an employee, by reason of his refusal to perform an act that he has reasonable cause to believe is prohibited by law.

Madam Speaker, this is exactly what is said in the Canadian Labour Code. And this would call for further clarification. If the aim is to protect the worker, such protection is afforded by collective bargaining. He is also protected by the Canadian Labour Code so clearly the worker is amply protected in that area.

But what I find amazing in the Hon. Member's proposal is that in my own constituency, I never had any workers coming to me and complaining that they were not adequately protected. If ever there was a lact of protection, it could have been at the Iron Ore Company where everyone was laid off, but then that is another kind of protection. It may be a matter for discussion with the next leader of the Progressive Conservative Party. The protection workers are now looking for is job security in my view, not the addition of new sections to the Canadian Labour Code. At any rate, I would like to discuss the matter with the Hon. Member, because when I read his Bill, there is something I find hard to grasp, because it seems to me that these are aspects that are already provided for in the Canadian Labour Code.

The other point that it would perhaps be interesting to raise at this time, Mr. Speaker, is how the Departments inspect the various worksites. I believe that it would be possible to improve the inspection mechanism. However, inspectors go out to the

worksites to see what is going on quite regularly and there are therefore direct and regular contacts between the unions and the provincial and federal Labour Departments to determine what improvements could be made on either side. As far as I know, most often, management attends these meetings to see what can be done to improve the welfare of its workers. This occurs on a normal and regular basis in all businesses, whether big or medium-size. Even in the case of smaller businesses, provincial regulations provide normal and well-protected conditions for the workers.

Of course, Mr. Speaker, abuses are always possible. It is quite obvious that every eventuality cannot be foreseen. Two years ago, for instance, an underground gallery of the Noranda mine in the Abitibi region caved in and it was left up to the court to determine who was responsible, but the inspections had been carried out normally and the union inspectors had done their job. However, there can be unforeseen circumstances or cases of negligence. This cannot be denied. No statute can provide for every situation and it would certainly be unrealistic to think that every case can be foreseen and provided for in detail in the Canada Labour Code. This is quite unthinkable. However, to improve the situation, there is nothing to prevent the Hon. Member from making representations to the Standing Committee on Labour, Manpower and Immigration, perhaps to have additional regulations established. This would be a good thing. On this side of the House, we would be quite willing to consider new elements which could truly apply to the Canada Labour Code. However, I believe that a Bill designed to integrate the proposals of the Hon. Member into the Canada Labour Code would add nothing useful for the moment.

• (1740)

Perhaps it would be more interesting for a Standing Committee of the House to consider what can be done as regards regulations because in the Canada Labour Code itself the parameters are well delineated. It would be useless to amend the Code without providing further protection, because that is important. It is not enough to amend the Labour Code. We should really try to provide the worker with better protection.

If we look at the Canada Labour Code, as I said earlier, we will note that already there are provisions stating that an employee may refuse to perform work that he believes to be unlawful and the legislation sets forth certain procedures which must be followed. It would perhaps be advisable to give a few examples. There is the case of an employee who refuses to do some work because he believes it is prejudicial to his health. This is in a way the issue raised by the Hon. Member a short while ago. Now any employee who follows the correct procedure but who is fired by his employer for having exercised his right to refuse to work may lodge an appeal with the Canada Labour Relations Board. There definitely exists an appeal procedure, representative of the working world, the main task of which is to judge and interpret these circumstances. Naturally, if the employee has not followed the rules, the Canada Labour Relations Board will be unable to hear his claim; he could, however, refer to the provisions concerning unjust dismissal contained in Part III of the Canadian Labour Code, under Division V.7.

I would also like, Mr. Speaker, to remind the House that the amendments to the Labour Code that were passed on September 1, 1978, allow an employee who believes he has been unjustly dismissed to bring an appeal if his employer is subject to the Code. Except, of course, that the employee has to prove that there was imminent danger. If I interpret correctly the provisions of Bill C-557, the question of impending danger is there, and if not, perhaps the Member could rectify later. I take it for granted that the Member wishes with his Bill to focus on the health and security aspects in the work place itself as well as on the methods or the equipment used.

That piece of legislation provided for security of employment for a larger number of people since it gave non-union employees unjustly dismissed the opportunity to get their job back, whereas before only union members could do that through collective bargaining. Indeed, when an employee is dismissed because he refused to work when he felt that his health was placed in jeopardy or something else, he can apply to the Canada Labour Relations Board, and if his grievance is really well-founded, then the Board is empowered to reinstate in his job the employee found unjustly dismissed. I believe that shows very clearly that there is some security of employment, and that responsibilities must be established by a third party which is neutral with regard to the case in dispute.

So on that point, Mr. Speaker, I think there is already some protection for the employee. There is no doubt that the sponsor of Bill C-557 is convinced that with these amendments employees will be even more able to refuse to do work they believe to be in violation of the law. I am sure no Member of this House, whatever his or her political affiliation, would be against legislation aimed at improving the situation. I suggest all of us want to improve labour conditions, to insure that people who work in a given sector can enjoy as much security as is possible. However, the bill being considered does not contain anything new, as I was saying, and that is where my problem is. That is where lies the difficulty we see, on this side of the House. Really, this bill does not bring forward anything new, whether we consider it from the point of view of law or from the point of view of security at work. That is my problem. As we have seen, under Parts III, IV and V of the Canada Labour Code that were quoted earlier, an employee, even if he is not a member of a union and is not protected by a collective agreement, has many possibilities under the Canada Labour Code to seek redress when he feels he has been unjustly fired after having been ordered to commit an act which would constitute a violation to the Canada Labour Code.

So, Mr. Speaker, I would like to emphasize this: the worker remains free to judge by himself of the security offered either by the company he works for, by the machinery or by the work place, and he remains free to refuse to work. Then, if he is fired for having done so, he submits his case to the Canada Labour Board. The case is reviewed by a third party and justice is done according to an assessment. I believe this

process does respect individual freedom and insure that justice is done.

For all these reasons, Mr. Speaker, and I will come to the point since my time is expired, I believe that at this stage, the reasons put forward by the Hon. Member are not sufficient ground and it would be difficult for me or for Members on this side of the House to bring our support to this bill. However, we would be most happy, Mr. Speaker, to receive advice pertaining to eventual amendments which would bring about something new. But for the time being, I suggest this bill does not propose anything new and would not provide more security for the worker.

[*English*]

Mr. Kristiansen: Mr. Speaker, I do not know if the Hon. Member has time left and would accept a question.

The Acting Speaker (Mr. Corbin): I should inform the Hon. Member for Kootenay West (Mr. Kristiansen) that the previous speaker's time has expired. However, a question could be allowed by unanimous consent. Is there unanimous consent?

Some Hon. Members: Agreed.

Mr. Kristiansen: Mr. Speaker, it struck me that the Hon. Member misunderstood the intent of the Bill. I would ask him to read Clause 184.1 again and see whether he would not agree that the intent is to protect broadly the right of an employee to refuse to commit an act that touched on matters outside his or her personal security, and is not meant to have the narrower intent whether a strike is in process or his own life or safety or that of other employees may be affected.

Would the Hon. Member not agree that the purpose of the Bill is to allow an employee, by refusing, to enforce other laws, for instance, affecting the security of the fishing industry or other elements of the population or hazards as a result of transportation regulations or environmental regulations such as the disposition of mine tailings or air and water pollutants? There are other actions which cannot be covered specifically in the law. Would the Hon. Member not agree that there is an argument to be made for legislation that would allow employees to enforce that other body of law, rather than society having to hire an army of inspectors to enforce each and every item?

[*Translation*]

Mr. Maltais: Mr. Speaker, first of all, I want to congratulate the Hon. Member for his dedication to the well-being of the workers. His concern is most legitimate and commendable, but I would like to remind him that fishermen are normally considered self-employed because they frequently own their boat and they carry personal insurance. If they are members of a fishing crew, they are covered by group insurance. Here is an example that the House may find amusing. A large part of the coast of Manicouagan is inhabited by fishermen. You know very well, Mr. Speaker, the conditions these people have to live in. If you go to sea and there is a storm, there is nothing to protect you because you are 10, 20 or 200 miles away in waters now under Canadian jurisdiction, and anything can happen. Fishermen on a ship owned by a company are frequently covered by group insurance. The ship is insured. But the captain must try to bring the ship back to port as fast as possible for protection. It is not through legislation that we are going to prevent storms.

There is also a second element. We were talking about fishermen and I think it is a good example. A clear difference must be made between the self-employed fisherman and the fisherman working for a company. Let us speak about personal and collective insurance. Fishermen are now covered by collective agreements and, in certain cases, by the Canada Labour Code, just like people working on a farm, in a pulp and paper mill, in a processing plant or a factory.

Therefore, I concur with the Hon. Member about the need for protection in some areas. There are certainly cases that have been overlooked and which must be reorganized, but when we speak of air quality and pretend that it is necessary to make sure that these people are not in danger, maybe we should apply the provisions of the Canadian Labour Code to fishermen working on a lake contaminated by acid rains. For example, in case of rain, everybody would have to go home because there is imminent danger. Therefore, it would be necessary to decide what that is and I think that many factors would have to be taken into consideration. So, I assume that the concern of the Hon. Member is sincere, but as far as the application is concerned, it is not legislation at this stage which will permit to improve things, but that would probably merit further attention. I gave examples, Mr. Speaker, which may seem extreme to some Hon. Members, but if we were only a little bit closer to fishermen, we would see that my examples for the fishing industry are real. Earlier, the Hon. Member mentioned healthy working conditions. I find it difficult to include this in legislation.

• (1750)

[*English*]

Mr. Robert Bockstael (St. Boniface): Mr. Speaker, I rise to speak to Bill C-557, an Act to amend the Canada Labour Code. This is a Private Member's Bill put forth by the Hon. Member for Kootenay West (Mr. Kristiansen), and it had its first reading on May 2, 1980. This Bill would not, I am convinced, provide any additional protection for workers other than that which already exists under Parts III, IV and V of the Canada Labour Code and the Criminal Code of Canada.

The underlying principle of the existing provisions of the Canada Labour Code is that "Termination of employment should not take place unless there is a valid reason for such termination connected with the capacity or conduct of the worker or based on the operational requirements of the undertaking, establishment or service." The amendments made in 1978 to the Canada Labour Code which effectively protect workers from unjust dismissals, were a result of a struggle and

reaction against the authoritarianism of employers of a past age.

It is interesting to note, Mr. Speaker, that these amendments afford aggrieved workers safeguards against dismissal which fall in line with procedures for enabling workers to contest arbitrary dismissal, either by law or in voluntary collective agreements which exist in Belgium, France, The Federal Republic of Germany, Italy, Luxembourg, Netherlands, the United Kingdom of Great Britain and Northern Ireland. Canada, together with other western industrialized nations, recognizes that the concept of giving workers a greater sense of security is an important step to improving industrial relations. Dismissal is no longer considered solely a matter for decision by the employer. I believe it is true to say, Mr. Speaker, that most people in industry today recognize that workers need to have proper safeguards against unjust dismissal. Great strides have been made in recent years in strengthening workers' rights and status in their employment. Employers and the labour movement alike realize that fair and sensible procedures, clearly established and understood by workers and management at all levels, can do much to improve industrial relations by preventing grievances and disputes over dismissals. The provisions existing in the Canada Labour Code allow workers who feel they have been unjustly dismissed to have ample recourse to contest the action.

The Bill presently before this House, Mr. Speaker, I would respectfully suggest, does not add in any way additional protection for workers who have been unjustly dismissed. Neither does the proposed amendment promote an increased sense of security for employees. I would direct your attention, Mr. Speaker, to the fact that worker discipline may take many forms. However, it generally falls into three categories. There are warnings, suspensions and dismissals. Although Part III of the Canada Labour Code is concerned only with dismissals, it should be recognized that they may be preceded by some form of progressive disciplinary action, which includes at least two written warnings, followed by suspension, which in turn is followed by dismissal. The degree of progressive discipline usually relates to the severity of the misconduct by the employee, that is, outright dismissal may occur if the misconduct is extremely serious.

In any disciplinary situation there may be mitigating factors. When an employer decides to dismiss an employee he should thoroughly investigate the matter to ensure that all mitigating factors have been carefully considered. This is not only good business practice, it is simply common sense. Arbitration decisions have resulted in a list of factors which ought to be taken into consideration when faced with this issue.

Further, I believe that it is important that employees be made fully aware of the standards of conduct to which they are expected to adhere. The rules should be readily available, and the employer should take all possible steps to make sure employees know and understand them. It is the employer's burden to prove that dismissal was warranted. However, it is important to remember that both management and employees have specific responsibilities. Based on past performance, it is reasonable to assume that adjudicators dealing with appeals against dismissal will objectively judge each case on its own merits and decide whether the employer had just cause to dismiss the employee.

In light of the forgoing, Mr. Speaker, I would respectfully suggest that provisions now existing in the Canada Labour Code are designed to give employees ample recourse to redress a dismissal they judge to be wrongful, and further, that Bill C-557 should not succeed.

[*Translation*]

Mr. Jean-Guy Dubois (Lotbinière): Mr. Speaker, they agree that I be given the floor. My colleague from Manicouagan (Mr. Maltais) was talking about fisheries and mines. My colleague from Richmond (Mr. Tardif) could also tell me all about mines.

Mr. Speaker, as to the situation addressed in Bill C-557, I think that if we consider clause 1 of the Bill and refer to Part IV, Industrial Relations, of the Canada Labour Code, we realize that the the Labour Code already provides for part of what the Hon. Member wants to do through this Bill. I shall not quote again the clause of the Bill, but I could read the section of the Canada Labour Code. As we can see, the Hon. Member states in his provision that one must refuse to perform an act that one has reasonable cause to believe is prohibited by law. Such a provision obviously covers a very wide range of situations and could cause problems. The fact is that if we consider the Labour Code—I see that I have the floor but the Sergeant-at-Arms will probably make me cut my remarks short—

The Acting Speaker (Mr. Corbin): Order, please. It being six o'clock p.m., the House stands adjourned until eleven o'clock tomorrow morning, pursuant to the provisions of Standing Order 2(1).

At 6 p.m., the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, April 14, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—TOURIST INDUSTRY

Mr. Mel Gass (Malpeque) moved:

That this House condemns the Government for its neglect of the Canadian tourist industry and calls upon the Government to recognize this industry as a major generator of employment, new economic growth, and foreign exchange and that the Government accept its responsibility to increase the visibility of Canadian tourism both at home and abroad.

He said: Mr. Speaker, today in the House we are discussing the tourism industry in Canada. As our motion indicates, we are condemning the Government for not realizing and appreciating the value of the tourism industry in Canada. Proof positive of that attitude in this House is the fact that there are only three Liberal Members on the benches across the aisle. Where are all these people who are supposed to be interested in tourism? We outnumber the Grits today by five to one.

Tourism in Canada is an area which has been neglected by Governments for some time and must be brought to the level of priority which it deserves. First, I will begin by explaining the importance of tourism to this country, and its potential, which is relatively unassisted in development and just at its beginning stages. The tourism industry employs over 1.1 million people, providing jobs in all regions. In comprehending 1.1 million people, you can say that one out of every ten people in the work force is employed in the tourist industry. Tourism is irreplaceable as a supporter of regional economic development. Tourism offers employment to both skilled and semi-skilled workers. It can provide work for many people who may not be suited to the high technology jobs which are being heavily supported by the current federal Government employment and training programs.

The tourist industry in Canada in 1981 contributed $16.5 billion to the Canadian economy. The multiplier effect accelerates the impact to $25 billion. This is an industry which contributes a tax yield in excess of $7 billion to all levels of Government, yet our Governments return only a few million dollars to help develop and foster this industry. Tourism is treated more as a source of revenue than a business. The federal Government refuses to give tourism the high priority status it deserves. Through the statistics I have just presented we should be able to appreciate the importance of the industry to the Canadian economy.

• (1110)

It appears that the present Government cannot comprehend tourism's importance. The present Minister of State responsible for tourism (Mr. Rompkey), in a speech to the annual national conference of the Tourism Industry Association of Canada in Vancouver in February, 1983, stated that this Government recognizes the importance of tourism and that it is providing support for its growth development. However, Mr. Speaker, Mr. Gordon Roston, Director-General of Tourism Marketing in the Canadian Government Office of Tourism, at that same meeting in Vancouver, stated that their advertising budget has been effectively eroded by more than 40 per cent over the last ten years due to cutbacks. In 1974 the federal Government spent $3 million to advertise Canada in key U.S. markets. In 1982 the commitment was $6.5 million. Considering that a U.S. marketing campaign costing $3 million in 1974 would cost $8 million today, and that the federal Government committed only $6.5 million in fiscal 1982-83, we realize that the Government has been inadequate in its support of tourism.

The Government will have to work diligently at maintaining a favourable long-term development climate. It will have to ensure that policies it has in place make investors in the tourist industry feel welcome and actively promote the earning of healthy profits. Governments have a responsibility to provide leadership through clearly demonstrated commitments to the industry. The federal Government must provide financial assistance, not only through direct grants but through financing of individual projects and joint ventures. There was $295.2 million in subagreements between the federal Government and various provinces, $266 million of which is still current and $30 million which has expired. On the average about $40 million per year has been spent over the past several years for tourist development. This is not as impressive as it sounds. Most of the $260 million under subagreements has already been spent with an estimated $5 million to $10 million available for this fiscal year. There is no indication that these agreements will be renegotiated.

What is needed, Mr. Speaker, is federal-provincial co-operation. However, the federal Government has not co-operated with the Provinces in developing a healthy tourism industry across this country. If appropriate and successful programs are to be initiated, co-operation between federal and provincial levels is essential.

At a meeting held in Saskatoon in the fall of 1980, the provincial tourism Ministers and the Minister of State responsible for tourism realized that there must be some guiding principle developed to foster tourism growth within Canada. At this meeting one of the guiding principles agreed upon stated that the Provinces were to be responsible for industry development and the federal Government was to have a supportive role in assisting provincial programs. Having come to this agreement, the Provinces developed programs for tourism growth in their respective areas.

In December of 1981 another meeting was held in Ottawa between the provincial Ministers of tourism and the then Minister of State for Tourism. At this meeting the Provinces were to present their development proposals to solicit funding support from the federal Government. However, the federal Minister scuttled the meeting, as a unilateral decision to directly fund Prince Edward Island's tourism plan was announced by the federal Government. The federal Government took over the Island's tourism plan and adopted it as their own. The other Provinces, on seeing what the federal Government decided to do in the case of Prince Edward Island, packed their proposals back into their briefcases and the meeting was adjourned. They would have nothing to do with a Government which had gone back on its promises and went around one of the guiding principles which said that the Province was to develop the proposals and the federal Government would offer assistance. They withdrew from that guiding principle. It merely thanked those responsible for putting together these proposals and programs that were developed through the industry and Government departments within the Provinces. It was thankful for the effort that was put into these programs which seemed beneficial but said that it would take over and administer them unilaterally.

• (1115)

The provincial tourism Ministers and the federal Minister responsible for tourism met again in September, 1982 in Digby, Nova Scotia. At this time they received the federal Minister's commitment to investigate the roles of the two levels of Government in tourism and to review statements and guiding principles that had been originally agreed to at the 1980 meeting in Saskatoon. At that time the federal Minister made a commitment to the Provinces to call another federal-provincial conference on tourism by the end of October, 1982 to discuss the problems they were having. However, that meeting never materialized.

I feel that we are safe in concluding that the federal Government is taking over provincial tourism projects not to benefit the tourism industry or assist tourism development in the provinces, but to receive some kind of recognition that it is actually taking action at the federal level.

Canada is facing tough competition on the world market. In 1981-82 the average state travel office budgets increased by 13 per cent over the previous year and average advertising budgets were up by a spectacular 48 per cent. Although international tourism has grown substantially in the past decade, Canada unfortunately did not share in this growth. The present travel deficit, which was $1.2 billion in 1981, could exceed $2 billion in 1983 and become even greater if there is no renewed investment in the industry. Without capital to upgrade, expand and build new facilities, the present employment base and inventory will continue to decline. The owners of the existing 190,000 hotel and resort rooms, the 78,000 motel rooms and the 29,000 cabins across the country are all facing the same critical problem, which is the inability to generate new equity capital for expansion. In each Province there are millions of dollars worth of projects that are unable to proceed because of this central financing issue.

The operators within the resort communities are concerned that the survival of their very operations is being threatened unless there is renewed investor confidence in the industry. This disaster will reach catastrophic proportions by this summer unless immediate action is taken by the federal Government. This lack of confidence in the industry reflects the lack of confidence the country has in our economy as a result of the actions of the federal Government.

Throughout Canada, the past 15 months have uncovered a disastrously rapid decline of construction in the tourism accommodation industry. No new hotel, condominium or chalet construction has been reported by the 30 winter and a sample of summer resorts in 1982. No resorts anticipate recreation, commercial or accommodation construction activity in 1983 and the prospects for any 1984 development appear equally bleak. This lack of construction in new tourism plant will completely eliminate any opportunity to reverse the present annual negative tourism trade balance which stands at over $1.2 billion.

Canada has fallen behind internationally over the past 10 years in tourism growth, slipping from 4.9 per cent of the world tourism market to 2.5 per cent. We have lost almost half of what we had. The situation is worsening with the continuing drop in foreign visitors. The worst problem is that the federal Government has not given equal attention to this multibillion dollar industry as it does to forestry, fisheries, agriculture and other sectors. This attitude filters down to provincial Governments and investors' confidence in the marketplace. The financial community sees investments as high-risk and charge higher rates and impose more limiting terms and conditions.

The crisis of 1983 has been brought about by the impacting of two factors on an already high-risk industry. The first is the 1981 tax changes which abruptly halted business investment decisions in resort projects, and the second is the high interest rates and declining economy.

• (1120)

The proposals to eliminate soft cost deductions, and the elimination of the measure that allowed for one principal residence only for a married couple, also had a harmful effect on resort development.

The overall economic downturn has devastated the tourism industry in Canada. High unemployment, high interest rates and an uncertain economic climate are affecting the tourism industry. A poor summer season will send into receivership most of those resort operators who are in borderline situations.

Without immediate Government attention, many tourism establishments will have difficulty surviving the 1983-1984 season.

The federal budgets of November, 1981 and June, 1982 did absolutely nothing to encourage tourism development. By creating a climate of uncertainty, the Government has slowed investment to a point where many tourism and construction related jobs may have been lost for many years to come. Tourism is a labour intensive as well as a foreign exchange sensitive industry, and the Government should be seizing every opportunity—I repeat, every opportunity—to expand this sector of the economy. Tourism can be used as a method of easing the impact of the recession.

The tourism industry needs signals from the Government that there will be a long-term commitment to support the industry. The federal Government must develop tax provisions that would encourage major participation in the tourism industry. Government does not understand the tourism industry. Little is known about what makes the tourism industry work or the potential the industry has to create a healthy economy. If an investment incentive is introduced or the excise tax on liquor is increased, then what does this mean in terms of employment, foreign exchange and net revenues to each level of Government? We must make this Government understand these relationships and influence it to introduce policies to build a healthier industry.

The tourism industry has potential to create construction jobs amounting to over 2,500 accommodation units annually at over 50 summer and winter resorts across Canada. Tourism has the potential to create 40,000 jobs annually across the country in the construction and operating field. Tourism has the potential to stimulate rural economic growth across the country. Increased numbers of resorts across the country will encourage Canadians to vacation at home and help eliminate the travelling deficit while encouraging other people to visit Canada.

With an upswing in the tourism industry investment would occur, and with renewed investor confidence resort projects could be started across the country. It is estimated that tax incentives could encourage about $1.5 billion of annual construction. This construction activity will generate substantial tax revenues to the federal Government. All these things could be accomplished through recognition of the potential of the tourism industry, yet the Government allows the industry to be subject to high operating costs, high interest rates, restrictive loan terms, reduced advertising budgets and other measures which hinder development.

Tourism is of vital importance to the economy of the country as a whole and that of the Provinces. In Prince Edward Island, for example, tourism is the second major industry, falling closely behind agriculture. This important industry is ahead of fishing. Tourism in 1981 produced $66 million in non-resident traffic alone for P.E.I.

The three main industries on P.E.I. support and compliment each other like a three-legged stool. The industries are closely related as tourists consume agricultural and fishing products and enjoy participation in activities related to these industries. The most important contribution that tourism makes on P.E.I. and across the country is as a major contributor to employment, both on a full-time and seasonal basis. Tourism on P.E.I. employs 4,000 full-time workers. During the summer season the number of workers employed rises to 9,000 to 10,000. This creates seasonal employment for thousands of students. The employment spin-off from tourism is tremendous.

Tourism has great potential for job creation and this is what is urgently needed in Canada today. We urge that this Government initiate an awareness of the importance of tourism to Canada which will lead to improved development within the industry. It is this Government that has created such a desperate need for jobs across this country and we urge that it realize the job creation potential of the tourism industry.

• (1125)

The federal Government should, through co-operation with the Provinces, develop a national tourism industry. I urge the Government to do everything it can to aid the tourist industry, thereby creating thousands of jobs for people in need of jobs, especially at a time when there has never been a greater need for jobs in Canada.

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I do not propose to spend a great deal of time on this topic. I confess that it is not one with which I am totally familiar from the point of view of the inner workings of the industry. Though, like most people—

Mr. Ellis: Hamilton Beach is not big.

Mr. Deans: The Hon. Member says that Hamilton Beach is not large. I want to say in response to that that Hamilton in fact has a potential which has never been realized. It distresses me frequently when I see not only Hamilton but many other municipalities across the country with potential left unused, undeveloped and if anything neglected. I will speak about that in a moment, but first I want to take a look at the industry as a whole as I understand it.

All of us in the House have travelled to various and different places. Some of us have travelled outside North America, many of us in North America and probably most of us in Canada. The question we must ask ourselves in my judgment is: Why would people want to go to a particular place? What is it about that place that is attractive enough to encourage those people who do not live there to visit it, to go there and spend time there? For example, in the Province of Ontario there are very many attractive places, such as Muskoka.

Mr. Darling: And Parry Sound.

Mr. Deans: Yes, Parry Sound, but I referred to Muskoka as one area. People go there because there is leisure activity available which is restful. It is a clean area. It is replete with lakes, rivers and wooded areas which make it attractive.

Why would people come to Ottawa? They come to Ottawa because it has been developed for the purpose of attracting

people. It is the nation's capital, but beyond that it has many parks, walkways and significant downtown development. It is of a nature that encourages people to want to spend time on Sparks Street, in the Rideau Centre, walking along the canal, visiting the river or even visiting the Houses of Parliament. They are evident attractions.

Why do people decide to go to Vancouver? It is because Vancouver similarly has attractive features. It is within easy access of mountain ranges. It has access to the Pacific Ocean.

Mr. McKinnon: And to Victoria.

Mr. Deans: As the Hon. Member for Victoria (Mr. McKinnon) says, it has access to Victoria which in itself has an attractiveness that if it were located elsewhere might not be the case. Its location or the nature of its geography is its attraction.

If we are to start an analysis of the tourist industry, we must first compile some kind of accurate listing of what are the attractions. For example, what attracts people to Orlando? Nothing in the world would encourage anyone to go to Orlando if it were not for Disney World. It is fair to say that in itself it is not a particularly attractive place, being in the middle of nowhere and generally speaking very hot. People go there because there is something to draw them to that place. Why do they go there rather than to Saint John, to Halifax or to Hamilton? It is because they feel, aside from the climate, they will have things to do and see that in their day to day lives they normally do not come across. They also go because there is considerable advertising about how pleasant it is to be there and how much enjoyment there is, so that people who travel to those places see that as being a worthwhile thing to do.

• (1130)

However, there are other reasons they go. Even though it is much further away, it is economically more practical for many families to travel in that direction than to travel across our own country. The cost of transportation within Canada is very high. Whether it be the cost of gasoline or the cost of rail, bus or air transportation, the cost is very high. I think the Government should seriously consider the impact of that cost and whether it is an inhibiting factor. I suggest that it is.

The cost of accommodation is much higher in Canada than if one were to travel south toward the United States. I admit that it is not higher than if one is going to Europe, but in spite of what the Prime Minister (Mr. Trudeau) might think, there are not many Canadians who travel to Europe. Therefore, what we are really talking about is North American travel, to the extent that we are talking about anything at all.

There are three major problems. There is the problem of trying to promote the attractive features of the various parts of the country. I think the Government could in fact be more involved than it has been in the past. However, there are two industry problems, in a sense—the cost of transportation and the cost of accommodation.

For example, a friend of mine recently returned from Florida. I think he had been there for about a week. He pointed out to me that the cost of accommodation in the Florida area and on the way there and back ran to about $22 to $26 a night. Even with the rate of exchange, that was the cost of accommodation. He owns land near Peterborough, which is an attractive area. It is an area which we are hoping to see developed as a tourist area. However, he points out to me, although I have had not had an opportunity to verify it motel by motel, but I think it is probably reasonably accurate, that the cost of accommodation in that area, which we believe is attractive enough to be a tourist area, would be no less than $40 per night.

Therefore right away, if one is travelling by automobile with a family, if one has two or three children, one must take into account the fact that a week in Florida at Disney World or on the coast some place will not cost one any more than a week in a motel outside Peterborough. That is therefore a serious inhibitor. There is nothing which would necessarily attract one to that area, unless one skiis in the winter. I mean that there is not the single attraction to entice one there. Even if one decides that one wants to travel in that area, the unfortunate truth is that the cost is at least as great as the cost would be if one went literally 1,500 miles to the south, whatever that may be in kilometres, to see something which is at least put up as being an attraction. Therefore, that is a problem with Canadian tourists.

If a person has a choice, I would choose, and I think most people in Canada would choose, to visit Canada. However, there is an economic factor which makes it more attractive to go some place else. After all, it is a little more difficult to sit outside one's motel room door on a chaise longue in the middle of January at Parry Sound than it is to sit outside one's hotel room door in the middle of January on the beach at Daytona. I think that is fair to say, so there is that factor to consider, that one can go to Daytona and live in a motel more cheaply than one can do the same thing in Canada. Not only that, but the climate is also a wee bit better in the wintertime for those who do not ski. So that is something we must consider.

Why are the costs so high? Why are the costs of accommodation so high in this country compared with those of our neighbour in the south? I suggest there may well be an answer. I hesitate to raise it, but having considered it over the years, both are free enterprise operations, as I see it. There is very little in the way of Government involvement in either of those areas. Therefore, either their actual costs are twice as high, or they are taking more out than their counterparts in the U.S. We should consider this and see which of those two is accurate. Whichever of the two is accurate, we must then begin to address it seriously if we think that tourism is to play a major part. I think everyone in the House agrees that it should be a major part of Canada's future economic well-being.

It also strikes me, as I recall from travels across the country and in the southern part of the North American continent, that if one were to consider a trip from Hamilton, Ontario, to Miami, the cost per mile, and even the cost per kilometre, is

less if one travels a similar distance in the United States, because the cost of gasoline there, is infinitely cheaper. It has always been cheaper.

I remember that when I was a youngster I would go down to visit my relatives in New Jersey. It amazed me to find how cheap gasoline was. It remains that way; it is not a new phenomenon. This is not something which has flowed only from the energy policy of the Government, even though from time to time we like to blame it for everything. It has always been the case that gasoline in the United States has been much cheaper than gasoline in Canada. That will quite clearly influence a person with, let us say, $400 vacation spending money. People will look and see where they can get to at what cost, and that will influence them.

Then, of course, there is the welcome that one receives. I happen to think that Canada is as beautiful a place, naturally, as anywhere in the world. There is such a wide variety of scenery and opportunity in the country. However, how do we sell it? If one goes from here, one enters the United States, and the first thing one finds is a welcome station which will tell one anything one wants to know about that particular state. The welcome station will provide one with a map to anywhere one wants to go, it will phone ahead on one's behalf or make arrangements for one to be able to phone ahead to obtain motel accommodation eight hours down the road, if one wants it. It will even give one free orange juice, if one happens to be in Florida. One begins with that. Then as one travels across the country, one sees visible, clear indications of every national monument, of every place of historical significance, every attraction that the state would want one to see. But travel from Toronto to Montreal on the 401 and show me the same kind of thing. It is not there. The effort is not made. The time is not spent in trying to encourage people to see those parts of our country which we believe are important.

Then, of course, as one travels from one state to the next one will be told in a brief historical plaque, perhaps, or on a parchment or in a small booklet, what there is in to see in that state. Not only that, but one will be told what is in the general area so one can see its history, and also what one can be entertained by and how. We do not do that. One travels across the provincial border when travelling from Ottawa to Montreal. As you pass from Ontario into the Province of Quebec, where is the information which says that within easy access there is a sugar bush that can be visited or an historic battleground, if there is such a thing, and where is the accommodation? If you are travelling on other than a superhighway, you can have a devil of a time trying to find accommodation. Therefore, something can be done about that.

• (1140)

On the down side, I want to say this. I admit that accommodation, entertainment and the travel industry does create employment. My one regret is that it tends to create low income jobs. That is probably true worldwide. It frequently worries me that many of the jobs created are relatively menial and pay very little. We have constantly to recognize that that can be a problem, finding people to do the work and keeping them at work. It should be addressed, or at least reviewed to see whether the problem can be resolved.

In summing up, it is our own fault, to some extent the fault of those in the industry and to some extent the fault of Governments which could be assisting. In many ways it is caused by such things as the Prime Minister saying that the Deputy is in Europe skiing. That leaves the wrong impression. It was an unfortunate choice of words and probably reflected badly on Canada's tourist capacity.

There are serious problems in the industry. I believe we are starting at the wrong end. First, we should analyze and determine a program for the promotion of what we believe is attractive about our country, what we would like people to see. We should encourage municipalities to maintain the heritage that they have, to show off those parts of their development that reflect Canada's growth in the past, Canada's history, our roots. We should ensure it is advertised in a delicate and attractive way rather than in a garish way.

We should tackle the problem of the cost of moving people across a country the size of Canada. We should encourage our national airline, national railroad and alternate transportation methods to put together reasonable cost transportation packages to get people to various parts of the country so they can enjoy what is there. We should look seriously at the cost of motorized transportation in this country in relation to gasoline costs compared to our next door neighbour. We should look at the cost of living in a motel of no particular standing over and against similar costs in another part of the world just south of us.

As Members of Parliament, we have to begin to do this. I am not suggesting that this is not being done by others on the outside. If we think we can seriously come to grips with this, we as Members of Parliament should begin to analyze what I am discussing and try to see how we as individuals can make it more attractive for people to travel.

As I said at the start of my remarks, and I only have a moment or two left, I want to speak a bit about the area that I represent. For many years I have represented an area a significant distance into the Niagara Peninsula, down to the Grimsby line. It is almost halfway down the peninsula. It always disturbs me that that area never developed as a tourist attraction in the way that I thought it could. There is history there, ranging all the way from the battle at Stoney Creek down to many others fought there, including Lewiston and the battles of Niagara.

There is very attractive geography to be seen and enjoyed, but there is no development of the industry. What there was has been allowed to deteriorate to some extent. It is no longer as it should be. In my opinion, Hamilton has not done what it could have done with certain areas within the city. Areas that could and should have been attractions have been allowed to deteriorate. That is unfortunate.

I say to the Minister that there is a problem. I do not think we should battle over it in a partisan way; let us accept that it

is a problem. Let us accept it as one of those things we can agree on. There are serious deficiencies. Government cannot, nor should it, solve them all, but they can be solved.

I suggest these problems can be solved if we make this into a worthwhile debate centring around the philosophy of what the travel industry and the hospitality industry should be all about. We must ensure that wherever support from Government will be of real assistance it should be forthcoming. However, in a country this size, the expenditure of $1 million or $2 million will not change overnight that which has been allowed to deteriorate over many years.

I look forward to hearing what the Minister has to say. I am persuaded that with a bit more effort on everyone's part there could be substantial improvements. Those improvements would serve us well in the long run. I congratulate the Hon. Member for raising the issue today. It is a worthwhile debate for a day such as this.

Hon. William Rompkey (Minister of State (Small Businesses and Tourism)): Mr. Speaker, I welcome the very positive approach taken by the Hon. Member for Hamilton Mountain (Mr. Deans). I hope throughout the day there will be a useful exchange and that all of us will contribute as we can to see how we can improve the tourist industry in this country.

I welcome the fact that the Hon. Member for Malpeque (Mr. Gass) has raised this as an issue. It gives us an opportunity to debate what I consider, and I know he considers, to be a very important industry in this country. I know of his concern for and interest in the industry and his desire to see it improved. I do not want to be partisan, except I must make some clarification. As a Prince Edward Islander, I know the Hon. Member will forgive me. He knows how Maritimers debate.

I will not deal with everything the Hon. Member said. I do, however, want to deal with the Prince Edward Island portion of his speech. While the Hon. Member's motion states that the Government of Canada neglects the Canadian tourist industry, I am sure the Hon. Member will agree that it can hardly be said that it neglects Prince Edward Island, where we are involved in a comprehensive development plan costing $15 million over 15 years, 90 per cent of which is federal.

There is a $39 million federal development strategy in P.E.I. In addition, there is a $3.8 million contribution to a convention centre-hotel complex in Charlottetown. As we know, the developers had some financial difficulty. The Government of Canada is co-operating with the Government of P.E.I. and the developers and has said it will guarantee a $19 million bank loan to ensure that this convention centre-hotel complex goes ahead. That is $15 million, $39 million, $3.8 million and a $19 million loan guarantee. While the charge is made that there has been neglect, I do not think that is neglect.

There was also an indication that somehow unilateral delivery was not well received. I should like to read from an article which appeared in the Charlottetown *Guardian* on February 1, 1982, by Roseanne McCabe. She writes:

• (1150)

> You'll not find many Island tourist operators knocking the federal government's recent dollar transfusion into the tourism industry.
>
> "It's a first as far as major dollars going directly to help the operators," Don Groom, president of the P.E.I. Tourism Industry Association, says of the $5.4 million tourism development program announced last week.
>
> Island politicians say the federal government stole their thunder . . . but the operators don't seem to mind.
>
> "I'm relieved to see the federal government funding the program," says Steve Bezanson, operator of Rustico Summer Haven.

Later she goes on to say:

> Mr. Groom says the program is a "real break" for the industry. One in four persons works in tourism during the summer.

There is evidence from the people involved in the industry that they welcome these funds and the involvement of the Government of Canada in tourism in Prince Edward Island which is so important to that Province. Perhaps of all Provinces it is the one most involved in tourism and we want to see that continue.

Next year marks the 50th anniversary of active involvement of the Government of Canada in the marketing and development of tourism in this country. We began with a staff of three and an annual budget of $100,000 in 1934. That has grown into what we know as the Canadian Government Office of Tourism, or what I like to call "Tourism Canada". I do not know how Hon. Members feel about that but it seems to me to sum up the things we want to say about tourism in Canada. It is Canadian, it operates all across the country and it is unified. It has a ring to it. I put it to Hon. Members that with their support we might be able to call it "Tourism Canada" and one of these days we might even go a little further. I will not say anything more about that at the present time.

Mr. Darling: I will.

Mr. Rompkey: The Hon. Member for Parry Sound-Muskoka (Mr. Darling) will have more to say about that.

The CGOT uses the most sophisticated marketing development tools available and has an annual budget of $42 million. It attracts more than 40 million people per year to Canada. The Government knows that the tourism sector of the country is important. It is a sector that is largely Canadian owned and is operated for the most part by small businessmen. There are 100,000 businesses across the country—mostly small businesses—involved in the industry.

Every year it brings $16.5 billion into the country or 5 per cent of our Gross National Product. It means $28 billion income for Canadians and one million Canadians are employed in the industry. In 1981 it brought in $7.5 billion in Government revenues. If I were in my former portfolio I would be saying how great it is to have that tax money coming in. It brings in $2.5 billion in investments and $3.8 billion in foreign exchange. It is a prime way of acquiring foreign exchange. Tourism is big business and the Government is aware of that, but the country has been beset by economic difficulties. Despite that, however, the tourism industry has maintained its relative position within the overall economy and has performed

better than a lot of other industries. The growth and travel expenditure almost equals the rate of inflation. That can be matched by few other industrial sector. For a quick fix in the economy, we do not have to look beyond tourism in which a small amount of money can create a lot of jobs. Tourism outperformed forestry, manufacturing, construction and trade in levels of employment between 1979 and 1981.

That is what we have to say today to the unconverted. I assume that those Members who are in the House are here to preach the message. As the Hon. Member for Hamilton Mountain said, we want to send a message from all sides of the House to people in Canada who do not understand that the tourism industry is important and can perform a service for the country. It ranks first, second or third as an industry in every Province of Canada. Tourism employs women, young people, native people and unskilled people. The CGOT has more than 40 federal Departments and agencies that support the tourism industry through, for instance, Parks Canada, fisheries, the Department of the Secretary of State and others.

We should not forget the contribution of the Federal Business Development Bank. By volume and value, 23 per cent of the bank's lending flows into the tourism and recreation sector, so it is a very important supporter of the industry.

It is precisely because of the importance that the Government attaches to employment and economic growth that it has assigned a priority to tourism. The federal Government is telling Canadians, as we are doing today, about the importance of the industry.

Just recently I published a pamphlet which I hope Hon. Members will help to distribute. I know that visual aids are not allowed in the House but there it is. It says "Tourism is Big Business". More than one million jobs depend on it. I am borrowing this technique from my friends across the way, Mr. Speaker. This pamphlet has been distributed and I hope Hon. Members will help with wider distribution as we want Canadians to understand how important tourism is to them.

In the months that I have occupied this portfolio I have travelled from one end of Canada to the other. The Hon. Member for Malpeque knows that as he and I were together in Vancouver. I have been to the Northwest Territories and Yukon and before the end of June I will be back there. I have not been to Prince Edward Island yet but I am going. I think it is important that we tell the story all across the country.

Shortly after my appointment I spoke to the National Tour Association in Toronto. I was pleased when a number of American delegates said that they regard Canada as a great destination and were sending hundreds of thousands of Americans here year round. They spend $90 million per year. At that same convention, for the first time ever a Canadian was named the travel leader of the year. I was very proud that he was an official of the Canadian Government Office of Tourism.

Mr. Keeper: The Prime Minister!

Mr. Rompkey: Many Hon. Members are aware that we are in the process of creating the Department of Regional Industrial Expansion from the Department of Industry, Trade and Commerce and DREE. I can tell the House that tourism is a priority of that Department. We have reviewed operational plans and I am pleased to inform the House that the proposed regional tourism initiatives will represent a significant increase in federal spending on tourism development and marketing over the next five years.

• (1200)

As Hon. Members will know, the reorganization provides that federal tourism marketing operations abroad become the responsibility of the Department of External Affairs. This means that effectively we have more horsepower. We have more horsepower overseas, and as a result of the reorganization of DRIE we are going to have more delivery agents all across the country in a decentralized way. I was in Vancouver recently talking to the DRIE people there is our office, and I can say that all across the country we have strong regional centres which are able to deliver our programs.

As a result of reorganization we, in tourism, are going to have more delivery agents, not less, across this country. We will have more trade commissioners in other parts of the world also. This increases Canada's marketing presence from 21 posts to over 100 posts overseas which are administered by the Department of External Affairs. I was overseas recently in West Berlin, and while I was there, apart from visiting the International Tourist Bourse, I addressed 18 of our trade commissioners who had been assigned tourism responsibilities in various countries. There is a real market overseas. There is a market in West Germany, in Switzerland and in Italy. Our foreign visitors are increasing. In my talk I impressed upon these 18 trade commissioners the importance of tourism and the fact that they had to get out and sell the product on our behalf. I believe they will respond and I will be doing a follow-up with them.

On that same trip I opened the Canadian exhibit at the International Tourism Bourse. The Hon. Member for St. Catharines (Mr. Reid) was with me and was helping to promote Canadian wine, among other things. The International Tourism Bourse is the largest event of its kind in the world. The federal Government brought together some 55 Canadian participants in one place in a co-operative effort to promote travel to Canada. I want to stress as well that the reorganization has resulted in a doubling of the numbers of federal tourism specialists stationed across Canada.

Our real thrust will be next year, 1984. I believe it should be regarded as "The year of tourism in Canada". The year 1984 will be the 450th anniversary of the arrival of Jacques Cartier in Canada, to begin with—the birth of Canada, if you like. These observances will have meaning for all Canadians, not just Quebec. It is a significant Canadian event. The year 1984 will also be the bicentenary of New Brunswick as a Province. It will be the bicentenary of the Loyalist settlement in Ontario.

All these events all across the country will have a spin-off for tourism and we should take advantage of them. We should make a real effort in 1984 to promote tourism. We are gearing

up for that already. I can tell Hon. Members that the Government of Canada has put together some special teams in order to make sure of that.

I would like to pay tribute to my colleague, the former Minister responsible for tourism, the Hon. Charles Lapointe. He did a great job for tourism, and I can tell you, Mr. Speaker, that his involvement has not stopped. He is very active in putting together and promoting this 450th anniversary celebration, and so are other Ministers. We are trying to produce a comprehensive package which will really emphasize what is happening in this country in 1984.

As I mentioned earlier, 1984 will mark the 50th anniversary of federal Government co-operation and collaboration with the Provinces and Territories. I believe we should make it a launching pad for a new initiative in tourism because I want to see tourism get a higher profile in Government circles. I intend to impress upon my Cabinet colleagues the economic and social impact of tourism and point out to them the relevance to tourism of their policies and operations.

I believe, considering existing resource levels, that the tourism program of the federal Government has been demonstrated to be a very cost-effective one. There are, however, factors working against our getting the job done, and we might as well recognize that. One prime example is that the advertising budget, due to inflation and uncontrollable cost increases, has eroded over the last ten years. This has occurred in the face of worldwide competition. For example, Governments in the United States spent nearly $200 million on advertising and promotion last year. It was reported in yesterday's *The Globe and Mail* that British Airways plans to spend $50 million on travel advertising in Canada, all of it to encourage people to travel out of Canada. We know that there are more than 50 foreign national tourism organizations in Canada, plus some 75 foreign airlines, which are all singing the siren song of faraway places outside of Canada. There are people in Canada who are trying to get people to travel to other countries. It is the old story. Therefore we must make sure that as many as possible of our resources are used to keep Canadians travelling in Canada. That is where the great advantage is. That is where the bulk of our money is going to come from, from Canadians as well as people from the United States travelling in Canada. There is an increasing number of tourists from Europe, but the main thrust has to be in this country, first of all, and then the United States.

I can tell the House that I am certainly going to go after more funds for the federal marketing of tourism. Then I am going to press forward with regional initiatives, as we have in the past, to improve the resources and facilities we have in a marketing effort right across this country. I want to establish a tourism industry advisory council. I want to talk to the people, the entrepreneurs, in the industry. The Hon. Member for Hamilton Mountain made the point that Governments cannot do it all alone. We must talk to the people who work in the industry and to the people who operate within the industry. I want to tell him I intend to set up that advisory board and I am going to listen to it. I hope that we will have business and labour on that board. The future of tourism requires collective effort. It requires collaboration and co-operation and, for my part, I want to see that come about.

We are coming out of a tough time in this country when Canada has not been everything that we wanted it to be, and we have had problems all over the world. But one thing that tourism can do, apart from creating jobs and making money, perhaps as well as or better than any other Government Department, is to tell Canadians about Canada, what this country is like, what it means and how proud they should be to be citizens of Canada. Tourism can have a monumental effect on Canadian unity. That is one reason we should all be behind the program. It goes beyond dollars and cents. It brings Canadians together and it can bring Canada together. I know that all my colleagues in the House will support the efforts we make in the future to make sure that Canadians know the importance of this industry for making money, for job creation, but, most important of all, for the promotion of national unity.

Mr. Gass: Mr. Speaker, I am very encouraged by the Minister's remarks that he for one, on the Government side of the House, appreciates the value of tourism. He made a speech in Vancouver and said that the Government of Canada recognizes the importance of this industry. Well, I have some doubts about that. He went on to say: "If I had my way, the Government would do more". I was there when he delivered that speech. I believe he was sincere. I hope that he will follow through on his commitment that, as Minister responsible for tourism, he will do more.

In the speech he made in Vancouver he said: "I propose to establish a caucus committee on tourism to harness the interest that is regularly voiced by individual Members of Parliament. In time such an institution might largely evolve into a standing committee of the House of Commons". My first question, Mr. Speaker, is: What is happening with that commitment to the association? Has the Minister taken steps to initiate a standing committee on tourism?

• (1210)

Secondly, in his speech the Minister said: "I intend to examine your association's conviction", meaning TIAC, "and urge that tourism within the federal Government be a separate ministry". I would like his answers to those two questions, Mr. Speaker.

Mr. Rompkey: With regard to the first question, I think the start should be made not only in caucus but the caucuses. I would like to have the caucuses on both sides of the House come and sit down with us in the Canadian Government Office of Tourism. I make that offer now. I know the Hon. Member's interest; I have talked with certain Members of the NDP about this and with certain Members on this side of the House, including our chairman of the national caucus. My staff is now in the process of setting up a timetable whereby all caucuses can visit with us. We can tell them what we have on our minds

and get some input from them as to how they think that should be modified, changed or proceeded with.

With regard to the standing committee, I think that will be something we can examine and look forward to. But I think the first step should be to get caucus input, and I can assure the Hon. Member that that is being worked on very actively.

With regard to the other suggestion from TIAC that there should be a separate ministry, I can tell the Hon. Member that from my point of view it will get very serious consideration. If we are serious about what we are saying today concerning the importance of this industry, we must use all possible vehicles to focus on it and promote it.

Mr. Chénier: Mr. Speaker, the Minister not only has responsibility for tourism but for small business as well. I would like him to indicate what assistance is provided to small tourist businesses in Canada.

Mr. Rompkey: As I said in my speech, Mr. Speaker, 23 per cent of loans by the FBDB have been for tourism purposes. Within our own Department we have a program which can make available up to $25,000, or 50 per cent of the effort involved in putting together tour packages, market research, promotion brochures and that kind of thing. We do have that kind of program which can be delivered directly to entrepreneurs in the tourism industry. Of course, there is a whole range of small business programs available to tourist operators. With the co-operation of the Opposition we recently passed an extension to the Small Businesses Loans Act and the Small Business Investment Grants Act, and those mechanisms are available to the people in the industry.

More than anything, I guess, we have had an effect on small business through the development agreements with the Provinces all across the country. In that way there has been direct lending and direct grants to motel and tour operators and people with tourist facilities. So there has been a very active program of assistance to small business. We know that most of the businesses in tourism are small businesses and we have to keep them happy and healthy.

Mr. Cooper: Mr. Speaker, what tends to happen a lot in the tourist industry is that we see support and promotion for the already established areas in the southern part of the country. Can we expect any kind of emphasis or support from the Minister for tourism in the north or less developed areas?

Mr. Rompkey: I am very glad the Hon. Member raised that question because I happen to represent the north. I know the potential and how important tourism can be to the north. I can tell him, as I said earlier in my speech, that I have already been to the Northwest Territories and Yukon. However, I have been invited to both places again. We do have now a very active agreement with the Northwest Territories and we have been discussing an agreement with the Yukon. I met Mr. Pearson from the Yukon when he was here a little while ago. I very much want to see an emphasis in those areas.

When I was in Yukon there were a lot of German tourists canoeing in the Yukon. There is a fair amount of direct involvement by German tourists in the Yukon. So not only Canadians but a lot of Europeans are going directly into the north because they want that wilderness experience. I can tell him that I am aware of it, I am all for it and I am going to see that it is promoted and enhanced.

Mr. Cooper: Mr. Speaker, the specific concern I have relates to Wood Buffalo National Park. As the Minister is likely aware, there has been conditional approval for a road through the park which would contribute a great deal to tourism in the Territories and in Whitehorse, but also in the northern part of Alberta. The difficulty is that no Government department is prepared to put any funding in place for the development of a road in that area to open it up to tourism. Can we expect some help from the Minister in that particular regard?

Mr. Rompkey: I would certainly take a look at that situation to see what we could do. National parks, as he knows, is under a different Ministry.

I might take this time to emphasize the importance to tourism of those national parks. I said earlier that a great many Government departments have an impact on tourism. All the marinas, for example, created under the Small Craft Harbours Branch of the Department of Fisheries have been so important for tourism. Indeed, we have a special program in Quebec related to the celebrations next year, and a series of marinas that we hope will not only focus on the importance of the historical significance of the St. Lawrence River to Canada but, indeed, encourage tourists to go there.

As to national parks, I can name them all across the country. In my own Province, we have Gros Morne where the expenditures we made were so important to attracting tourists. I do not know all the details of the specific case the Hon. Member has raised, but I can tell him that I am quite prepared to discuss it with my colleagues and to be of any help we can be in focusing on that problem.

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, it is certainly a pleasure to take part in this Opposition day. I have been in this House for ten and a half years and seen Opposition days on wheat, fish and sundry other items. Perhaps my memory is not too good, but I believe this is the first one on tourism.

I assume that tourism is not a really big business; it is merely $16.5 billion. That is peanuts, I suppose. In other words, I am being slightly facetious, because if any industry is prominent and of great importance to this great Dominion of Canada, it is the tourist industry.

That brings up the position of the Hon. Minister as Minister of State for Small Businesses and Tourism. I take exception to that title because, first of all, he should not be a Minister of State; that is a very high profile Department and, with all due respect to the illustrious Postmaster General and Minister of Consumer and Corporate Affairs (Mr. Ouellet), the Minister

sitting behind him is bringing in money to pay for his Department as well as a great many other Departments. We call it CGOT. I do not like that; it does not sound impressive enough. The Minister's own idea, Tourism Canada, to me, is very important. I think that matter should come up before his caucus next Wednesday and be endorsed unanimously as Tourism Canada. That is easier to sell than the Canadian Government Office of Tourism. I am quite sure that Members on the Government bench will agree with that. This is a very important Department, a big money-maker, and it can be a much bigger money-maker in the years to come.

The Minister pointed out, Mr. Speaker, that $16.5 billion is 5 per cent of the GNP. Well, let us see some of these other Department heads get up and tell us what they are collecting or putting into the coffers. I am quite sure it will not be near that amount.

The other important thing he mentioned was the generation of foreign exchange, I think he said $3.8 billion. That is a lot of money coming in, especially offshore money.

The Minister also mentioned the Department of Regional Industry Expansion, known as DRIE. I do not know whether I like DRIE as well as DREE because I am afraid you are going to dry up the funds. I am aware that DREE has done a great job in promoting tourism in the Atlantic area, but when it comes to Ontario it has been pretty hard to get any money out of DREE. I believe that $4 million was allocated for the entire Province of Ontario under a DREE provincial co-operative deal. Let us hope that that amount will be increased a great deal more.

• (1220)

I was also pleased to hear the Minister mention the small craft harbours and how important they are. In the Province of Ontario there are 450 small craft harbours. It is pretty difficult, when we approach the officials in Burlington, to get money. They are most co-operative, but they say: "Well, yes, we know that it is important, but word has come down from on high that there will not be money available". Years ago it had even been reduced, and in the great Province of Ontario, which has more tourists than every other Province put together, the total amount for small craft harbours was somewhere in the area of $3 million to $4 million.

However, the Government can pump $30 million or $40 million into one particular harbour. I am thinking of the harbours at Montreal, Halifax, and probably those out west. Those are certainly important, but let us get down to basics and consider where we can get the biggest bang for the bucks. I am quite sure that it is in those small harbours, because an awful lot of boats are tying up there and much gasoline is being sold there, of which rumour has it that the federal Government takes a pretty healthy cut.

In questioning the Minister one Hon. Member mentioned the fact that the Minister was the Minister responsible for small business as well as tourism. To me, small business and tourism are pretty well synonymous, because most of the tourist operators are small businessmen.

It is also important to remember that in this time of high unemployment a great many of the unemployed, I believe over half, have been laid off by small business industries and individual entrepreneurs who have not been able to continue to grow and prosper, who have had to cut down, and who, in many cases, have just closed up their doors and said they could not continue any longer. Then, of course, a staggering amount of them have actually declared bankruptcy. That is certainly very important to consider, in my view. It is why the Government must give a much higher profile to the tourist industry and should also see that money is provided in special ways, at least with long-term, low interest rates, and guaranteed interest rates. This should be done now rather than in a year or two.

Many tourist operators came to me last summer and fall with tears in their eyes. They were faced with having to renew mortgages. Sure, they could gamble. However, they had to renew for five years at 17 per cent or 18 per cent when their mortgages were probably in the 10 per cent or 11 per cent bracket before. It made the difference as to whether they would be able to keep their doors open.

I know that money is scarce. I am well aware of the staggering deficit with which the country is faced. Tuesday night will be the night when we will see what will happen. I hope that the Minister of State for Small Businesses and Tourism has been able to have a word with the Minister of Finance (Mr. Lalonde) and his officials to see that something is done to help the tourist industry, because that is all-important.

I consider the fact that the Government can most blissfully find money for some other projects. Some of them have been given quite a bit of money, such as $500 million to bail out Dome Petroleum. Would it not be nice to give that amount to the tourist operators across Canada? Speaking of Dome Petroleum, $2.6 million will be given as a golden handshake to Mr. Gallagher when he turns over the reins of Dome Petroleum in September. The sum of $2.6 million would certainly help a good number of tourist operators to improve or possibly save their businesses. The sum of $1.4 billion was given for the takeover of Petrofina, with $600 million given to BP Canada to take over just the unproductive part of that particular firm. Then in the newpapers yesterday we heard about Canadair, another Crown-owned company. The Hon. Member shrugs his shoulders. We do not know just how serious it will be. The Government can find money for all these massive projects, but when it comes to the little, individual businessman, the tourist entrepreneur, the money is just not there.

If one goes to the Federal Business Development Bank, yes, it will provide money but the rates are certainly scary to a great many. Innumerable tourist operators have gone there and have then gone to ordinary banking or trust institutions and done better. I will admit that the FBDB is sort of a lender of last resort. However, when the Government can loan money

out at very advantageous rates to some of these huge multinationals, surely it could do the same or more for some of these small businesses, these tourist operators across the country who will probably be providing a great many more jobs per dollar loaned than those massive ones are providing.

The tourist industry is certainly one of the most important ones. Because of its nature, it is widely spread over the entire country, perhaps more than most other industries. That would possibly include agriculture as well. It is rooted in the rural areas of the nation: Parry Sound-Muskoka, out west, Newfoundland, Labrador, the Minister's own backyard. For that reason, it seems to me that if the Government really wants to trigger a widespread recovery in our country, this is the place to start. I do not think we have done nearly as well as we should have in this area.

Conversely, there are a number of things we could do which would make a real difference. Let us consider a few statistics for a start. First, we know that over the past few years we in Canada have been running a deficit on our tourist account with the United States alone of $1 billion a year. That means that Canadians are spending $1 billion more every year than Americans are spending here. That does not take into consideration all the millions of dollars spent in Europe and elsewhere. In 1981, for example, Canadians spent $3.5 billion in the United States while visiting Americans left $2.5 billion here. That is a shocking spread which does not need to be so. Such was not the case before. In fact, the spread was always in Canada's favour.

Let us bear in mind just how big in industry it is that we are discussing. We all admit that last year was not a good year, but Ontario alone saw revenues of $7.4 billion which generated a ripple effect throughout the economy in Ontario of some $12.6 billion. That is big bucks any way one looks at it.

What, then, could we do to improve the situation for this very key industry? There are a number of things which I have been pressing personally, as has been my Party. Of course, I re-emphasize that there should be higher priority and profile given to the Ministry. There should be a Minister of Tourism per se, not a Minister of State for Tourism.

Let us next discuss taxes. Every dollar which is left behind by a tourist in the form of profit to an operator generates income tax and taxes for various other Governments. Businessmen are familiar with the idea of spending a dollar to make a dollar. Perhaps Governments should think about doing the same. In their case, of course, spending a dollar would mean cutting the taxes a bit so as to encourage more tourism.

• (1230)

The Minister stated that the advertising budget for tourism had been cut. While money can be saved by cutting down on advertising, the end result will be a greater deficit. It is necessary to advertise because it pays to advertise. The product must be sold. I have heard it said: "You do not sell the steak, you sell the sizzle." We need advertisements that will induce people to come to this wonderful country of Canada. Once they come here they have to be encouraged to come to the fabulous tourist area of Parry Sound-Muskoka. I assume that Prince Edward Island also has many attractions, as does Newfoundland and Labrador.

Mr. Rompkey: I have been to Parry Sound-Muskoka.

Mr. Darling: The Minister should certainly be speaking strongly about the money he needs to advertise this great country. This should be done through Tourism Canada, not that CGOT. Let us hope that will end before too long.

The Government is certainly well known for its advertising, as has been suggested to the Government from this side time and again. It squanders literally millions of dollars on advertising its own programs. But we are speaking of advertising Canada which will bring money back into the country fourfold. If advertising was not valuable, why do the automobile companies still spend millions of dollars on advertising even though they are feeling the pinch? The soap companies know the importance of advertising. Therefore I hope Members of Parliament recognize that advertising is extremely important in order to sell Canada and bring tourists here.

A factor which disturbs tourists, Canadians as well as others, is the cost of a holiday in Canada. A major cost of that holiday is the price of gasoline. That is the real horror story. By the time the Provinces and the federal Government take their share, gas is quite costly. With all due respect to the Minister of Consumer and Corporate Affairs, a gallon of gasoline — I did not say litre — costs almost twice as much here as in the United States.

This raises another point. Many American tourists who visit Canada are not enamoured of the metric mess which is occurring. The Minister may smile even slightly but he knows that that is bloody well right. Do not shake your head that way, shake it the other way.

Mr. Ouellet: I am much more tolerant than you.

Mr. Darling: You are the intolerant one. I am tolerant. I am willing to accept metric on a voluntary basis but I am not willing, nor are many other Canadians, to have it shoved down our throats under the threat of "You do this or you go to jail". You have not put that guy Halpert in jail or the Members out at Carleton Place because this is still a reasonably free country.

Mr. Ouellet: They are coming here because they are seeing something different. They do not want to be in America.

Mr. Darling: They are seeing something different all right, and expensively too.

In any event something must be done to attract tourists to our country. As has been mentioned here, the Minister has been told how tourists will be attracted to our respective regions. I am aware of the fact that the Government agency, Tourism Canada, has the job of bringing people to the borders of Canada. It is then up to the Provinces to entice those people to their respective regions.

I hope that there will be 100 per cent co-operation between the various provincial offices of tourism and Tourism Canada

to prevent any overlap and allow money to be distributed and spent more efficiently. This co-operation would allow the federal Government through Tourism Canada to do a much better job. Tourism Canada is a very important agency. This industry is one of the best money-makers that exists. It is not necessary to build million dollar plants to generate taxes, and that is an important consideration.

Another issue I wish to raise, which indirectly concerns tourism but has a great effect upon it, is acid rain. The Minister of the Environment (Mr. Roberts) at this moment is hosting a lunch for the Subcommittee on Acid Rain. I am well aware that the Government recognizes the seriousness of the acid rain problem and that the Minister of the Environment is doing his very best to convey that message to our neighbours in the United States. If we do not address this problem in a meaningful way, our tourist industry will suffer because acid rain is already having an adverse affect on many of our lakes. I am certain the fish population in those lakes is being depleted, and while the mature fish may not be affected by acid rain, serious problems will occur during spawning and the growth of young fish in the years to come.

Once again, the funds needed to address this problem will be hard to get from the Minister of Finance or the President of the Treasury Board (Mr. Gray) in these times but there are certain matters which are very important. I hope the Secretary of State for External Affairs (Mr. MacEachen) will be able to do a selling job on the Secretary of State in the United States. He was certainly not too optimistic yesterday in answering questions from our critic, the Hon. Member for Hillsborough (Mr. McMillan). The Secretary of State for External Affairs is adept at not saying anything while talking a great deal, but he did not say anything too promising.

I want to emphasize once again for the Minister just how important the acid rain problem will be to the tourist industry through the years. We have heard statistics on the thousands of lakes that have been damaged by acid rain. Some say there are 4,000 lakes in Ontario that are in a pretty serious situation, but there are 140,000 lakes. We are among those most blessed with the facilities for tourists, including Canadians, Americans and others from offshore. It is up to us and the Minister through his department to try to attract as many of these offshore and American tourists as possible. I know that they want the most for their money.

I close by saying that we must put more emphasis on the attraction of European tourists. German tourists are coming here in greater numbers each year and they are the ones who have the money. They are the ones we want to see here.

I hope next Tuesday's budget will provide some relief for the tourist operators so that they can improve their facilities and get money for working capital. I know it is difficult to get money when one goes to a hard-nosed bank which will only lend money based on one's assets. Yet Massey-Ferguson and other companies like it can borrow with assets which do not meet what the Government shells out for them.

I want to commend the Minister for the job he is doing. I am aware that he is having difficulty with his own Cabinet colleagues but he should speak that much louder and get the support of his backbenchers. Perhaps the Treasury benches will stop and listen to how important his department is. Once again, I say that he should be the Minister of Tourism and nothing else.

The Acting Speaker (Mr. Blaker): Questions, comments and answers?

Before I recognize the next Hon. Member in debate, it would be appropriate if I now look to my right. However, the Chair was advised that one Hon. Member has a travel problem. I have heard nothing since then. Unless I hear something now, I will look to my right.

• (1240)

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, I listened to the comments of the Hon. Member with great interest. I was also very impressed by the comments made by the Minister responsible for Tourism Canada. I think we should remember that in addition to the financial aspects there are also cultural and technical factors to be considered. It is very easy to make speeches in the House and try to prove that the Government has failed to support tourism in Canada, but if we take a closer look at the facts, it becomes clear that the Canadian Government is doing a lot to develop an industry that, at first, was relatively marginal.

A good example, Mr. Speaker, is that in Quebec, the tourist industry comes first, even before the pulp and paper industry. This proves more clearly than anything else that both in Canada and in the provinces individually, tourism is recognized as one of the prime factors of development at both the provincial and the federal level.

Before I go any further, Mr. Speaker, I think it should be pointed out that Canadians themselves must be willing to become tourists in their own country. It is all very well to emphasize advertising abroad to encourage people from other countries to visit ours, but it is also very important for Canadians from all parts of this country to visit each other and learn to know their own country.

One of the basic elements of tourism is novelty. We like to exchange our own environment for something new, to experience contrast, enjoy a change of scene and see other people instead of always seeing people we know. As a country, Canada is able to provide that change of scene within its borders, and we can enjoy our differences while understanding what holds us together. I thought it was very interesting to hear the comments of the Hon. Member on Newfoundland, Canada's North and Labrador. I think that as a result of its diversity, Canada provides an incredible range of scenery and impressions. I think there are very few other countries that have so much worth seeing within their own borders. As far as

the tourism industry is concerned, we have a federal agency supporting federal initiatives, and we have ten provinces, each with their own tourist offices. Some provinces even have Departments of Tourism, and all this adds up to a formidable instrument for developing the industry. In addition, there are many joint efforts being made by the Canadian Government with the provinces and the municipalities. In fact, the contribution of the latter is often overlooked.

When I was listening to the Hon. Member just now, he was wondering what the Federal Government was doing to demonstrate the vitality of the tourist industry. There are a number of brochures, and I have one here, that describe quite admirably the various regions of our country. This is a brochure that is distributed in Canada for Canadians, and there are others that are distributed in Europe and in other parts of the world such as Japan and which describe the attractions of tourism in Canada.

It would have been interesting to hear just now how many foreigners actually visit this country. Figures are always interesting. In fact, in 1982, 32.5 million Americans came to Canada. They crossed the border to visit Canada, on trips of varying duration, but the fact remains that more than 32 million people did so. That is more than the total population of Canada. I think that on both sides of the House Members will agree that if 32 million Americans came to Canada, that is primarily because there are adequate transportation facilities, the right infrastructures and finally, the right tourism facilities to make it possible for them to stay here. I feel that is important. Of course, the number of tourists may fluctuate from year to year, and the recession in this part of the world may also affect this number, but on average, these figures reflect the number of Americans visiting our country.

We had 474,097 visitors from the United Kingdom, 219,000 from West Germany, 139,000 from Japan, 132,000 from France, 79,000 from The Netherlands, 67,000 from Australia, 62,000 from Italy, 48,000 from Switzerland, 44,000 from Mexico, 44,000 from Israel, 39,000 from Hong Kong, 24,000 from Sweden and 19,000 from Belgium. I am mentioning these figures to show that we already have a substantial number of people, other than Canadians and Americans, who visit our country.

At this stage, we should find out whether our Canadian representatives abroad and our commercially oriented Departments are doing everything they can in this respect and whether more can be done to increase the number of tourists visiting our country. That is a very important point. I think that criticizing and saying that nothing is being done is of no help at all in the debate on this question. It would have been far more interesting to hear some concrete proposals from the Hon. Member on the other side of the House. We must not forget that there have been many Canadian events, subsidized by the Federal and Provincial Governments, which have attracted people from other countries to Canada, for instance, Expo 67 in Montreal and the Olympic Games in 1976, the Calgary Games, the Commonwealth Games, and in fact, Vancouver will soon be hosting a world event Transport 1986. These are events that attract tourists from all over the world to our country, but when we ask the support of the House in preparing for these events, that support is not always unanimous. Many Members of the Opposite side of the House object from time to time to these events, while they should in fact be supporting them, because it is this kind of events that will make our country better known. It is a fact that people who come to visit these events return to their own country with a better knowledge of what we have to offer.

Mr. Speaker, there are some very well designed and very well written brochures distributed world-wide that provide a host of details on our country. And for the information of Members on both sides of the House who have had occasion to travel throughout the world, I would like to add that in all airports and cities they will find quite substantial documentation on what Canada has to offer in the way of tourism.

Mr. Speaker, there is another point I would like to raise and that is, that the provinces should work together with the Federal Government to maximize the benefits of tourism for our country. The contribution of Parks Canada was not singled out earlier. If tourism was able to develop as quickly as it did in Western Canada, it is perhaps due to Parks Canada and the major impact of Jasper and Banff, and it is because of the railroads that tourists have been better able to appreciate the West and the Rockies. Then, there is Newfoundland, and I believe that the Hon. Minister responsible for Tourism Canada is very familiar with this issue. When we look at the extraordinary Bonavista Park on Bonavista Bay in Newfoundland, we can see what the Federal Government has accomplished with the cooperation of the province of Newfoundland. I think that Canadians have many wonderful things to discover in that region.

• (1250)

The same is true in Ontario, where Parks Canada and the federal government in designating and developing natural areas for all Canadians to visit so that future generations may continue to develop them while maintaining their touristic and natural potential. In Quebec, we have real touristic jewels in the Forillon and St. Maurice Parks. However it is unfortunate that Quebec is reluctant to participate in other such developments because more and more Canadians appreciate the great outdoors. While 60 per cent of Canadians used to live in rural areas, the trend has reversed in the last 15 or 20 years; two thirds of Canadians now live in cities and only one third in the country. Urban residents increasingly want to find recreation outside the cities, and in this regard, I believe that the development program of Parks Canada is one of the major elements of tourism development in Canada.

It is a fact that if Quebec participated more in the development of other Canadian parks on its territory, more Canadians from other provinces would visit Quebec, just as many Quebecers now go elsewhere in Canada to visit other parks. All these elements together promote tourism development in Canada. As I said earlier, it is a matter of attitude. It might not be essential to spend more money for Tourism Canada, even though it is important to have enough money to meet our various needs, but it is really important to change the urge people have to travel outside the country. It is important to change this attitude because we have too great a tendency to go outside Canada for our holidays when, with a little effort, we could perhaps benefit from what our own country and the various provinces and municipalities can offer us throughout the year. In this regard, the Canadian Government has published a brochure called *Events 83*. This publication lists the events which are held in various municipalities, as well as the dates of these events and a summary of activities.

So, something is being done. Perhaps Tourism Canada could be criticized for not being close enough to the people. Its brochures are kept in offices which might be somewhat overspecialized. Tourism Canada could perhaps provide more information to Canadians so that they might examine what is available, make their decision and visit their own country more easily. It is a fact that other governments, other countries, travel agencies and even transport companies in their advertising are using an approach which is closer to the people than our own government. I suggest that we should up-date our marketing methods and bring tourist information into the homes of Canadians in order to convince them to change their attitude.

Time permitting, Mr. Speaker, I should like to deal now with regional tourist offices. I think we should increase our presence within provinces and municipalities, so that people may have easy access to information. It is rather surprising that Canadians are to a great extent ignorant of their own country. This is due in part to the government, the school systems of our various provinces which have no serious programs concerning the many dimensions of our country. This is something which should be checked with the provinces and municipalities. Going over my notes earlier I noticed that there have been meetings of the federal and provincial ministers responsible for tourism since 1934, I think that we should go a step further and come closer to ordinary Canadians. An effort should be made to change our attitude which compels us to stay home, instead of traveling to get to meet other Canadians, who, after all, live in the same country, are faced with the same difficulties but in an environment perhaps different from our own.

I would urge the Minister to consider my remarks carefully, to see whether there is a possibility that Tourism Canada might conclude agreements with the provinces and the municipalities. When someone spends all his time shuffling papers, he has no contact with the public. It is not necessarily a question of spending more money on a program like this one, but rather to make sure that the money is well spent and that the public does benefit from it. Even if huge amounts of money were spent to advertise Tourism Canada, if the promotional literature remains piled up in warehouses or in offices whose address is very often hard to find, not to mention the offices themselves, all that information is useless and the money is not spent or used for the intended purposes.

That is a problem faced by a lot of people who travel throughout the country. Where are those offices? Perhaps there should be agreements with the various hotel chains so as to be in more direct contact with the public and travellers. Crown corporations such as VIA Rail or CN and CP ought to publish brochures on transport facilities available to get to know our country better. There is very little tourism literature available on the Ottawa-Quebec City or Ottawa-Toronto trains. It is possible to get some information from VIA Rail, but precious little is provided about Northern Canada and about prices in the middle North Shore, the lower North Shore and the Gaspé area. Perhaps we should revise our policies so that the public will have ready access to information, and possibly that is our greatest problem right now. There is no need to spend more money, but maybe we should check with Tourism Canada to see whether all the money is well spent through Government measures or by Tourism Canada officials.

Those are the remarks I wanted to make at this point, Mr. Speaker, because the Minister gave us very clear figures when he spoke earlier. Instead of repeating those figures, I think that the important point is to tell the House and the Hon. Member for Malpeque (Mr. Gass) that we must change the attitude of the people by getting them to know their country. There are all kinds of support measures which could be brought forward. When I speak of support, I have in mind not just large amounts of money, but also the specific avenues by which Tourism Canada is trying to make people travel within our own borders. In that respect Hon. Members might have cause to hang their heads, because we may be more inclined to travel abroad instead of travelling in this country. We merely have to recall where our own party leaders spend their holidays. Everyone is going south! I appreciate their position, but if we really want Canadian men and women to travel in this country, we should show them the way. Let us compare current temperatures in Vancouver and Montreal. I think that in Vancouver they are now more or less enjoying summer. It may not be Florida, but this is in our country and I feel that Members of Parliament should be an example in that respect. We should be travelling in Canada to a larger extent, but instead we learn from press reports that some of our ministers, or some prominent Canadians involved in the arts, in politics or in industry are vacationing abroad. A change of attitude would be more warranted than appeals for more and more public

funding. At this stage, the need would be less for money and more for talent, in order to change the current approach and increase significantly the impact of funding.

In conclusion, Mr. Speaker, since I understand I have roughly one minute left, I would like that at the next standing committee meeting where tourism will be dealt with, both opposition and Government Members come up with suggestions concerning this matter of changing our attitudes. We might then have an opportunity to evaluate, and assess them, and see what we might be doing for the future, without criticizing whatever has been done and just asking for money. If from both sides we were to put forward realistic programs, we might then reach the same goals and even double the impact, since this would involve talent rather than mere money.

[*English*]

The Acting Speaker (Mr. Blaker): Order, please. The Chair will recognize the Hon. Member for Prince Edward-Hastings (Mr. Ellis) for debate.

Mr. Ellis: Mr. Speaker, may I call it one o'clock?

The Acting Speaker (Mr. Blaker): As the Hon. Member indicates, we will call it one o'clock, which assures the Hon. Member that on the calling of Orders of the Day after three o'clock he will be recognized as having the floor.

It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

EXTERNAL AFFAIRS

GUATEMALA—STAY OF EXECUTION SOUGHT FOR MOTHER OF TWINS

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, tomorrow a young woman will be shot to death in Guatemala. She is currently in jail with her five month old twins. Her husband was killed some eight months ago. It is a crime that this should happen any place in the world.

I have written to the Prime Minister (Mr. Trudeau) and asked that he attempt, on behalf of the Canadian House of Commons, to intervene. I am asking Member of Parliament who are here to intervene also, to call the Embassy of Guatemala here in Ottawa, ask them to express to the President of Guatemala our concern over this matter, and ask that he not have this execution or the four others intended to be proceeded with tomorrow. Let us ask that every effort be extended to try to find a solution to this problem that will ultimately halt the death of people who, because of their political involvement, face the kind of persecution this woman has faced and the threat of death that she now faces.

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[*Translation*]

LABOUR

LABOUR ADJUSTMENT BENEFITS ACT

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, I should like to deal once again in the House with Bill C-78, to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code. Pursuant to this bill, more specifically with Clause 13 which deals with eligibility, a 50 year old person who has been employed for 30 years in any of the designated areas of employment, namely the textile, clothing, shoe or leather industries, and who has worked some 1,000 hours in each of these 30 years may be allowed to go on what is called early retirement when his or her financial situation is jeopardized as a result of at least 10 per cent of the work force being laid-off in the plant where he or she has been working. In this connection, Madam Speaker, there are always particular cases which are brought to light of people who are 49 years of age and who have worked for 31 years, which adds up to 80, who are not eligible for early retirement, or of people 50 years of age who are receiving for the first time Unemployment Insurance benefits. These people would like to become eligible for early retirement. Maybe the Department of Labour would be well advised—

Madam Speaker: Order! The Hon. Member for Joliette (Mr. La Salle).

* * *

CROWN CORPORATIONS

PRESUMED WASTE OF PUBLIC FUNDS

Hon. Roch La Salle (Joliette): Madam Speaker, today I want to express my indignation at the squandering of tax dollars. In his report, the Auditor General has confirmed a fact of which we were already aware—the Government has lost all control over the Crown corporations. Perhaps it does not even know how many there are now. Is that not the best evidence of mismanagement in this country? Here are some examples of the shoddy administration and of the waste of public funds. In 1976, the Government invested $3.6 billion in Petro-Canada, claiming that it was ours, but it never said at what price. Petro-Canada even found a way to spend $6.5 million to keep empty offices in Calgary. According to the *Financial Times,* the profits of Petro-Canada are sheer fiction! I could also

mention Air Canada which has recorded a $32 million deficit this year, and the $10 million it has overspent on its head office. I could also talk about Canadair, the latest scandal and a waste of over $2 billion. And what about Mirabel, the white elephant, the real estate firm which pokes fun at Quebecers who were needlessly expropriated?

I will conclude my remarks, Madam Speaker, by saying that the present Government has run out of wind, as evidenced by the pools, and it does not know which way to turn to make Canadians believe its management is sound. Madam Speaker, how can anyone hope the public to have faith in the credibility of the Government when it keeps on wasting public funds as it does, and when it lacks courage and demonstrate its incompetence with respect to its own Crown corporations?

* * *

[*English*]

EXTERNAL AFFAIRS

GUATEMALA—PROTEST AGAINST DEATH SENTENCE FOR MOTHER OF TWINS

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, I share the concern expressed by my colleague, the Hon. Member for Hamilton Mountain (Mr. Deans), and would like to give a little more detail of the crisis that will occur tomorrow. This problem was brought to my attention by Amnesty International. The person involved is Dr. Graviola Ruth Brooks Martinez, a general medical practitioner. She is scheduled for execution tomorrow morning in Guatemala. Dr. Martinez is the mother of five-month old twins who are presently in prison with her. Her husband was killed before the twins were born.

The alleged offence is unknown, due to the secrecy of the special military trial that was conducted. Dr. Martinez is the first woman sentenced to death by the Guatemalan military tribunals since the creation of these military tribunals when a state of siege was imposed on Guatemala in July, 1982.

I would like to request the Secretary of State for External Affairs (Mr. MacEachen), on behalf of all Canadians, to protest urgently and in the strongest possible terms against this inhuman, unjust and evil sentence which was based on a trial conducted without legal safeguards. I ask this in the hope that there might be a stay of execution for Dr. Martinez, thereby sparing her life and also providing some security for the welfare of her infant twins.

The Guatemalan Embassy denies that these executions are planned. I fervently hope that this is true, but previous experiences have shown that the Guatemalan embassies have not always been accurately informed by their Government.

Madam Speaker: Order, please.

SHIPBUILDING

IMPLEMENTATION OF POLICY URGED

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, over four months ago the Minister of Industry, Trade and Commerce (Mr. Lumley) announced policy that would protect the Canadian shipbuilding industry and stimulate activity in the yards. The policy was welcomed by the industry as being meaningful.

Four months have lapsed and the Government has given no indication why introduction has been delayed or when the shipyards and the workers can expect the policy to be implemented. This is four months lost at a time when such policies are urgently needed, at a time when more and more shipyard workers are losing their jobs and fearing for their future.

At the Saint John shipyard employment has decreased from 2,089 in 1978 to only 820 last year. The projected figures for 1983 see a decrease to between 200 and 300 workers this year if no further work is received. This is a scenario that can be prevented.

The Minister of Supply and Services (Mr. Blais) implied Canadian shipbuilders were crybabies who wanted the Government to lead them by the hand. I say this is not so. These men want to work, and want security for themselves and for their families. The Government has tantalized the industry with a program that would get shipbuilding workers back on the job and reverse the shipbuilding decline in Saint John and all across Canada, but has failed to follow through.

On behalf of Canadian shipbuilders I strongly urge the Minister of Industry, Trade and Commerce and the Minister of Finance (Mr. Lalonde) to quit fiddling around and use next Tuesday's budget to introduce the shipbuilding policy and get our workers back to work.

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[*Translation*]

AIR TRANSPORT

NECESSITY FOR INFRASTRUCTURE IN MIDDLE AND LOWER NORTH SHORE, P.Q.

Mr. André Maltais (Manicouagan): Madam Speaker, I would like to draw the attention of the House on a section of my constituency which is on the North Shore, that is the middle and the lower North Shore, with respect to air transport. I would like the Minister of Transport (Mr. Pepin) who has done so many things to this date for the middle and lower North Shore to become aware of the need to set up infrastructures as far as navigational aids are concerned in order to organize landings and take-offs at four main airports of the middle and lower North Shore, that is in the Havre-St-Pierre, Natashquan, la Chèverie and Blanc-Sablon areas. I would also like to point out to the House that some assistance should be provided to the provincial government with respect to the Saint-Augustin airport because in an Indian Reserve last week,

a newborn baby died as a result of severe weather conditions due to the lack of a landing strip or ground instruments. Consequently, it is vital that Transport Canada should become acquainted with the needs of that area. We know that for the past three years, tremendous amounts of money have been spent there but even if runways were asphalted, without a system of ground instruments to allow landings and take-offs, the situation is hopeless. This area is situated opposite Newfoundland and considering weather conditions, a system of ground intruments should be a priority. I think that the matter could be dealt with during the negotiations between Quebecair, Nordair and Air Canada. It is very important to consider the entire vital issue, since there are no roads in that part of Canada.

* * *

• (1410)

[*English*]

CANADIAN WHEAT BOARD

DECREASE IN INITIAL GRAIN PRICES

Mr. Stan Schellenberger (Wetaskiwin): Madam Speaker, at a time when farmers are being stressed to the limit by increasing costs of production and all indications are that world prices will not increase this year, the Canadian Wheat Board Minister is allowing the initial prices for grains to plummet, instead of holding prices at last year's levels. Initial prices for 1983-84 are down 12 cents a bushel for the base grade of wheat, 33 cents for feed barley, and 23 cents for feed oats. Depressed prices such as these are in no way justified at this time.

With farm bankruptcies doubling out West since last year, and such things as fuel, fertilizer and spray prices constantly increasing, how can any farmer look to the 1983-84 crop year with any optimism? To add insult to injury, the Wheat Board Minister, without batting an eye, told farmers the Government wants a 5 per cent reduction in wheat acreage and a 15 per cent reduction in barley acreage. These farmers cannot afford to cut back their production if they are to meet their debt payments.

When competing countries ask their farmers to cut back production they assist the producers with their treasuries. In Canada, as usual, the Liberals place this extra burden on the backs of those least able to afford it, in this case the farmers.

I could not believe my ears yesterday when the Minister of Transport answered a question with, "At the price level at which they are, the general view is that the incentive to produce is still quite high." I want to assure the House that this is a Liberal view and not a general view.

S.O. 21

RAILWAYS

CROWSNEST PASS RATE—GOVERNMENT ADVERTISING IN SUPPORT OF CHANGES

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, I wish to draw the attention of the House to a major public advertising campaign which the Liberal Party is undertaking this weekend to promote changes to Crowsnest Pass freight rates.

I am informed that the Liberal Party has placed a four-page colour advertising supplement in newspapers in Ontario and western Canada. The commercial rate for this ad in one of the newspapers alone is $9,200. Obviously the total cost for ad production and newspaper space will be well in excess of the $350,000 estimated by the Minister of Agriculture (Mr. Whelan) in the House on February 22.

Our Party regards this as a flagrant waste of public money to promote the policies of the Liberal Party. We find it doubly reprehensible that the Minister of Transport (Mr. Pepin) is attempting to buy legitimacy for a policy that has been so universally repudiated in western Canada.

These advertisements are also misleading. For example, they promise 375,000 person years of work on the railways, while on May 1 Canadian National will be laying off 837 workers in shops in Winnipeg, Montreal, and Moncton.

This is typical Liberal Party advertising. Its slogan is, "Promise anything. The truth comes later and can never fully catch up."

Madam Speaker, that may be true, until the next general election.

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MANPOWER

ADMINISTRATION OF MOVING EXPENSE REGULATIONS

Mr. Dave Nickerson (Western Arctic): Madam Speaker, the objective of the Canada Manpower Mobility Program may be quite desirable, and undoubtedly many Canadians have benefited from it, but there is one aspect of its administration that requires correction.

Instances have been brought to my attention when applicants were forced by the Department of Manpower and Immigration to take more money from the Government than their actual moving expenses even when they, being honourable citizens, did not want it. All they wanted was reimbursement of their out of pocket expenses. They did not want to profit at the taxpayers' expense.

Letters to the Minister have brought about an almost incomprehensible reply boiling down to "rules are rules and must be enforced regardless of how silly they might be".

It is high time that the regulations governing the Canada Manpower Mobility Program be amended so as to restrict payments to a maximum of the actual out of pocket relocation expenses.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

CROWN CORPORATIONS

CANADAIR—REPORT OF GOVERNMENT FINANCIAL INVOLVEMENT

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Prime Minister who is no doubt aware of a certain program aired on the CBC last night, touching on Canadair. It included the statement that in October, 1982, he and Members of his Cabinet were informed that the full range of federal involvement in Canadair would be from $1.8 billion to $2.3 billion. In that report it was also made clear that, indeed, Canadair was on the ropes.

Would the Prime Minister inform the House if, in truth, that was the report that was received by him and his Cabinet and, if so, would he care to elaborate on it today?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would like to answer the question, but I have to point out that it is not within the rules to ask the Government if such and such a report is correct or not. A news report is something which should stand by itself. I did not see the program as I was busy with other things and could not watch television.

It is true that the problem of Canadair has been one with which the Government has been concerned. It is also true that when we took the measure to transfer the management of Canadair to the CDIC it was done because we wanted to see business judgment applied to a business difficulty. Therefore, we know that there are difficulties with it.

There is a likelihood that we will have to come to Parliament and ask for a supplementary estimate to assist Canadair in order to turn it into a profitable business venture. I foresee that Parliament will be able to discuss the question at that time.

AMOUNT OF INVOLVEMENT

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I have a supplementary question. I wonder if the Prime Minister could indicate if the total federal Government involvement — in short, the people of Canada — in Canadair may reach $1.8 billion, or possibly $2.3 billion?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker, I cannot confirm those figures. I can give the assurance that if we do come to Parliament for a supplementary estimate we will want to make sure that the financial statements of the company are made available to Parliament so that it can check them.

QUERY RESPECTING CONTRACT

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I should like to direct a supplementary question to the Minister of Justice who will undoubtedly be aware that the same program contained the following comment:

> Unusual deals have been referred to the Department of Justice for investigation and it in turn has asked the Toronto law firm of Goodman and Goodman to look into some of the contracts.

Would the Minister confirm or otherwise if contracts entered into by Canadair are being examined? Specifically, could he elaborate on the contract between KRS and Canadair, which seems to be strange indeed, bearing in mind that it involves the lease of a Challenger aircraft back to the factory and the possible financing of it by the Government of Canada for certain executives of Pepsi? Is this indeed the Pepsi challenge?

Mr. Trudeau: He is over there.

Mr. Hnatyshyn: Here comes Brand X.

Hon. Mark MacGuigan (Minister of Justice): Madam Speaker, I think the context in which the allegation is made by the Hon. Member is substantially untrue. The truth is that legal advice was given through the Department of Justice and through the engagement of outside counsel on, I believe, a single contract. This was not an investigation of any illegality or anything of that kind; it was normal advice given with respect to the interpretation of a contract. That is the only involvement of the Department of Justice in this whole matter.

• (1420)

[*Translation*]

ALLEGED DECLARATION BY MINISTER—GOVERNMENT POSITION

Hon. Roch La Salle (Joliette): Madam Speaker, my question is for the Right Hon. Prime Minister. Yesterday, the Minister of Energy, Mines and Resources, who was responsible for Canadair at the time, told CBC that no member of his government could have agreed to the lay-off of 7,000 employees of Canadair because of the referendum. What I want to know is whether this means, and Canadians would be happy to be informed in this regard, that the Prime Minister or his government had decided to throw away the taxpayers' money to save the face of the Liberal government at the time of the referendum?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker, it is not at all what this means. It simply means that, like any other country which is interested in maintaining a presence in the aeronautical industry, Canada must invest public funds in the industry. This was at the bottom of this whole affair when the private sector did not seem to be able or to want to maintain a Canadian presence in this industry. The Canadian Government did what the government of any other industrialized country would do, I believe, and decided to provide public funds to guarantee a Canadian presence in this

high technology industry which is of major importance for the industrial development of Canada.

Mr. La Salle: The Prime Minister should also know that the Minister responsible at the time stated yesterday that he had received a report from the company and that the Cabinet was already aware of its financial problems. In view of the circumstances and since the Minister accepted the proposal of Mr. Lear on a simple phone call, does the Prime Minister not recognize the unprecedented incompetence of his Minister in making such a commitment on behalf of his government, and will the Prime Minister have at least the decency to say so publicly today and invite the Minister to resign because of his incredible incompetence which will cost the Canadian taxpayers billions of dollars? To what extent is the Prime Minister willing to comment publicly on the incredible attitude of the Minister?

Mr. Trudeau: I am willing to comment on this attitude, Madam Speaker, and I shall do so in the context that I mentioned earlier when I gave my first reply, namely that we knew that the industry was in difficulty. If such had not been the case, the private sector would not have asked us whether we were willing to get involved in this company. The private sector would have continued to operate and to make profits for its shareholders. Therefore we knew that the company was having problems, and as I just told the Hon. Member, the question for the Government was whether we should let this important sector of the Canadian aeronautical industry in Quebec go under or whether we should try to maintain the presence of the Government, in other words of the Canadian people, in the industry. This was the decision we had to make. The Minister was certainly aware that there was a risk since the private sector wanted to get rid of its assets. The Cabinet's decision at that time was to maintain a Canadian presence in the industry. I would be surprised if the Hon. Member really wanted me to dismiss a Minister because the Canadian Government wanted to use a joint venture, and such ventures have been a Canadian tradition since the time of Sir John A. Macdonald, to keep a high technology industry in Canada with the assistance of public funds. If Sir John A. Macdonald could do so for the railroad, I do not see why the Progressive Conservative Member would not want us to do the same for the aeronautical industry.

[*English*]

Mr. Broadbent: Madam Speaker, John A. Macdonald did it for the CPR, as the Prime Minister knows.

SELLING PRICES OF AIRCRAFT TO PUBLIC AND PRIVATE SECTORS

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of National Revenue, as the Minister responsible for the details of this fiasco. Would the Minister explain to the House why it is that the people of Canada, through the Government of Canada, are the only people who are paying what could be called a "fair" price for these aircraft? It has been reported that Petro-Canada is picking up one of these planes for $11.3 million, and that the Department of National Defence is going to get two for $11.3 million. I have been told that the Canadian Imperial Bank of Commerce and the Argus Corporation have each bought one aircraft for less than a quarter of this price, $2.3 million each. Could the Minister tell the House if this is true? And could he possibly explain why the private sector is getting such a fantastic deal, but the people of Canada are paying through the nose?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I think the Hon. Member should not forget that from the outset, the Challenger program as introduced by Canadair was a great success, that it still is, and that if we continue to support this program, it will continue to be a success. The selling and pricing practices of Canadair can be readily examined by all Hon. Members when representatives of the Canada Development Investment Corporation appear before the Standing Committee, and I am sure it would be much easier to provide details on specific cases in Committee than to do so in a more general way in the House.

[*English*]

Mr. Broadbent: Madam Speaker, there is nothing general about that question at all. It is quite specific. The Minister just chose not to answer.

REQUEST FOR PUBLICATION OF MEMORANDUM ON COMPANY'S DEBT POSITION

Hon. Edward Broadbent (Oshawa): Madam Speaker, my supplementary question is directed to the Prime Minister, who is responsible for over-all policy in this area. My question concerns a memorandum which was given to the Cabinet last fall. If what was said on television last night is accurate, it is clear that the management of Canadair has been totally reprehensible. It is also clear, if the report is true that the Government received a memorandum indicating that the company was going to go even deeper in debt, that the Government is quite probably reprehensible in terms of its exercise of control over this operation and in terms of its responsibility to the House.

Will the Prime Minister confirm that there was a memorandum submitted to the Cabinet last fall which indicated that the corporation was going to go much deeper into debt, up to the $2.3 billion level? And if that report exists, and if freedom of information means anything, will the Prime Minister provide that report for all Members of the House so we can see what we are getting into on this?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have dealt with the substance of the question. I will not answer questions as to what documents are circulated in

Cabinet, and I certainly will not undertake to make those documents public. The Cabinet system works on a system of confidentiality. Advice we receive from officials operates on that basis. I do not believe it advances the question to raise this red herring. I have admitted that the Government knew that the company was in great difficulty.

[*Translation*]

Mr. La Salle: You were warned!

Mr. Trudeau: I see the Member for Joliette wants to put in his two cents' worth, Madam Speaker! Perhaps you could recognize him later on, since he forgot to phrase his questions properly just now. Perhaps the Hon. Member would have the courtesy to let me answer the Member on the other side, who did not interrupt him when he was asking his questions.

[*English*]

I have recognized that the company was in difficulty. I have recognized that we had to make a very important decision there, whether to cut loose from support of the aeronautic industry in Canada, particularly in the case of Canadair, or whether we should try to find some way to ensure that better commercial decisions were made by that company. What we have done, as is known by the House, is transfer the assets to a Crown corporation operating in the commercial sector, and we believe that there will be better decisions in matters of commercial decisions taken by the CDIC than could be taken in the previous circumstances.

Mr. Broadbent: Madam Speaker, the Prime Minister has a different notion about the responsibility of Government to the people of Canada than we have on this side of the House. We believe the people of Canada are spending millions, indeed billions of dollars, and they ought to know how that money is being spent. That is the issue.

• (1430)

Some Hon. Members: Hear, hear!

REQUEST FOR PUBLIC INQUIRY

Hon. Edward Broadbent (Oshawa): Madam Speaker, since it has been quite seriously alleged that this company has given literally millions of dollars to a private American corporation, that this company's senior management has misled a committee of this House, that this company in fact, if the allegation is true, is overcharging the Government of Canada for these planes while undercharging private corporations—given all of these allegations would the Prime Minister do what he ought to do, use the authority of the Inquiries Act and set up a thorough, competent, and fair-minded public investigation into this matter?

Right Hon. P. E. Trudeau (Prime Minister): Once again, Madam Speaker, the Hon. Leader of the New Democratic Party is not interested in the subject; he is interested in the process. He says the people ought to know how their dollars are being spent. If he had listened to my previous answers he would have seen that I said exactly the same thing and that I think the House of Commons will have an opportunity to see how the dollars are being spent. But why this leads him to ask to look at the Cabinet documents, Madam Speaker, just shows that he is trying to bring a red herring into the subject.

Mr. Waddell: You are bringing in the red herring.

Mr. Trudeau: He is trying to see a scandal where there may or may not be one.

Some Hon. Members: We want to know.

Mr. Trudeau: Exactly. That is why I said the House will be in a position to look at the figures. We intend at that point to bring the financial statements down and have the Opposition ask every legitimate question. After that, if they think, and if it is obvious, that there should be room for an inquiry, we will look at that question.

Once again, there is an admission by the Government that we took over a failing company and it was deeply in trouble. The only question at this stage that I can answer is that the Government, rather than cut it loose and see another industry die in Canada, a high technology industry, decided to try to find some way of saving it. I should have thought that the NDP, of all parties, would not have objected to the Government of Canada trying to save a high technology industry, and do it in a rational way.

Some Hon. Members: Hear, hear!

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[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MR. A. DELEHEDDE, M.P., SECRETARY GENERAL OF INTERNATIONAL ASSOCIATION OF FRENCH-SPEAKING PARLIAMENTARIANS

Madam Speaker: I wish to draw the attention of the House to the presence in our Gallery of Mr. André Delehedde, M.P., Secretary General of the International Association of French-speaking Parliamentarians.

Some Hon. Members: Hear, hear!

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VETERANS AFFAIRS

RIGHT TO RECEIVE HOSPITAL TREATMENT IN MOTHER TONGUE

Mr. Gérald Laniel (Beauharnois-Salaberry): Madam Speaker, I have a question for the Hon. Minister of Veterans Affairs.

In view of the amazing decision, to say the least, made by Quebec's French Language Monitoring Board, that St-Mary's

Hospital in Montreal was guilty of not adequately respecting the right of Mrs. Marie-Marthe Larose to be treated and to die in French; in view of the fact that the Department of Veterans Affairs and the Province of Quebec have reached a blanket agreement providing for certain minimum services for veterans in four Montreal hospitals; in view of the importance to all Canadians of the Charter of Rights, and more specifically language rights, could the Minister assure this House that in spite of Quebec's Bill 101, despite the French Language Monitoring Board, each and every English-speaking veteran in Quebec will be entitled to be treated and to die in English, just as much in the St-Luc and Maisonneuve-Rosemont hospitals as is certainly the case in Montreal General and St-Mary's hospitals?

[*English*]

Hon. W. Bennett Campbell (Minister of Veterans Affairs): I want to thank the Hon. Member for his question. He is quite correct, the provision of hospital services to veterans in the Montreal area is through four different hospitals. I have no indication that the particular situation he suggests in fact exists, and that veterans are not being provided service in both languages. If the Hon. Member has a particular case, I certainly invite him to bring it to my attention and I would be happy to look into it.

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CROWN CORPORATIONS

CANADAIR—FEDERAL EXPRESS ORDER—REQUEST FOR DETAILS

Mr. Bill Kempling (Burlington): Madam Speaker, my question is for the Minister of National Revenue regarding the Canadair matter. I want to refer particularly to what I consider, and what would be considered in the commercial world, as sleazy deals which apparently have been made. Would it not be closer to the truth to say that Canadair played the Government and people of Canada for suckers, and that Federal Express agreed to place an order for 25 Challengers on the understanding that they could cancel at any time without penalty, and that this manoeuvre was undertaken in order to pad the order book of Canadair 50 that they would get Government of Canada backing? Will the Minister confirm that the truth of this matter is that Canadair rented the name of Federal Express in order to fill their order book?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I do not wish to comment on any specific contract that might have been entered upon by Canadair and some of its clients. However, I would like to take this opportunity to tell Hon. Members and Canadians generally that the Canada Development Investment Corporation is currently engaged in a careful examination of all contracts entered into by Canadair and its clients, both as to the legal aspect and the matter of business practices generally followed in that sector. When that examination is completed, the Corporation will decide upon a ruling and will act accordingly.

[*English*]

Mr. Kempling: Madam Speaker, as the Hon. Leader of the NDP said, the only purchaser who pays the full price in this country for aircraft from Canadair is the Government of Canada.

SALE OF CHALLENGER AIRCRAFT TO TECHNIQUE AVANT-GARDE

Mr. Bill Kempling (Burlington): Madam Speaker, I would like the Minister to explain the sale to TAG, Technique Avant-Garde, particularly deal number seven, where they purchased a Challenger aircraft for $5 million and then, through a series of paper transfers, that plane was repurchased by the Government of Canada for more than $10 million. Would the Minister explain this?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I would repeat my earlier general comment concerning any specific contract between Canadair and any of its clients. I would like to tell the Hon. Member that the contract signed with the TAG Corporation is under review, like the other contracts, and indeed it is currently being renegotiated.

[*English*]

COMPANY'S FINANCIAL STATEMENTS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the House knows that we are in a scandal which is at least 20 times as large as the Consolidated Computers scandal of last year, so my question is directed to the President of the Treasury Board. Can he advise the House why the Canadair financial statements certified by independent accountants for the year ending December 31, 1982, are not now available?

Hon. Herb Gray (President of the Treasury Board): Madam Speaker, I will inform myself and report back to the Hon. Member.

CERTIFICATION OF FINANCIAL STATEMENTS

Mr. Don Blenkarn (Mississauga South): Madam Speaker, while the President of the Treasury Board is doing that, will he also inform this House that the reason for the delay in the financial statements is because of representations made last year that there were 142 firm orders for the Challenger Jet, which orders turned out to be so much smoke and mirrors, and that the chartered accountants will not certify the Canadair financial statements?

Hon. Herb Gray (President of the Treasury Board): Madam Speaker, I am certainly not in a position to agree with

the premise of the Hon. Member's question, but I will see what information I can properly provide on the subject.

GOVERNMENT TASK FORCE—KNOWLEDGE OF CANADAIR AFFAIRS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, the Prime Minister said earlier that he did not have time to watch television last night. It is a sad day when Members of the Opposition have to watch television to find out what on earth is going on within the Government backrooms of this country.

Mr. Trudeau: How sad for you.

Mr. Riis: Madam Speaker, it is well known that the Government appointed a special task force in 1981 to look into the financial fiasco surrounding Canadair and the Challenger aircraft. The Prime Minister has indicated that the Cabinet received a document in October, presumably outlining a number of the problems. So is it fair to assume, on behalf of Members opposite, that the Cabinet, and perhaps the Government itself, were well aware of the difficulties and the fiasco surrounding both the financial and marketing aspects of Canadair?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the Hon. Member did not waste his time watching television he would have heard me say that very thing in the House just a moment ago. He is so obsessed with what he saw on the airwaves that he did not hear me say, yes, that was one of the great worries of the Government and that is why we took the steps I indicated to have better business judgment put into this matter. That is why we transferred the assets of Canadair to the CDIC.

• (1440)

As I put it in previous statements, the matter is really—should the Canadian people, the Canadian Government and, particularly, the NDP lose their nerve when there are difficulties in areas of high technology? We know that these—

Mr. Broadbent: You've got to be joking.

Mr. Trudeau: —difficulties exist in the United States, they exist in Germany, they exist in France and they exist in Britain in the aeronautic industry. It is not a very profitable industry at this time, and the real question—

Mr. Waddell: Buy a restaurant next time.

Mr. Trudeau: —we had to address was: do we lose our nerve and bail out, or do we stay in and try to make a better turn of events? We took the second option, and that is why we turned the assets over to the CDIC.

TESTIMONY TO COMMITTEE

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, a few months back, Canadair came to Parliament Hill with a number of slick presentations about the Challenger aircraft. Canadair also appeared before each of the caucuses, clearly explaining how well it was doing. Canadair appeared before the House of Commons Standing Committee on Finance, Trade and Economic Affairs, again to explain its case, while it requested an additional $200 million in borrowing.

At that time it was very clear that Canadair knew of the financial difficulties and this rather shameful attempt at marketing in which it was involved. Government Members opposite knew, yet nothing was said during all of those presentations and all of those hearings and not a single iota of information that was presented last night on television came out.

Can the Prime Minister tell us is this not really saying that the Government Members opposite, the Cabinet opposite, and Canadair purposely misled the House of Commons and, therefore, the people of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member described it as being a shameful attempt at marketing. Obviously, the Canadair executives were in the business of marketing a product.

Mr. Riis: Why didn't they explain it to us then?

Mr. Trudeau: I do not think it would have been a good marketing approach to come and say that it was a terrible aircraft, that it could not fly, and that nobody should buy it.

Mr. Riis: Television's the way to introduce it; is that it?

Mr. Trudeau: Madam Speaker, television has done, I understand, a responsible job in reporting the facts as it sees them, but does not have to make the decision which I said the Government had to make, and that I wonder how the NDP would have made.

Mr. Riis: We want it from you, rather than television.

Mr. Broadbent: Well, give us the information. We'll tell you.

Mr. Trudeau: If the Leader of the NDP would once again listen, I said that we would give the information, that he would have the figures, that the financial figures would be brought before Parliament. I do not happen to have them today. I do not think they are ready. My understanding is that the year end is June 30, not December 31.

Mr. Stevens: They changed it.

Mr. Trudeau: I do not have them today, and I do not have them just because, by happenstance, television happened to have a program last night. Parliament will have to follow its own processes and not only be guided by the timing of television.

EXTERNAL AFFAIRS

CARIBBEAN BASIN INITIATIVE

Mr. Maurice Dupras (Labelle): Madam Speaker, my question is addressed to the Secretary of State for External Affairs and relates to a program announced in the spring of 1981 which was called the Caribbean Basin Initiative. It was to include all countries of the region and to exclude military activities of any sort. Now, after two years, I would like to know what this Basin Initiative has meant to the developing countries of the region. Also, in view of the huge military involvement of the USA in the region, I would like to know if we are still willing to be part of that program.

Mr. Stevens: Tell us about the Soviets.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, as the Hon. Member knows, the full Caribbean Basin Initiative has not yet been legislated in the United States. The aid component has been approved by Congress, but the trade and investment portions, to my knowledge, have not yet been approved by Congress, so that the five participating countries have not yet been in a position to implement the over-all initiative which, in our view, had the advantage of increasing, by a very substantial amount, American aid to the Caribbean countries and which, if implemented, would open access, without tariffs, by the American markets to these Caribbean countries.

In our view the Caribbean initiative stands on its own feet as a valuable, constructive effort to assist the economy and social structure of these countries. It is not, in our view, associated with any military or security thrust, either.

Miss Jewett: That's baloney.

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CROWN CORPORATIONS

CANADAIR—REQUEST FOR APPOINTMENT OF SPECIAL PARLIAMENTARY COMMITTEE

Hon. Erik Nielsen (Leader of the Opposition): My question, which is directed to the Prime Minister, is with respect to the Canadair matter. Having regard for the seriousness of the allegations and the burden which is presently imposed on the Standing Committees of the House, and the seriousness of the allegations which the Prime Minister himself recognizes by his reference to the possibility of the matter being scandalous, would he agree to the establishment of a special committee of this House charged solely with the responsibility of making an in-depth inquiry into all facets of this affair?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member draws out of context what I said about the possibility of it being scandalous.

Mr. Stevens: That it may be.

Mr. Trudeau: I said that it was impossible to have a judgment on that. I think that my understanding of those who watch television and my interpretation of some questions from the Opposition indicate that they sensed or hoped there would be a scandal here. I have no such evidence. The Minister of Justice has indicated that we have no evidence of that, but that we are happy to have the matter dealt with in the proper way by Parliament.

I do not see any need, at this stage, for a special committee of Parliament. When the estimates come before the House, if the Opposition reaches that same conclusion at that time, I think the Hon. Member for Yukon could find out that there is something called "usual channels" to discuss the matter between the various House Leaders.

Mr. Nielsen: I am fully aware of the usual channels which reside in the mind of the Government, and they usually lead one on a constant sidetracking operation.

REQUEST FOR REFERRAL TO AUDITOR GENERAL

Hon. Erik Nielsen (Leader of the Opposition): The Prime Minister, if I am to take him sincerely, believes that Parliament should deal with the matter. He seems unwilling to submit that which he has referred to in his previous answers as a matter which may be a scandal to a special committee of this House which would have no other responsibility than to look into the matter. Will he, then, adopt the impartial and responsible course of agreeing to a special order of the House to refer the matter to the Auditor General for a focused and special study in order that he, as an impartial servant of the House, may report his findings to Parliament?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I take the opposite view to that of the Hon. Member. From the talks I have had with the Ministers involved, with the head of the CDIC and with the Minister of Justice, I am of the opinion that there is nothing scandalous. There may have been some business judgments which could have been taken or should have been taken otherwise. That will be a matter for the House to examine. I suggest that, after that, the concern of the Hon. Member and his suspicions should be brought to the fore, and then we will decide whether there should be a special inquiry of one kind, or not.

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EXTERNAL AFFAIRS

UNITED STATES—HIRING OF LOBBYISTS IN WASHINGTON

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, my question is directed to the Secretary of State for External Affairs. Cabinet has authorized our ambassador in Washington, Allan Gotlieb, to expend, as a beginning, the sum of $650,000 to engage lobbyists in Washington. Is it true that our relationships with the United States are deteriorating to the

extent that we must now hire American public relations firms to represent our country in Washington?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I do not think that the conclusion of the Hon. Member is justified. I think that if he has been following, for example, the efforts of both the Governments of Manitoba and Canada in support of the Canadian objectives on the Garrison Diversion, he would have known that both Governments have retained the services of a professional lawyer in Washington to assist in that particular project.

• (1450)

In particular instances of that kind where Canadian interests are involved, it has proved useful to engage local professionals who know the scene and know how to carry the requirement objectives of the Government of Canada forward. I think it was rather a good idea, myself.

Mr. Hnatyshyn: I take it from the answer given by the Secretary of State for External Affairs that there is no point in having any diplomatic representation there. All one does is hire American public relations firms to represent Canada—to line up with the National Rifle Association or Friends of the Earth.

ROLE OF FOREIGN SERVICE OFFICERS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, does the Secretary of State for External Affairs consider this allocation of funds, which is just a beginning, as a reflection on the competence of the foreign service officers who are representing Canada in the United States, and can he say whether or not he thinks there is any point now in building Erickson's palace to house all these public servants to represent Canada? Can they not do the job and deal with Congressmen, or is it necessary now to hire public relations firms?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, the Hon. Member continues to demonstrate his ignorance of the complexity and the diversity of the relations that exist between Canada and the United States. I have the greatest confidence in the professional capacity of the embassy staff, all of whom are doing a first rate job. It was on the evaluation provided by the embassy in the first instance that this particular initiative has been approved by the Government of Canada, which was recommended to the Government by myself.

Mr. Hnatyshyn: Now I understand.

Mr. MacEachen: The Hon. Member ought to understand that the sum of money which he has indicated is just another indication of his ignorance of what is happening in Washington.

CROWN CORPORATIONS

CANADAIR—REQUEST THAT INDEPENDENT INQUIRY BE ESTABLISHED

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is directed to the Prime Minister. I would like to return to the Canadair matter. Surely the issue here is the need to divulge all the information on this Canadair matter, whether it is a scandal, bad business judgment, or whatever.

Surely the Government cannot be a judge in its own case. Would the Prime Minister agree that what is being questioned here is not just the mismanagement of the company but the Government's handling of the affair which is being criticized? Therefore it is not sufficient to wait for the estimates to come in front of the House. Without an independent inquiry in the matter, the Government simply gives whatever information it wants and is, indeed, the judge in its own case.

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker, I do not agree with the Hon. Member.

REASONS FOR GOVERNMENT POSITION

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I will rephrase the question to the Prime Minister so he can perhaps understand it. We are dealing with CDIC which is responsible for Canadair. We are dealing with Senator Jack Austin who is responsible for Canadair, but we cannot question him in the House of Commons. We are dealing with a Government that seems to believe in excessive secrecy.

If the Prime Minister wants to be fair, as he has indicated, and wants to get all the information out on this important matter, and if he has nothing to hide, why will he not allow a public inquiry so that we can put all these questions? For the good of public enterprise in the future we can get all the information out and show the Canadian public that these enterprises can indeed be run properly.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, once again the Hon. Member seems to ignore the answers that I gave to the previous questions. We in the Government intend to put these figures out. The Government intends to have the financial statements looked at by the Opposition, but I explained that we do not have the financial statements now. I believe they are due at the end of June.

Today I was discussing with the officers of the company the possibility of getting them out earlier so that Parliament could indeed look into this matter.

Those are the steps I have taken. That is the pledge that I give. If we can get the financial statements out earlier, we will do so. The Opposition will then be in a position to ask its questions on the basis of real facts.

As I said in answer to the first question, we recognize that they will find a very distressing financial situation calling for a basic decision, either the injection of more funds—which is why I talked of supplementary estimates—or a bailing out completely.

Even though not all Members of the House have that long of a memory, I think most Canadians remember that there was a circumstance when the Diefenbaker Government decided to bail out of the aeronautics industry and got out of the Avro-Arrow. I think it has been regretted in this country ever since by those who know about aeronautics.

Once again, I would think that on this subject we would at least have a temporary understanding from the NDP and that they would set partisanship aside for the moment and remember their own philosophy.

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EXTERNAL AFFAIRS

GUATEMALA—CANADIAN REPRESENTATIONS ON REPORTED IMPENDING EXECUTIONS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Madam Speaker, I wish to direct a question to the Secretary of State for External Affairs. I ask him rather simply and directly whether he has made representations to the Government of Guatemala with respect to the impending executions tomorrow morning?

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Yes, Madam Speaker. Yesterday, at the suggestion of the Minister of National Health and Welfare, I did make representations to the Guatemalan authorities with respect to intended executions or reported executions that would take place. I have been informed today by the ambassador of Guatemala in Ottawa that no such executions will take place nor are they proposed to take place.

REQUEST THAT INQUIRIES BE MADE THROUGH CANADIAN EMBASSY

Hon. Flora MacDonald (Kingston and the Islands): Madam Speaker, I am sure the Minister knows that representations on this matter had been made by a number of Members in the House. I would just ask him if he will in fact ask further questions, or make further contacts with our own embassy in Guatemala City, to determine the veracity of this matter. The last time that a protest was lodged with regard to executions in Guatemala, it was lodged by as notable a person as His Holiness the Pope, and the executions still took place.

I would like the Secretary of State for External Affairs to give us his word that he will go further than he has at the present time to try to head off what might be the execution of six persons in Guatemala.

Hon. Allan J. MacEachen (Deputy Prime Minister and Secretary of State for External Affairs): Madam Speaker, I have already done what the Hon. Member suggests. I have been in touch with our embassy in Guatemala. The information from the Canadian embassy in Guatemala confirms the information which I received today from the ambassador in Ottawa.

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SUPPLY AND SERVICES

LIST OF CORPORATIONS DOING BUSINESS WITH GOVERNMENT

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my question is directed to the Minister of Supply and Services. Is he, or any Minister for that matter, aware of any high ranking public official being asked to produce or producing a list of corporations doing business with the Government, with the intention that that list will be used by Liberal Party fund raisers for partisan purposes?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I am not aware of any requests of any high ranking official. However, the hon. gentleman is free to ask for any information he wants relating to the contracting activity of the Government at any time, and I would be pleased to provide him with the fullest information that is available.

I can tell the hon. gentleman that I have had requests from individual Members on both sides of the House for information relating to the contracting activity of the Government. I want to tell the House that our contracting activity is open to public scrutiny. It is open on an annual basis and, indeed, the Auditor General himself, having reviewed the total process, has nothing but commendation of the contracting process of my Department.

Some Hon. Members: Hear, hear!

ROLE OF CIVIL SERVANTS

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, my supplementary question is for the Prime Minister. Can the Prime Minister unequivocably state that no high ranking public servant, and Mr. Michael Kirby in particular, who was employed in the Prime Minister's office, did not collect a list of companies, corporations or individuals doing business with the federal Government, as he did so readily when he was a deputy minister in the Liberal Government of Nova Scotia, with the purpose of Liberal Party fund raising in mind?

• (1500)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I am not quite sure whether the Hon. Member has asked me to give a blanket statement about a certain type of activity of which I know nothing. I do know that the raising of funds under the Canada Elections Act is available to all Parties and is published annually. The Hon. Member could see that this Government introduced that legislation—

An Hon. Member: The PCs just want the list.

Mr. Trudeau: —so there could be no reason to hide anything, and the Hon. Member should know that. He is at least ten years out of date.

* * *

PETITIONS

MR. GUSTAFSON—CROWSNEST PASS FREIGHT RATES

Madam Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the Table the report of the Clerk of Petitions stating that he has examined the petition presented by the Hon. Member for Assiniboia (Mr. Gustafson) on Wednesday, April 13, 1983 and finds the petition meets the requirements of the Standing Order as to form.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, could the Government House Leader give us some idea regarding business of the House for the next week or so?

Mr. Pinard: Yes, Madam Speaker. But first, before outlining the schedule of House business for next week, week and a half or so, I might inform the House that the House Leaders have had a discussion and agreed to the following. On Wednesday, April 20, 1983 the order of business shall be that established by Standing Order 18(5) for Friday. On Friday, April 22, 1983 the order of business shall be that established by Standing Order 18(5) for Wednesday, provided that the House shall adjourn at 4:00 p.m. on April 22, 1983.

If the House could give its unanimous consent to that, I would be in a position to outline the business of the House. This procedure merely transfers Private Members' Business from Wednesday next week to Friday next week.

Madam Speaker: Is there unanimous consent for this proposal?

Mr. Lewis: Madam Speaker, I am prepared to grant unanimous consent on behalf of my Party, but I would point out that since this matter involves Private Members' Business I did contact the Private Member of the Progressive Conservative Party who will be affected by this change and he, the Hon. Member for Victoria-Haliburton, is in agreement with the change.

Mr. Murphy: Madam Speaker, the New Democratic Party is willing to accept that change to allow the budget debate to take place.

Madam Speaker: Agreed and so ordered.

[*Translation*]

Mr. Pinard: Madam Speaker, first of all, I would like to determine the order of business for the next few days, that is, until the budget is brought down. The House is aware that tomorrow will be an Opposition Day and Monday as well. Furthermore, I now wish to formally designate Monday, April 18, as an Opposition Day. On Tuesday, April 19, we shall consider the report stage of Bill C-95, an Act to provide for sports pools and which, as we all know, also provides for substantial funding for the Olympic Games in Calgary. As agreed, next Wednesday will be a day that can be used for purposes other than consideration of private members' bills, and since it is the day following the Budget Speech on Tuesday evening, we intend to use it for the first day's debate on the budget.

The second day of debate on the budget will be next week Thursday and if a subamendment is proposed, the question will be put on the subamendment, as provided in the Standing Orders, at 5.45 p.m. next week Thursday. Next Friday, April 22, will be, as we have just decided, a Private Members' Day, which would otherwise have been on Wednesday.

I can inform the House that Monday, April 25, will be the third day of debate on the budget, and that Tuesday, April 26, will be an Opposition Day, which I shall be designating formally some time next week. Wednesday, April 27, will be a Private Members' day. Thursday, April 28, will be the fourth day of debate on the budget, and if an amendment is considered, the question will be put on the amendment, as provided in the Standing Orders, at 5.45 p.m. on Thursday, April 28.

Madam Speaker, that is what I can confirm for the time being, and, subject to unforeseen events and changes, this will be the Business of the House for the next few days.

[*English*]

Mr. Lewis: Madam Speaker, I just want to be sure that Tuesday, April 26 is officially designated as an allotted day. That is the only question I have.

Mr. Pinard: Yes, Madam Speaker, Tuesday, April 26 is hereby designated as an Opposition Day. I would have preferred to do it next week. However, I want to do it today. We are still free to change our minds, but we do not intend to.

Some Hon. Members: Oh, oh!

Mr. McGrath: Madam Speaker, dealing with House business, why is it that the important Standing Committee on Labour, Manpower and Immigration is the only Committee, apart from the Standing Committee on Printing and the Standing Joint Committee on the Restaurant of Parliament, that has not been convened to elect a chairman and to get on with the business of the House? This is a very important Committee. It has to deal with estimates, the question of unemployment, the impact of unemployment, the state of the Unemployment Insurance Fund, manpower training, and I

could go on and on. Could the Minister tell the House why that Committee is not being struck so that it can get down to the very important business that it has facing it?

Mr. Pinard: Madam Speaker, when that question was asked yesterday of my Parliamentary Secretary—I apologize for not having been here to answer but I was in negotiations with the Hon. Member's House Leader on something else—I looked into the matter. I want to reassure the House that this Committee will be organized during the next few days, next Monday or Tuesday at the latest, so that it will be able to deal on time with the estimates and the other matters relating to labour that are very important. The Government wants that Committee to sit as early as possible.

ROUTINE PROCEEDINGS

[*English*]

HOLIDAYS ACT

AMENDMENT RESPECTING CANADA DAY AND DOMINION DAY

Mr. Gordon Taylor (Bow River) moved for leave to introduce Bill C-680, an Act to amend the Holidays Act.

Some Hon. Members: Explain.

Mr. Taylor: Madam Speaker, I have great pleasure in introducing this Bill, an Act to amend the Holidays Act. The purpose of this Bill is to emphasize the fact that the constitutional independence of Canada was achieved on April 17, 1982 by the proclamation of the Canada Act, 1982. This day should therefore be celebrated in the future as Canada Day. The naming of July 1, marking the beginning of the Dominion of Canada, as it was known in 1867, would be restored to its historically more appropriate name of Dominion Day.

Some Hon. Members: Hear, hear!

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

* * *

[*Translation*]

HOUSE OF COMMONS

TRIBUTE TO WORK OF SPEAKER

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, I would like to take this opportunity to emphasize the magnificent job being done by a Member of this House, who has been discharging her responsibilities with unusual ability and competence, and has been doing so for three years today. Although I shall be very brief, I would not want to let this moment pass without publicly drawing attention to the magnificent job you are doing as Speaker of the House of Commons. I wish to offer the Chair our sincere congratulations.

Some Hon. Members: Hear, hear!

Madam Speaker: I wish to thank the Hon. Minister. As he can see, Speakers of the House are a tough lot.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if question No. 4,673 could be made an order for return, this return would be tabled immediately.

[*Translation*]

Madam Speaker: Is it the pleasure of the House that question No. 4,673 be deemed to have been made an order for return?

Some Hon. Members: Agreed.

[*Text*]

CANADIAN FOREIGN AID

Question No. 4,673—**Mr. Ogle:**

1. For each year 1971 to 1981, by Province, what was the total value of contracts awarded as Canadian foreign aid through (a) the Canadian International Development Agency (b) the Department of Industry, Trade and Commerce (c) all other agencies?

2. For the same period, what percentage of the aid was "tied aid"?

Return tabled.

[*English*]

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

[*Translation*]

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

• (1510)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—TOURIST INDUSTRY

The House resumed consideration of the motion of Mr. Gass:

That the House condemns the Government for its neglect of the Canadian tourist industry and calls upon the Government to recognize this industry as a major generator of employment, new economic growth, and foreign exchange and that the Government accept its responsibility to increase the visibility of Canadian tourism both at home and abroad.

Mr. J. R. Ellis (Prince Edward-Hastings): Mr. Speaker, a year ago, but for two years, Queen Elizabeth II signed the Constitution Act. It was said that that Act was typically Canadian and that it was a compromise among all Parties. One must assume that the Government feels that it is a typical compromise with regard to tourism since no special Minister or special Department heads up tourism. Indeed it has been allocated to the Minister responsible for small business. If it has to be under the auspice of some Minister as a part time job, I am delighted it is with the Minister who represents that delightful part of Newfoundland and Labrador. However, it does not give the significance to that particular industry that it deserves.

Before lunch the Hon. Member for Malpeque (Mr. Gass) adequately set out the jobs, the dollars, the lack of Government support and other points necessary to set the tone for those of us who follow him to expand on. Briefly let me indicate that this afternoon I will speak on behalf of my riding of Prince Edward-Hastings, but I would like to expand it slightly to include all of Hastings since the Hon. Member for Hastings-Frontenac-Lennox and Addington (Mr. Vankoughnet) will not have an opportunity to speak on this matter, and as he in the past has adequately represented my feelings on gun legislation and other matters, I know I speak for him when it comes to tourism in that part of Ontario.

There is no specific thrust for this second largest Canadian industry. There was very little for the first, especially when we consider that the timber industry has no Minister as well. The things which happen in the area of tourism continue to depress me. For example, recently a marina in the Bay of Quinte asked for a small business investment grant. The man very rightly wanted to use that money to purchase used equipment rather than brand-new equipment, and he was told by another Minister that it could not be done under the regulations. Surely a Minister completely responsible for tourism would have undertaken his cause, seen the sensible approach he was taking and as an advocate looked after the matter.

There is another marina called the Baycrest Marina which is dealing with the Small Craft Harbours Branch of the Department of Fisheries and Oceans. While the Minister of Fisheries and Oceans (Mr. De Bané) is a very decent chap, he is not much concerned about marinas in the Bay of Quinte. This is not a reflection upon Mr. Moffat and his staff. As a matter of fact they were recently helpful in another harbour in Prince Edward Country, the Wellington Harbour. It is the only harbour on the west coast of Prince Edward County where the direct winds from Lake Ontario beat against it and it is necessary to have a safe harbour for sailing ships. The Small Craft Harbours Branch has approved a grant to study the opening up of this particular harbour. Just so that no one will think I am hitting at one Government only, let me make the point that the Province of Ontario has not been very co-operative in picking up the other half. We may be able to get some funds out of the Province before we are done.

The Hon. Member for Parry Sound-Muskoka (Mr. Darling) mentioned this morning that the extra cost of gasoline was a very important factor in deterring tourists from coming into the area. In Prince Edward-Hastings drivers who come up from the United States are still working on tanks of fuel which they purchased there. It does not matter whether we are talking litres or gallons, United States or Canadian dollars; when they fill up their tanks at stations in the Belleville area, they remember very clearly what dollars they spent in the United States and they know very well that they are spending more money in Canada.

Also this morning TIAC was mentioned. For the record that is the Tourism Industry Association of Canada, which has done a tremendous amount of work and has co-operated very well with the Hon. Member for Malpeque. Referring to the study which it put before the Government some time ago, it indicated that Governments seemed to have the philosophy that people should not really enjoy themselves, that therefore it was fair to heap extra taxes on items such as meals, liquor and hotel rooms, and that they failed to realize the provision and sale of these items provided employment for 10 per cent of our work force. That 10 per cent or the one million people about whom we talked this morning indicates the size of the tourism industry.

The spirits industry is very important in Prince Edward-Hastings. We have a large distiller there. It seems to me that there is a lack of concentration on the tourism aspect of this industry. The indexation of federal taxes on the spirits industry at present is such that just last year the returns to the federal Government started to decrease. They have finally broken the camel's back. They have added taxes to the point where the return to the federal Government is now decreasing. I hope in the forthcoming budget next week that the Minister of Finance (Mr. Lalonde) will take a look at this very unpopular and unfair tax. I do not think there is anyone in the House or throughout the land who does not agree that the taxing of those vices which some of us enjoy is fair game for Government. When we consider that $400 million worth of distillery business brings in $1.6 billion of taxes to both levels of Government, we have some idea of the inequity. I doubt there is any other industry of which it could be said that the taxes total four times its gross income.

Distillers are the only segment of the entire food industry which has to submit its labels to the Department of Consumer and Corporate Affairs for approval before they are put on their products. Sometimes this approval is held up for eight to 12 weeks. This may sound like a very small matter but when one is in a business which is as competitive and price conscious as the distillery business, one has some idea that a hold up of eight to 12 weeks on labels is not required by any other part of the industry and is totally unfair.

Once again, if I am to be fair to the different levels of Government, the provincial laws are not much better when it comes to bars and that sort of thing. Bars are closed on

election day, as all of us know. That brings about inequities which are very difficult to stomach. The most recent by-election which comes to mind was the one in the Spadina riding in Toronto when bars on one side of the street were open and the ones on the other side of the street were closed. Surely we must get away from this. American tourists coming into Ontario would not be aware of a by-election and they certainly would not be impressed if they had to change restaurants from one side of the street to the other just to have a drink.

• (1520)

The Province of Ontario has just completed a study which is of major importance to the tourism industry in Prince Edward County. West Lake Lodge is in the throes of being brought back. While it means very little to people in this House, nonetheless to people in the area it is of great importance.

One of the criticisms I have of the federal Government is that there are no tax incentives to allow, assist or encourage a private entrepreneur to get involved in the tourist industry. The Minister mentioned this morning the need for individuals to assist in tourism. I say to the Minister that there is a need for some encouragement. I suggest that encouragement come by way of tax incentives to help private entrepreneurs develop the tourist industry. There has been no growth in accommodation in the tourist industry for many years.

Prince Edward County is a part of the Prince Edward-Hastings constituency. It is not unlike the Prince Edward Island of my colleague from Malpeque. It is a blessed, beautiful area with lakes and beaches. I tell my friend from Hamilton Mountain (Mr. Deans) that we have miles and miles of beaches in Prince Edward County, some of them untouched by man for weeks, months and perhaps years at a time. It is a rural area with orchards. If I had the ability to describe the scene from Lake of the Mountain, looking at the Bay of Quinte, I would indeed be eloquent, but I cannot. It is one of the most beautiful parts of all of Canada. We are prepared to share that area. It would indeed be profitable to share that area with tourists. It would not only be profitable for the local people but profitable for the federal Government. Tourism is like the goose that lays the golden egg: it is in danger of being killed.

In 1984 we will celebrate the 200th anniversary of the landing of the Loyalists in that part of Canada. It will be a year of celebration, a very exciting and historic time. I know that the Province is participating. I know of some of the student programs which I approved in the past few weeks and sent on to the proper Minister. These projects will lead up to that.

The Minister about whom I said such nice words a few moments ago has now entered the House. He might reciprocate and prove me slightly wrong by taking part in this tremendous and exciting celebration of the landing of the Loyalists. It would be a time for the Government tourism office to show its sincerity and get deeply involved.

Mr. Rompkey: Tourism Canada.

Mr. Ellis: Make it Tourism Canada. We will put that on all the flags, providing that it gets involved in this anniversary.

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker it is indeed a pleasure for me to speak today on a very important industry in Canada, tourism and the tourist industry. Long gone are the days when tourists flocked in avalanche numbers to Canada from the United States and many other countries of the world. Some call them the good old days. Long gone are the days when tourists were taken as a matter of course, were taken for granted, that we were doing them a favour to let them into our country and leave their holiday money with us.

Long done are the days when our operators and tourist personnel really did not extend themselves, did not really practise good hospitality, did not really practise friendliness, in many cases provided only mediocre accommodation and served unappetizing food. They were not too concerned whether the tourist would come back another time, not interested in repeat business, as there were always plenty of other tourists to take their place.

Today, perhaps because of our economic crisis, perhaps because there are other more hospitable and more tourist-oriented countries which know the great potential of tourism and the positive effect a thriving tourist industry has on their total economy, but whatever the reason, we have not been holding up our end in attracting more tourists to our country.

Some countries actively cultivate and greatly depend on the foreign exchange earned through tourism to keep their economy viable. Over the years I have had the good fortune to visit many countries around the world. I am sure many of my colleagues have had the same opportunity. I was always impressed by the courteous, hospitable and friendly way in which I was received and attended to, whether I was shopping, in a restaurant, hotel or any other place. I was always left with the good feeling and the desire that some day I would like to revisit those countries and relive and enjoy their outstanding hospitality and friendliness.

Many of those countries, to encourage an even greater flow of tourism to their country, give special concessions to tourists in the form of vouchers to purchase gasoline at a cheaper rate, special rates on accommodations, travelling, special rates on sightseeing, etc., all kinds of gambits to cultivate and encourage this very important industry. This is what Canada has to compete with and emulate if we are to improve our tourist industry and encourage more people to visit our country.

Although international tourism has grown substantially in the past decade, Canada did not share to any great extent in this growth. For example, the number of visitors entering Canada from the United States fell some 7.5 million in 1982, mainly because of a decrease in short-term automobile traffic.

Long-term U.S. visitors numbered 10.9 million in 1982, down almost 4 per cent from the year before. In contrast to this, the number of Canadians leaving the country totalled 34.8 million in 1982. In fact, the relative growth in travel outside Canada has resulted in a tourist deficit for us ranging

between $1 and $2 billion a year since the mid-1970s. The latest forecasts indicate that Canada's travel deficit could rise over $2 billion annually by as early as 1987 if something is not done to curtail the trend.

Many of the factors affecting Canadian tourism, like the changing economic climate, energy issues and travellers' attitudes and expectations, are some of the things that we and the tourist industry have to come to grips with. Another reality is the fierce competition for tourist dollars worldwide. As more and more countries develop their tourist industries, we have to work harder, much harder, to maintain and hopefully increase our current market share.

I seem to sense that one of the difficulties that has to be overcome is to get it across that tourist operators are not the only ones who benefit by the tourist dollar, but that retail businesses, such as restaurants, shops, hotels and motels, get the highest percentage of the tourist dollar. These outlets have a direct responsibility to become more active than they are now in greater promotion locally and nationally of tourism.

Collingwood in my constituency, which is noted as a ski resort in the winter, because of the lack of snow a couple of years ago suffered a considerable set back to its economy during that season. Even this year the lack of sufficent snow had an adverse effect in the community. Every businessman complained of lack of business. One thing it did bring out most forcibly is how much the town really depended economically on the ski business in the winter. It also served to increase substantially financial support and interest for the promotion of tourism in the area.

In the area around Owen Sound and in Grey and Bruce Counties, tourism is estimated to be worth $250 million and generates some 10,000 jobs. Even with this, some people in the area, according to the Owen Sound *Sun Times*, are still surprised to hear that tourism is here and wonder why Government should support the industry. I believe what needs to be done is to make people more aware of the importance of tourism and how everybody in a tourist area benefits either directly or indirectly, and that they do everything possible to maintain and expand it.

It is important too that people work together, not at cross purposes with each other. Resources for promotion and advertising should be pooled, have one good organization locally and be fully supported. Duplicating efforts is both time-consuming and generally less productive. Some people still do not understand or are not aware that tourism in Canada is big business, despite our mediocre supportive ways for the industry. In 1981 tourism generated over $28 billion of income and provided employment for over 1,130,000 Canadians. There are approximately 100,000 tourist businesses today in Canada. I believe this is a firm base on which to build and to regenerate the industry, because there is room for a great deal of improvement.

• (1530)

These improvements should start to take place as soon as next year. In 1984 we will be observing the 450th anniversary of the arrival of Jacques Cartier in Canada, and 1984 will also be the bicentenary of the United Empire Loyalist settlement in Ontario. All these events and others are a spin-off for tourism and we should take account of them. As the Minister said, 1984 also marks the 50th anniversary of the co-operation of federal and provincial governments and the Canadian tourism industry in the growth and development of tourism. The first federal Government agency entirely devoted to tourism was established in 1934.

We hope that all these events and others will give tourism all across our country a much needed shot in the arm and the impetus to raise the whole tourist industry to even greater heights. However, Mr. Speaker, rhetoric alone without concrete physical support for the tourist industry will not suffice to bolster the industry.

The owners of the existing 190,000 hotel and resort rooms, the 29,000 cabins across the country, the 78,000 motel rooms, are all facing the same critical problem—the inability to generate new capital for repairs and expansion. In each Province today there are millions of dollars worth of projects that are unable to proceed because of this financial crisis. The banking community has shown little interest in this problem and has largely refused any assistance, considering the tourist industry on the whole as very risky. It is up to the federal and provincial Governments to take a more active role in this area and to come forth with the financial assistance that is so badly needed.

In Ontario alone in 1981 $600 million worth of tourist resort building and renovations were halted due to financial difficulties. This has resulted in the loss of 17,000 construction jobs and 5,270 permanent operational jobs.

Despite the size of the tourist industry in Canada, the federal Government and the Provinces have not given attention to this multibillion dollar industry equal to that given to the forestry, mining and fisheries industries. This in itself has a negative impact on investors' confidence in the marketplace. The result is that there is a desperate lack of both capital and mortgage funds for tourist resort projects in all parts of the country. High interest rates and the declining economy have not helped either.

I believe the federal Government has a duty to support the tourism industry in a more aggressive manner. New life has to be breathed into the resort construction industry, possibly in the form of tax incentive measures and other measures that would contribute to the betterment of the industry so that it can attract a larger share of the Canadian and international tourist spending.

With the better availability of equity funds the Canadian tourism industry will be better able to develop to its full potential. It has been estimated that the right mix of tax incentives could encourage about $1.5 billion of annual construction. This construction activity plus the future employment in the tourist facilities will, in turn, generate substantial tax revenues to the federal Government. It has been estimated that the cost of providing the tax incentives will be substantially less than the future revenue generated.

Without positive solutions many more Canadian resort operators, resort hotels and resort facilities will be bankrupt in 1984. To facilitate more federal involvement I would like to see a separate department of tourism set up with its own minister in charge. Tourism is and can reach an even greater potential when full focus is applied to the tourism industry, as would happen if it had its own entity in the Cabinet. I believe the Minister of State for Small Businesses and Tourism (Mr. Rompkey) has voiced approval of such an undertaking. It is to be hoped that this will be approved by Cabinet as it would indeed result in a better deal for the operators, more permanent work for their employees and a better and a more attractive deal for tourists.

Before I sit down, Mr. Speaker, I would like to emphasize the importance of having good, pleasant, friendly personnel serving the needs of tourists. Nothing turns anyone off more than sloppy service, slovenly and unkempt personal presentation, poor accommodation and often poor food. All efforts should be made to rectify these problems where they apply. A happy, contented tourist generates by word of mouth more business in the tourist industry than all the brochures and pictures combined. An unsatisfied and disgruntled tourist can, again by word of mouth, devastate a tourist business, possibly to the point of no return. Brochures will help tourists get to an area but the bottom line and the most important area is service.

As one who grew up in the food business I know that the slogan "The customer is always right" is not an idle one. Everything should be done to ensure that the customers are really being looked after and do indeed receive value for the money spent. A contented customer is a satisfied customer. Repeat business is the lifeblood of any business, including the tourist industry. It is a source of revenue that an operator can count on which influences his cash flow, his buying and his planning. It is also a sign that the operator must be doing something right. On the other hand, if such ingredients are lacking or only partially present, that will indeed spell bankruptcy and doom to those affected. Perhaps that is the way it should be. Perhaps those operators who have no business being in the tourist business in the first place should take their leave of the business so they may be replaced by more experienced people, those with more know-how about tourism, more know-how about accommodations, more know-how about the preparation of food and meals and how to treat people as important guests in their homes.

I am sure that if all this is accomplished, Mr. Speaker, tourism in Canada will take an upswing toward greater prosperity for the whole tourist industry and tourism.

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I am pleased to have an opportunity to make some comments about Canada's growing tourist industry. The motion of the Hon. Member for Malpeque (Mr. Gass) reads as follows:

> That this House condemns the Government for its neglect of the Canadian tourist industry and calls upon the Government to recognize this industry as a major generator of employment, new economic growth, and foreign exchange and that the Government accept its responsibility to increase the visibility of Canadian tourism both at home and abroad.

The motion is very appropriate when we consider that because of the old-fashioned approach to economic development taken by the Government in the last few years, by and large tourism has been overlooked. An indication of this is the fact that there is no federal department of tourism as such; it is just something that is tacked on to the responsibility of the Minister of State for Small Businesses and Tourism (Mr. Rompkey). That demonstrates how the Government feels about tourism as a major growth area in the country.

I do not want to cast aspersions just at the federal Government. We see the same thing with most provincial Governments where tourism is an area of minor interest or is handled by a minor department, if indeed there is a department at all.

I know that the Minister feels very strongly about tourism and recognizes it as a potential growth area in the economy. Tourism has a lot of good things going for it, Mr. Speaker. It is a labour-intensive industry. It tends to be family oriented, community oriented and regionally oriented. It is a reflection of the true Canadian spirit. Canada calls to the world to come and visit. Yet those voices are spread throughout the country as a result of a lack of focus, lack of direction and, indeed, because there is no over-all industrial strategy for the country. It does not fall within any framework of an industrial strategy or a national recovery program. There is simply an industry, in a sense, crying out in the wilderness. When people from beyond our borders think of Canada, what images come to their minds? What do people perceive as being Canada? I believe what they perceive is a great country, a country of open spaces, a country which is relatively pollution free, a country of streams and forests and mountains with a kind of pristine environment. Most people in the world today are living in large metropolitan areas, and as any demographer will tell you, in the years ahead more and more of our global citizens will be located in densely populated urban areas which tend to be polluted with industry. Canada, as a clean, pristine, friendly environment becomes more and more an international attraction when it comes to tourists.

• (1540)

First and foremost of Canada's major resources are the people of Canada with their ingenuity, talents, abilities, their expertise and their zest for life. One could even say it is our most critical resource. Our resources which are often overlooked are our location as a country mid-point between Europe and Asia and our relatively clean, pleasant and attractive environment. If we were going to identify a sector which is going to attract foreign currency to the country in the years ahead, I believe tourism is that sector. Twenty years from now tourism will not be a sort of afterthought of Government activities. Tourism will in fact be one of our major thrusts in terms of economic development and job creation in Canada.

It is disturbing to look at our newspapers these days, particularly the weekend supplements, to see that the thrust now is to get Canadians out of Canada and down to the sunny

climes. There are all sorts of deals by all kinds of transportation systems to encourage Canadians to leave Canada. I believe, Mr. Speaker, we should look very carefully at the reasons why people come to Canada. I believe that people come to Canada now, and have in the past, and will likely come in the future because there are some unique experiences which they can have here. Why do they go to Florida, the Caribbean or Mexico at this time of year? Because it is a unique experience. You can get rid of your winter clothes, lie in the sunshine and enjoy the heat. You can enjoy different music, different sounds, different foods. You can have an altogether different experience than you can in a Canadian city, village or rural area.

Why do people come to Canada? I do not believe we have addressed that question adequately, Mr. Speaker. I would suggest to the Minister responsible for tourism that he and his colleagues look very carefully at developing tourist packages so that when tourists leave Canada they leave having had a Canadian experience.

In western Canada we have two languages with respect to our tourist season. They are not French and English; they are English and Japanese. The thousands and thousands of Japanese tourists who are now visiting Canada tend to visit western Canada because they are represented in that cultural landscape through the Japanese language and Japanese catering facilities. When they come to that part of Canada they want to have a unique experience. They want to see a cattle drive, a rodeo or a stampede. They want to see the wide open spaces they do not see in Japan, and they do experience Canada as a place quite different from the heavily populated areas of Japan.

But there is so much more that can be done in terms of taking advantage of the wonderful tourist opportunities which exist in this country. For example, in most parts of Canada there is an opportunity to hunt and fish at certain times of the year. Yet I suspect that across this country today those families or individuals who are developing fishing camps, resorts and hunting lodges are being pushed into bankruptcy.

These are very difficult times for these people. They are hanging on right now, but if there is not some significant turnaround in the economy in the weeks and months ahead, we are going to begin to lose that very critical tourist infrastructure. If these people do not receive some level of assistance and support from Government, Mr. Speaker, we will begin to see the hunting and fishing lodges, and the resorts disappear from the Canadian landscape. And if they do remain in place, they will no longer be the family-oriented enterprise; it will be the international chain which will take over. Who is it that advertises tourist opportunities? Who is it that caters to international tourists? It is too often the national and international chains which operate in Canada. While one may say, thank goodness they are at least doing it, the point is that the small operator is being left out of the action. And I am not certain those small operations can continue to limp along with the inadequate support given by provincial and federal Governments.

It is important, Mr. Speaker, that we look at this industry much more seriously. I believe that a great deal of attention is being paid today to Government grants of one kind or another which provide assistance to the manufacturing sector. We realize that tourism is the one sector of our economy which has eroded in terms of importance and which has never been developed adequately. Existing tax breaks and grant programs tend to be focused almost exclusively on the processing and manufacturing sector. While that focus is well intentioned and, indeed, I feel should be supported, there is still the one sector which is obviously overlooked, that is, tourism. I do not believe there is a Province in Canada which has a healthy tourist infrastructure. I listened not long ago to the Minister of Transport (Mr. Pepin) when he was talking about air fares which encourage Canadians to go southward, and he was quite appreciative of these reduced air fares so Canadians could find holiday relief in the United States or other countries. But I do not see that same initiative and encouragement for Canadians to holiday in their own country. As a matter of fact, I see quite the contrary. In the mountainous region of British Columbia where I come from, what has attracted tourists from around the world and is one of the finest tourist experiences which foreign visitors can have is to travel in a domed car from Jasper to Vancouver through the Rocky Mountains, the Coast Mountains and through the interior plateau. It is a fantastic experience. I would say it is one of the most unique experiences in the world. There was also an opportunity to travel by Via Rail, get out at a stop and hike in the Alpine Meadows. Almost inevidently, you will see all kinds of wildlife alongside the train tracks or on a very simple walk up a well developed trail system. The Government has now decided they should cut off that Via Rail arm, and that particular line of track will no longer be open to the tourist traffic. Now, Mr. Speaker, for the Government to say on one hand, "We support tourism, the tourists, the entrepreneur, the developer", and then take away his or her very lifeblood, tends to make those comments ring somewhat hollow. It tends to make people a bit suspicious and cynical about the validity of the Government's intentions, be it federal, provincial or in many cases local.

• (1550)

There is a great deal of work that can be done to encourage the tourism sector. It ought to be done for the reasons I have stated, but there is one other which is perhaps the most important of all in the long term. Of all industrial economic pursuits, the one which tends to favour the long-term preservation of Canada's environment is tourism. That industry has a vested interest in maintaining one of the cleanest, most attractive, unpolluted and pristine environments found anywhere in the world on this scale. You cannot say that about many other sectors of our economy which have had such a devastating impact on the state of the Canadian environment.

Considering the long-term benefits of tourism to Canada, its contribution to our balance of payments and to developing one of the few growth sectors in our economy, I encourage the Government to take to heart today this motion presented by

the Hon. Member for Malpeque (Mr. Gass). It should recognize that adequate emphasis has not been placed on this industry and that to generate more and new employment and new economic growth and to improve our foreign exchange picture, the Government would be miles ahead if it provided a very clear and encouraging signal to many Canadians in the upcoming budget by including in it a major component to stimulate, encourage, nurture and recognize the value of the tourism sector of our economy.

Mr. Jack Burghardt (Parliamentary Secretary to Minister of Communications): Mr. Speaker, it is a pleasure for me to be involved for a few minutes in this debate and say a few things on the Opposition motion presented today. I think when you look at the over-all tourism program which the Government sponsored, you would have to say that, quite to the contrary of what we heard this afternoon, albeit in a positive way, the Government does in fact support in various generous ways the entire tourism industry in Canada. In fact, I was just looking through some material which shows how the Canadian Government Office of Tourism is using its advertising budget to promote tourism in Canada. This campaign is being carried out in many countries such as the United Kingdom, Australia, France, Japan and Germany. I think we are seeing the benefits of that support because we know for a fact that people from foreign lands visit Canada on a far more regular basis than we have experienced in recent years.

Speaking for my own area in south-west Ontario, particularly the City of London, just last weekend the London *Free Press*, the major newspaper in the area, sponsored a three-day travel Canada seminar, which it has done now for a few years. I think they should be congratulated. Here again the Government of Canada co-operated by setting up a booth on the premises and distributing much worthwhile information. I think about 10,000 people went through this three-day seminar. Not all the Provinces were represented, but Ontario and, I believe, some of the Maritime Provinces were. I do not believe any of the western Provinces were there, and I think that is a shame because here was an opportunity for at least the residents of southwestern Ontario to find out more about what accommodations and tour attractions are available across this great country of ours. I just mention this, Mr. Speaker, for the benefit of Hon. Members and to show that there is much going on across this country, certainly in southwestern Ontario and particularly in London, to promote tourism in Canada, all supported by the Government.

As I think has been alluded to this afternoon, we know that tourism in Canada is big business; $15 billion a year, one million jobs and something like 100,000 businesses. When Hon. Members opposite talk about the importance of this industry from the economic standpoint, they are right on target. There is no question about it and no one is denying that. Members on this side of the House equally support greater involvement by the Government and all interested parties in promoting tourism in Canada. We have a great country with a lot to offer and there are tremendous opportunities, not only for people to visit, but I think there are tremendous investment opportunities which perhaps private investors should become more interested in.

I think it has been stated that by the year 2000 tourism will be a $500 billion a year global industry. It is estimated that more than two billion people will travel every year. To maintain an increase in Canada's share of this market, our commitment goes beyond just the promotion of Canada as a world travel destination; it extends as well, as I am sure Hon. Members realize, to public awareness campaigns, staff training and hospitality workshops, really to make every visitor a VIP. But I do not think the Government can do it alone. It is up to individual operators to take advantage of some of these programs and, as I believe one Hon. Member mentioned earlier, to keep their facilities in good working order and make sure their staff maintains a pleasant and presentable front to the visitors who might be making use of their facilities.

I think the Canadian Government has shown it is committed to the development of Canada's tourist industry, and the public and private sectors together can increase investment. We can try to encourage greater facilities to meet tomorrow's demands. Already we see across Canada new hotels and convention centres being built. There are special attractions going up, special visitors' services are transforming every area of the country and creating an even more exciting atmosphere.

For example, if I may just illustrate some of the areas in which we see new growth, there is in St. John's the new Hotel Newfoundland, which is a joint venture by Canadian National and private enterprise. Hilton International is expanding across the country with properties in Winnipeg, Hamilton, Charlottetown and Windsor. Here in the nation's capital we see three new hotels. Montreal has a new 825-room Sheraton centre. New hotels are planned for Saskatoon, Regina, and in Banff National Park, Alberta, two hotels and a 200-bed hostel. Many major hotel chains are undergoing renovation of existing properties. For example, Delta's Chelsea Inn in Toronto is now undergoing a 600-room expansion. The King Edward Hotel, long a well-known landmark in Toronto, has just gone through a magnificent restoration in the finest European tradition. In all, over $500 million in renovation, expansion and development of new hotels has been created across the country. New restaurants are springing up, catering to every taste and budget, not only in the first-class hotels but on an individual basis as well.

Canada certainly has a reputation for fine foods. Our chefs have proven that by winning top awards at many international culinary competitions. Coupled with that, we cannot overlook the fact that our cities are safe. This is one of the main areas of attraction. When people come to our country, especially from the United States, they marvel at the fact that they can walk on our streets feeling that they are very safe and will not be set upon or attacked by anyone. That has helped our tourist industry to a great deal. We must continue to preserve that type of atmosphere. I think it will attract a larger share of the lucrative market that is out there.

• (1600)

As I mentioned, convention facilities are in the process of being built in something like 12 of Canada's major cities, with a price tag of over $450 million. In Ottawa we know that the Rideau Centre will change the face of the downtown core. The project includes a hotel, theatres and shops to complement the new convention facilities.

Canada, I would suggest, Mr. Speaker, is on the threshold of change, not only in our cities, but in the wilderness areas as well. Our parks are among the most magnificent in the world. They are being developed year-round in various recreational programs. We know that we really have a wonderful land of recreational facilities in our natural resources of lakes, woods and forests of which many people from all over the world avail themselves. Wilderness retreats and resorts are expanding to meet the growing demands for the outdoors, both winter and summer. Time-sharing is becoming an increasingly popular leisure investment alternative, so that now vacationers can purchase time accommodation and lifestyle of their choice from a variety of prestige resorts across the country.

Let us go out to the West Coast for a moment. In British Columbia, Whistler and Blackcomb Mountains, two hours north of Vancouver, are being transformed into one of the largest resorts in North America, able to handle nearly 13,000 skiers a day. Combined with first-class convention facilities, accommodation and food outlets, Whistler will be a world-class resort.

More than $550 million is being spent on Panorama in B.C.'s Purcell Mountains and at Big White Ski Village in Kelowna. In Quebec, and here in Ontario, $120 million is budgeted to upgrade and expand the facilities of Mont Tremblant, Mont Ste. Marie and Blue Mountain. These are just some of the resorts already under development. I am sure that tomorrow we will see others created from coast to coast.

Then we have the multiple special attractions. At a cost of $100 million, private industry has just completed Canada's Wonderland just north of Toronto. In Niagara Falls, Ontario, Marineland is undergoing a $75 million expansion which will include a monorail and a midway. With an investment of $415 million, Calgary is now preparing for the 1988 Winter Olympics, while Edmonton will host the World University Games this year.

I suggest that the Canadian tourism industry is also keeping pace with the latest development in technology. Telidon, which has been developed by the federal Department of Communications, will give consumers access to travel information 24 hours a day. Travel Canada, a computerized booking service between world tour operators and Canadian tourist facilities, will handle bookings and all negotiations at no cost. This makes Canada accessible as well as shows a commitment on the part not only of the private investors, private operators, but certainly of the Provinces and of the federal Government as well.

More than $40 million is being spent to upgrade eight international airports in our country, and over $120 million on 11 national airports. Air Canada and CP Air are spending more than $800 million on Boeing 767s, the newest generation of fuel-efficient jet aircraft. VIA Rail is upgrading equipment and facilities to the tune of $100 million. The new ferry between New Brunswick and Prince Edward Island will double the carrying capacity next summer.

Major developments are enhancing Canadian tourism from coast to coast and, I think we would have to agree, offering not only Canadian citizens, but also those from countries around the world, a multitude of great adventure vacation opportunities.

As I am sure Hon. Members opposite have suggested today, I think that much more can certainly be done and should be done. The Government of Canada, through support programs, in trying to help private investors through advertising, through promotion, through public awareness campaigns, and also providing free information facilities to tourist operators to let them know of Government programs of assistance which are available to them in various areas across the country, has shown a definite commitment to support and promote the Canadian tourist industry.

Mr. Althouse: Mr. Speaker, since the Hon. Member for London West (Mr. Burghardt) spoke of the upgrading which is going on with VIA Rail, would he tell us just what sort of upgrading, if any, is occurring on the route through Jasper, which just recently, about a year and a half ago, lost its rail service and therefore cut off many Japanese and other tourists from across North America from that market? Has he any information as to what has happened with the VIA Rail service there? Is that one of the areas which will be upgraded, and can rail service of Jasper be expected to return to its old state or to be upgraded?

Mr. Burghardt: Mr. Speaker, concerning the matter as to whether that service will be restored, it is perhaps a question which must be addressed to the Minister of Transport, (Mr. Pepin). However, when I referred to the upgrading of VIA Rail facilities, I was referring to the entire country, not only to this one particular area. I think we realize that VIA Rail, certainly in many parts of the country, is upgrading its service by way of new rolling stock, new equipment. We know of the new passenger trains which are running now in many parts of the country. This is certainly creating added facilities and will mean a greater attraction for tourists travelling across the country.

I have no information as to whether or not that particular service will be restored. I think that is something for the Department of Transport to consider.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Blaker): Order, please. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Notre-Dame-de-Grâce-Lachine East (Mr. Allmand)—Official Languages—Request that Minister be appointed to enforce legislation; the Hon. Member for the Battlefords-Meadow Lake (Mr. Anguish)—Income Tax—Treatment of income derived through service tips—Request for ministerial action; the Hon. Member for Dartmouth-Halifax East (Mr. Forrestall)—Shipbuilding—Request for acceleration of vessel replacement orders.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—TOURIST INDUSTRY

The House resumed consideration of the motion of Mr. Gass:

That this House condemns the Government for its neglect of the Canadian tourist industry and calls upon the Government to recognize this industry as a major generator of employment, new economic growth, and foreign exchange, and that the Government accept its responsibility to increase the visibility of Canadian tourism, both at home and abroad.

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, it is my pleasure this afternoon to be able to take part in this debate on the motion put forth by the Hon. Member for Malpeque (Mr. Gass) which, amongst other things, calls upon the Government to recognize the tourist industry as a major generator of employment, new economic growth, and foreign exchange and that the Government accept its responsibility to increase the visibility of Canadian tourism both at home and abroad.

• (1610)

There is little doubt in the minds of most people who are involved in the tourist industry, which is the second largest industry in this nation, that the Government could indeed be spending much more time planning and preparing for the implementation of a reasonable and respectable tourism industry policy across the country.

The Hon. Member for Malpeque has very ably pointed out, as have other speakers in the House today, many areas where the Government might produce a better climate under which we would see a greater number of tourist dollars coming into the country both from within and from abroad. I certainly encourage the Government to heed what has been said this afternoon and I hope that we will see some positive results from the motion that was introduced by the Hon. Member for Malpeque.

I was encouraged to hear the Minister responsible for tourism suggest to the House earlier today that he would open his Department's doors and have his officials contact the various Party caucuses in the House. He is prepared to listen to suggestions and take the opportunity to have discussions with various Members who have a distinct interest in tourism either because of the location of their constituencies or the vital fact that tourism is indeed the second most important industry in our nation.

Mr. Rompkey: The first.

Mr. Corbett: The Hon. Member states that it is the first. I can only take that as an indication that at the first opportunity he has to meet with his caucus colleagues he will advocate the Government's establishment of Tourism Canada as was mentioned earlier. Unless there is an election, hopefully we will see him in charge of the most deserving Department to be.

I intend to spend the short time that is available to me this afternoon discussing tourism in Canada's picture Province, the Province of New Brunswick. Indeed, tourism is the third largest industry in New Brunswick and it is extremely vital. It is probably a little known fact even to New Brunswickers that tourism is that important to the economy of that Province. In 1982 we saw some $350 million generated in revenue directly from the tourist industry. It is a major employer because in 1982 it created some 12,600 man-years directly and approximately 13,500 man-years in indirect employment. That is certainly not an insignificant amount. Since these people were drawing salaries and paying income tax, and the establishments that they were working for were receiving revenues from outside the Province and the country in many instances, a fair amount of money has been realized by the federal Government as well.

I want to refer to some of the remarks that were made by the former speaker, the Hon. Member for London West (Mr. Burghardt), particularly those which have already been addressed by my hon. friend from the NDP, that is, with respect to his comment that VIA Rail has been upgrading facilities. It is interesting to note that the majority of tourists, some 91 per cent, who have been travelling to the Province of New Brunswick during the past year, have come by automobile. Of course they must purchase gas in order to travel, and they are faced, as we all are, with the unrealistic cost of gasoline in this nation, which is a direct result of an unrealistic taxation policy that was certainly implemented by a Government which gave no intention of doing so when it was asking Canadians to place their confidence in it during the last election.

Be that as it may, the point I wanted to make is that the Hon. Member for London West made reference to VIA Rail's upgrading of facilities. I wonder if he is aware that as far as New Brunswick, Nova Scotia and parts of Quebec are concerned, the Government's apparent view of upgrading a railway facility is to remove it. For example, the Atlantic

Limited has been removed. It was the most popular run in Atlantic Canada and had one of the highest user rates in the entire country. Indeed, it served the needs of the people of southern New Brunswick as no other public mode of transportation has or will in the foreseeable future, until such time as that train is restored to its proper place which I am confident will happen after the election of the Progressive Conservative Government, which I am looking forward to in the near future.

I would suggest that the trains that have been substituted locally for the Atlantic Limited are totally inadequate. Certainly no tourist or local resident can now be encouraged to travel through the southern part of New Brunswick, or indeed to and from the northern section of the Province, for recreational purposes because not only is the timing poor, the train often runs at capacity and, on other occasions, beyond standing room only. That is an indication of the importance of that rail service.

I would also be extremely remiss if I did not draw to the attention of the House the fact that 1983 will be the two hundredth anniversary of the Loyalist landing in New Brunswick at the port City of Saint John. It will be a marvellous occasion and celebration. We certainly look forward to an active participation by our fellow Canadians and hopefully from a great many visitors from the United States and abroad.

Many events will take place in the port City of Saint John. For instance, there will be a re-enactment of the Loyalist landing, various youth rallies, parades and blessings of the fleet. June 17 will be a very special and happy occasion at which time the Prince and Princess of Wales will be visiting the port City. I am pleased to say that during that time they will also be visiting my constituency of Fundy-Royal.

Another celebration will occur in 1984 in New Brunswick. It is the bicentennial anniversary. Many communities throughout the Province will be conducting their own bicentennial projects, and it should prove to be of a great deal of interest. Hopefully that will draw many tourists as well.

The year 1985 will be the two hundredth anniversary of the incorporation of the City of Saint John. I am sure you are aware, Mr. Speaker, that Saint John is Canada's oldest incorporated city, but for the benefit of the rest of those sitting in the House, I pass that information along. I know that you will want to convey to the residents of Saint John every good wish on their two hundredth anniversary in 1985. Of course, during that time we will be having the Summer Games in Saint John which will be a very exciting time for us.

• (1620)

I would like to speak briefly of the facilities available to tourists in southern New Brunswick. The St. John River system is one of the most beautiful river systems in the world, as well as its many tributaries, including the Belle Isle, the Kennebecasis, the Washadamock, the Grand Lake, the Jemseg and the Salmon River, and many other rivers which flow into the St. John River or through its system. It is rightfully known throughout the world as the Rhine of North America. We have over 460 miles of navigable water in the St. John River system. I invite anyone who is a boating enthusiast to take advantage of that river system.

We have a series of wharves. I know that wharves do not fall under the purview of the Minister. Wharves comes under the purview of the Small Craft Harbours Directorate in the Department of Fisheries. I am delighted to see the Chairman of the Standing Committee on Fisheries and Forestry here in the House this afternoon. Perhaps I can depend upon her to put in a good word with her caucus colleagues for some upgrading of the wharf system. I have been after the federal Government now for the last several years to spend some money on the wharves so that boaters, particularly from the United States, who come up in large fleets from time to time are able to dock. A great number came last year. The cruising club of America was in the St. John River system. Their fleet was a beautiful sight to behold. Members of the club spent some time on the river. Unfortunately the wharves, about which I have been talking to the Department of Fisheries for some time, were not in the best condition. The system did receive some money last year, for which I was grateful. I know the visitors and boaters to our area were grateful to have some small repairs done, but a great deal more attention could be paid to this situation.

I want to talk now about my own constituency and in particular, about Fundy National Park. A year ago last June I brought to the Government's attention, under the provisions of Standing Order 43, the fact that Fundy National Park exists. It is located in New Brunswick. I see the Minister responsible for parks is here in the House. I welcome him to this debate in the House of Commons this afternoon. I bring to his attention now that Fundy National Park does exist in New Brunswick, in the constituency of Fundy-Royal. This fact had gone unnoticed for a number of years by the federal Government. An advertisement in 1978 placed in the *Reader's Digest* stated that Fundy National Park was located in Nova Scotia. Nova Scotia is our sister Province across the Bay of Fundy. I am sure that all Nova Scotians would be delighted to have Fundy National Park in their Province. But it is located in New Brunswick. I want to clarify that point.

It was brought to my attention a year ago last June that the Government had finally resolved the difficulties with Fundy National Park's location. At that time the Government inserted another advertisement in the *Reader's Digest* concerning our national parks, and Fundy National Park was deleted altogether. Despite the fact that Fundy National Park was first misplaced by this Government in Nova Scotia and subsequently deleted altogether from Government advertisements, the park remains in New Brunswick. I understand the Government will open the gates this summer, and I hope the Government will be a little more positive in the future about Fundy National Park.

I have a few suggestions for the federal Government which deal with Fundy National Park. I hope the Government will take Fundy National Park into consideration in its upcoming budget. I hope the Minister responsible for Tourism will take

this subject under his wing and perhaps encourage his counterparts to allocate some more funding to encourage tourists to come to Canada, to New Brunswick, Fundy Royal and to Fundy National Park. I believe, and many other people believe, that this park is one of the most beautiful in Canada. Perhaps even the Minister would like to visit my constituency. I would be delighted to take them on a tour of the area.

Nevertheless, there are a good many things that bother us in New Brunswick about the Government's attitude toward Fundy National Park, not the least of which is an advertising program. Not very much has been done in the line of advertising over the past number of years for Fundy National Park. We would like to see the federal Government put some emphasis on the unique aspects of Fundy National Park. The highest tides in the world occur in the Bay of Fundy. Emphasis also should be placed on the flora and fauna of the area. The Government should be putting out brochures explaining the park and all of the things that are available and what a beautiful place it is.

I notice with some interest the budget of Fundy National Park seems to be falling behind in comparison to the moneys being allotted to Kouchibouguac Park which is in the constituency of the Minister of Public Works (Mr. LeBlanc), the former Minister of Fisheries and Oceans. I would like the Government to address the inequity of an entrance fee. There is a charge for Fundy National Park but not for Kouchibouguac Park.

We would like the facilities in Fundy National Park to be upgraded. We would like to see facilities for trailers increased. We believe the number of senior citizens travelling with trailers now is increasing. We should be providing more facilities in addition to those already in existence in the park. I might add that the trailer sites are always filled and there would be no problem filling more. We would like to see the Government improve and upgrade the swimming pool facility. There are not many parks in Canada that have a swimming pool. Fundy National Park does. This swimming pool draws its water from the Bay of Fundy. That is a unique situation. The water is heated, but because of changeable weather conditions it has limited usage. If the pool were enclosed this would be a definite asset.

We have a beautiful golf course which was originally intended to be an 18-hole golf course. It was built in 1948 and has nine holes. Although the original intention was for an 18-hole golf course, there has been no move since then to extend it from 9 holes to 18 holes.

There was a craft school in Fundy National Park. We would like to see that revitalized. It was supported and financed by the provincial Government. We would like to see some federal participation in that area.

Children's programs are something that should be addressed. I have some suggestions for some new facilities which might include such things as a maple sugar operation, a sawmill, a museum, and an original homestead modelled on one of the old homes there at the time of the takeover. A fishway should be built at Pointe Wolfe to improve salmon fishing facilities.

There are many things we can do in the area of physical activities which promote health. I am thinking of trails for jogging, cross-country skiing and other activities which come to mind for Fundy National Park.

In closing I should like to say that the Province of New Brunswick should be commended for the work it has done in the past as far as promotion of salmon fishing, which is second to none anywhere in sports fishery, is concerned, and for the co-operation it has extended to the federal Department of Fisheries. It seems it has not been repaid in kind and now we are faced with some very ridiculous salmon fishing regulations which are not at all in the best interests of the sports salmon fishery in New Brunswick. I would like to see some attention paid to that industry as it is very important and very vital.

• (1630)

We have a great opportunity to exploit an area indigenous to New Brunswick in the Atlantic salmon sports fishery. We have some of the greatest salmon rivers in the world in the Province of New Brunswick. Certainly we would be unwise to continue on this course with reference to the sports salmon fishery in New Brunswick. I will have more to say about that at another time in another debate.

I support the motion of the Hon. Member for Malpeque. I look forward to a renewed and vigorous revitalization of the tourist industry, the tourist platform and the tourist Department by the federal Government under the auspices of an able and capable Minister who will give it every consideration. We look forward to grand and wonderful things in the department of the industry through the efforts of our tourism critic and his co-operation with the Minister who is now responsible for tourism in Canada and who should have a sole Ministry to administer under that portfolio.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, ours is a large country. It offers travellers, both Canadians and foreign, the widest choices in meeting their interests. Our cities have museums, art galleries, theatres and restaurants which are of world class. They offer those interested opportunities to watch the best in athletic competition, whether it be baseball, football or hockey, just to mention a few. Away from our cities we have scenery, mountains, rivers, lakes, forests, wilderness areas and wildlife the equal of any country or continent in the world.

People from all parts of the world should be flocking to Canada. Canadians should be visiting areas in Canada away from their homes. If we commissioned a study, I am sure we would find that very few people from Atlantic Canada have visited the Pacific Coast, that very few people from Winnipeg have been to Halifax or Saint John, and even fewer have been to Newfoundland. Most Canadians live in a belt 100 miles north of the American border. When they travel, they do not visit other parts of Canada. They go to Florida, Hawaii, Mexico, England, France and the Scandinavian countries. We ought to ask ourselves why they are doing this.

Canadians, especially those who do not live in British Columbia, know that the main reason for getting away from Canada is our winters. Canadians like to take winter holidays and get away to warmer climates, whether it be in the southern United States or in places like Hawaii. There is another important reason. It is the same reason that many non-Canadians do not come to Canada. It is because in Canada we have not worked out the kind of arrangements or package deals which are available in other countries. If Canadians want to take their holidays in Florida, Hawaii, England, France or any other country, they can usually work out a package deal which includes not only air fare but hotel accommodations.

Recently I had my office contact a travel agency here in Ottawa. We were told that we could obtain a package tour to fly from Montreal to Miami, Florida, and stay there for a week at a price of between $400 and $500 per person. This included the air face and hotel accommodation. Or we could take the same trip and stay for two weeks at a price of between $600 and $800 per person. We have nothing in Canada to match that.

In recent years our airlines finally realized that if they wanted to tap the big market, the people who were travelling but not in Canada, they would have to offer cheaper air fares. If one flies from Ottawa to Vancouver or from Halifax to Toronto, it is still necessary, even if one obtains cheap air fare, to pay $50 to $100 per day for a decent hotel. If we compare that with the deals one could make to travel to Florida, Hawaii or London, England, we see why Canadians and non-Canadians are not travelling in Canada and taking advantage of the facilities and the scenery available here. It is for this reason that many people flock to other countries.

Many countries in the world, both the industrialized and less developed ones, have recognized the benefits derived from promoting the tourist industry. The industry provides employment for large numbers of people. These jobs can and should be of a permanent nature. Unlike manufacturing industries which have gone into decline and the high technology industries we hope to encourage, both of which are highly capital-intensive, the tourist industry is labour-intensive. It should employ even more people. It will not become obsolete if it is modernized. It should be non-polluting. It should be promoted in ways it has not been promoted up to now.

Of course, the federal and provincial Governments have spent money on advertising to tell Canadians and other people about Canada's great scenery and events which take place such as concerts, ballets, folk festivals and multicultural events in various parts of Canada. Until the federal and provincial Governments get together with the transportation industry, with the hotel and motel groups and with restaurant groups in ways they have not already done, we will not succeed in convincing travellers, whether they be Canadians or foreigners, that they are as welcome in Canada and can obtain the kind of enjoyment when they travel here as they do in other countries.

To a large extent tourist industry facilities are operated by Canadians in small individually-owned operations. They have been very seriously and adversely affected by the recession. Business is down because people do not have money. When there are 1.5 million people unemployed, they will not travel to the same extent as they did in other years, nor do they have money even if they do travel to spend like they used to. Business is down and the high interest rates to which the tourist industry and other industries have been subjected in recent years have driven many people in that industry, particularly small independent operators, whether they own a motel, hotel, restaurant, fishing facility or campsite, into bankruptcy or close to bankruptcy. They need to upgrade their facilities. They need money to continue to operate until the economy improves. What do they find? They find that the banks, having overextended themselves in loans to some of Canada's largest corporations, now have over $4 billion in noncurrent loans. That means that companies are not even paying the interest, let alone the principal which they borrowed from the bank. They find that the banks, having been burned by their mistaken loans to many of Canada's largest corporations, have been getting more and more tough with the small businessmen. Most operators in the tourist industry can be included in that.

• (1640)

Over 80,000 Canadian small businesses closed their doors in 1982, according to the President of the Canadian Federation of Independent Businessmen. Among them were tourist operators. While this tragedy continues, the Canadian dollar is a bargain to foreign tourists, yet the Government is reluctant to advertise the tourist virtues of this great country in other but the most perfunctory way.

This same Government decries the fact that the national economy has been dragged into recession by the forces of the international market. We know that, along with everybody else, the small business sector has suffered. A large percentage of the 700,000 to 800,000 jobs that have been lost to the economy through lay-offs and shutdowns have been in the small business area. The coming summer period should provide an excellent opportunity for the tourist industry to attempt to recoup some of the jobs, but it needs a real program of support for its facilities. International tourism could be attracted to this country if the Government could work with the industry to provide support.

Earlier this week the Minister pointed with pride to the fact that 62 per cent of the applicants for the small business investment grants were farmers and fishermen. It is good to hear that, but it is strange that the same Minister who is responsible for tourism does not realize that his program missed the mark. These are the figures for small business loans. If the majority of the loans have been made to farmers and fishermen, it is obvious there has been very little assistance to the tourist industry.

If the small business sector in 1982-83 provided 700,000 to 800,000 fewer jobs than in 1981, it is time that this Minister rethought his strategy and started to provide Canadian small business with some access to working capital to improve and refurbish these facilities. He should begin today by participating with provincial Governments, municipal Governments, the

tourist industry and the provincial industry in rethinking policies to develop ways of pursuading Canadians and others to travel in Canada rather then outside Canada as has been done so frequently in the past.

Mr. Gordon Taylor (Bow River): Mr. Speaker, representing as I do one of the outstanding tourist areas of Canada, I commend the Hon. Member for Malpeque (Mr. Gass) on the motion he has presented to the House today. The motion reads:

That this House condemns the Government for its neglect of the Canadian tourist industry and calls upon the Government to recognize this industry as a major generator of employment, new economic growth, and foreign exchange and that the Government accept its responsibility to increase the visibility of Canadian tourism both at home and abroad.

I want to deal with some of the major thoughts in connection with tourism from the federal angle. Today most provincial Governments spend large sums of money on tourism. They have Tourist Departments. Along with the municipalities, they are doing the job, but they receive very little assistance or encouragement from the Canadian Government.

Tourism is not recognized by the federal Government as an industry, but more or less as a promotion. It employs a large number of people and should be recognized as an industry. Until it is, it will not get its proper share of attention. It is a small business.

All of the Bills dealing with small business should be applicable to our campgrounds, motels and to those who provide any tourism service which makes the visit of people to this country more enjoyable. Until that is done, those trying to build up the tourism industry in this country will not get their full share. The Bill passed the other day in connection with the 4 per cent interest assistance for loans could be of tremendous advantage to the owner of some of our campgrounds who are having to pay high rates of interest. Even though they operate and are taxed as a business, they are not recognized as an industry by the federal Government. I would like the Minister to ensure that tourism does become an industry in this country.

There are no tax incentives for the tourist industry, none at all. Those who help bring thousands of visitors to this country, resulting in the spending of millions of dollars, should receive some tax incentives the same as those who drill for oil and dig for coal, as well as the many other activities in this country which produce wealth.

Tourism produces wealth for this country and, for the most part, takes nothing away other than souvenirs on which millions of dollars are spent. This adds to our foreign exchange. Visitors look at our beautiful mountains, hills, badlands, dinosaurs and whatever else a Province has to offer, and they enjoy it. All they take away is a beautiful memory of a beautiful country. However, no tax incentives are provided for this industry. There should be tax incentives for businesses catering to the tourist industry as with any other business in this country.

How many times do we hear talk about the "Dirty Spoon Cafe"? If there are such places, it is because there are no incentives or encouragements for them.

There is an association in western Canada called the Yellowhead Route Association. The route runs from Winnipeg to Brandon, Moose Jaw, Saskatoon, Lloydminister, Edmonton on to Vancouver or Prince Rupert, B.C., depending on which route you take. That organization has advanced the necessity for good tourist facilities. It has encouraged people to open good restaurants, serve good meals and maintain the beauty around campgrounds. All this is paying off. Many people now travel the Yellowhead route to Vancouver. This route has the lowest grade through the Rockies and the lowest snow fall. Tourist operators need tax incentives as an encouragement, particularly when they are contributing to the finances of the nation by attracting people back to this country.

• (1650)

Every time a tourist is disgruntled or frustrated and goes home angry, it is not likely he will return. Many of his friends will decide not to come either. Tourists must be kept happy if the industry is to grow, so more consideration must be given to public relations.

There are many restrictions on development, Mr. Speaker. In this country it is difficult to invest in a business. There are municipal inspections, environmental inspections, provincial inspections of utilities, planning board inspections, sewage disposal inspections—just one inspection after another. People become so frustrated that instead of investing in the industry they buy a Canada Savings Bond or put their money in the bank in order to avoid the hassle. Sometimes it is almost impossible to invest money because of Government restrictions. Some people claim that free enterprise does not work, but it is the shackles placed around it by the Government that make things difficult. It is very important to have proper facilities if people are to be encouraged to come to Canada, but at the present time too much red tape is involved.

I am glad that the Minister of the Environment (Mr. Roberts) is in the House as I want to deal with a case that he knows very well involving the Fleishman Cup. In 1981 110 young people from eastern and western Canada attended a ski meet in eastern Canada and planned one for western Canada in 1982. Every room was booked for the event at beautiful Lake Louise. Suddenly the Park's superintendent announced that it was necessary to obtain the permission of the Minister because it was a national event. But it was not a national event, Mr. Speaker. There was no hassle when it was held in eastern Canada. Just two weeks before the event, when all the arrangements were made and thousands of dollars had been spent, this is what happened. The event was not going to be attended by thousands of people but just by the parents of the skiers. These young people were likely to become Olympic competitors at some time. The competition is for the Fleishman Cup, previously called the Pontiac Cup, and it is held for amateur Canadian athletes between the ages of 15 and 20.

I telephoned the Minister's office and the secretary said that the event would not be accepted. I do not know how she knew that and I asked her to let the Minister decide. She said that it would not be accepted, that is all. I asked her to let it go to the

Minister at least. After several letters and two or three telephone conversations, the Minister said that in spite of all the inconvenience to people from eastern Canada, it could not be held. I asked him if it would do any harm to the snow, and he said, "It may". Mr. Speaker, it would not do any damage to the environment. The ski hills were there and the lifts were there. It was just a matter of red tape and letting some underling run the Department instead of the Minister.

This was not a national event but we could not persuade the Minister to change his mind, so 50 or 60 young people from eastern Canada will probably never go to Lake Louise again. They were so fed up after having made reservations and having a beautiful hill to ski on and then being told they could not go. It is not as if the resort was too busy either.

When I was teaching school there was a lad in grade four who was subnormal. Apparently there was a sheet of ice on his father's land and the other youngsters in the school yard were talking about going over there. He told them to go to another farm saying, "I don't want you to wear out our ice". I explained to him that you do not wear out ice, you enjoy it. Eventually the hockey game was held on that ice. That was the attitude of the Department of the Environment in this instance. It was as if these young people were going to wear out the snow.

We import chairs for ski lifts, Mr. Speaker, because they are not manufactured in Canada, but the importers do not receive a tax exemption. These ski lifts bring people to Canada and that helps our exchange and makes our community more buoyant, but no assistance is given for customs duties. There is assistance for many things but not for chairs for lifts. People are frustrated and discouraged. The red tape is worse in the national parks than anywhere else in Canada.

Every Province has its own unique beauty and attraction. I have been in all Provinces and the Territories and there is something for everyone in them all. I have enjoyed trips to the Arctic, the Maritimes, Newfoundland, Quebec, Ontario and Manitoba. I have enjoyed the wheat lands of Saskatchewan even though I live in a wheat land area. I have enjoyed the beautiful scenery of the oceans and mountains of British Columbia. When people come to Alberta, they have a chance to see the majestic Canadian Rockies which are more beautiful than anything on the continent. I go there often because they are in my constituency, and I never fail to be inspired by the majesty of those mountains and have a greater appreciation of the omnipotent God who created them.

A man and his wife in the Banff area own a cottage which they purchased from the CPR in the red earth district beside Shadow Lake. It is a beautiful spot and I hope the Minister will go there if he has a chance. This family arranged for a bus to take handicapped people who could not walk very well to a point two miles from Shadow Lake so that they could then walk to the lake. Parks Canada wanted to close the area off. When I asked why, I was told they thought we did not need it. I wrote to the then Minister responsible for Parks, Mr. John Fraser. He was from Vancouver and he was good enough to come out and look at it. He said there was no reason to close it. At the meeting Hon. John Fraser told the park superintendent that the road shall not be closed. It was not closed and it has not been closed since. It provides a wonderful holiday for people who cannot walk very well. It would not have bothered me as an individual if they had closed it. I walked the whole nine miles and enjoyed every step of the way. All around is one of the most beautiful scenes you could ever see, and the handicapped can enjoy it because a man is providing a chance to get there at reasonable cost. That is what we need to do with our tours. Let the handicapped come also. They do not take the mountains or the lakes away with them, but they do take away a tremendous memory and they want to come back again and again. I talked to a man in Calgary who was crippled and he told me he had gone to Shadow Lake every year for 15 years. He said, "Are you telling me I can't go anymore? That is cruelty." It was cruelty and, besides, we were killing an industry. However, it was not done, because that Minister used common sense in this matter and the Shadow Lake Route will remain open.

• (1700)

I am not going to say that the Province of Alberta is more beautiful than any other Province. I believe every Province has its own beauties. But I would like to outline some of the things we have in Alberta that you do not find elsewhere. My own home town, Drumheller, is nestled in the hills along the canyon of the Red Deer, as we call it, and the Red Deer River. People drive from Saskatchewan on Number 9 Highway through Drumheller, and almost every time I go by the Horseshoe Canyon I see 5 to 20 cars and trucks with Saskatchewan licence plates. They stop there to look at those badlands, that mass of little hills. They stop and the young people go up and down the hills and they enjoy it. And for those who have time to stay, there is a dinosaur trail. This is the place where the dinosaurs used to roam, and you can find their bones in the hills. As a boy I remember the Chamber of Commerce uncovering the bones of one of those huge monsters which weighed tons but had only a very small brain. When the vegetation changed through time they could not adjust their eating habits and so they died, and they are buried in the hills. The Chamber of Commerce uncovered the remains of one of these creatures, varnished the bones and left it in the hills. Tourists could see a dinosaur skeleton in the state in which it died. The trouble was, however, that everyone who came along wanted a souvenir, so they would take one of the bones, and it was not too long before our beautiful dinosaur had disappeared. Since that time, protection has been provided, and they are still there.

There is also the paleontology museum which is being established in that area by the provincial Government. It is going to bring scientists from all parts of the world into that beautiful Drumheller valley, the Canyon of the Red Deer. We have Lake Louise, one of the seven wonders of the world. We have Banff with all of its attractions. We have the foothills west of Longview and Kananaskis Park. All of these places draw people, and we should be encouraging people to build campgrounds, restaurants, motels. We should give them some

tax incentives and some help because they can bring people back and back again, and all they will take away is memories. They will eat our food, which will help the farming industry. They will buy our goods which helps the people who produce souvenirs. This is a tremendous opportunity—

The Acting Speaker (Mr. Corbin): Order. I regret to interrupt the Hon. Member but his time has expired.

Miss Coline Campbell (South West Nova): Mr. Speaker, as the Hon. Member for Malpeque (Mr. Gass) knows, tourism is important to me and to the people I represent in the constituency of South West Nova, as it is probably important to his own constituency. It has been interesting, Mr. Speaker, to hear how beautiful Canada is from sea to sea. There are many Canadians who have not had the opportunity to speak about the beautiful places there are to see here in Canada.

I welcome the topic of this Opposition day because I think for once we should sit down and think about the importance of tourism in Canada. I have learned, from listening to Hon. Members who have spoken here in the House, that they all have their own special area they want to talk about. That is realistic. It is also very isolating when it comes to the whole total picture of the role of Canada and the federal Government in tourism. It is interesting to note, when one looks at the figures, that more and more Canadians are travelling across Canada, whether it be expensively or cheaply. They are taking advantage of this great country called Canada and what it has to offer, not only to Canadians but to Canada's many visitors. It is perhaps quite natural for Canadians to take these areas for granted. However, once Canadians began to realize the importance of tourism to Canada, both for employment and as a source of revenue, they began to question the roles of Government in this industry, federal, provincial and municipal governments which benefit from the tourist industry. The Minister mentioned this morning that there were 40 federal Departments and agencies which have programs which support and advance the Canadian tourism industry, from Parks Canada to Fisheries and Oceans, to the youth exchange programs of the Secretary of State. Perhaps I might be a little parochial, since I am speaking as the Member for South West Nova, and say there is one agency which has taken a very active part in promoting tourism in the southern end of Nova Scotia, and that is the Crown Corporation CN Marine. CN Marine operates two facilities in the area. I read with pleasure a recent press release which reads as follows:

> Cruise ship luxury and amenities will greet tourists travelling between Maine and Nova Scotia this spring when CN Marine introduces a new MV Bluenose to year-round service between Yarmouth and Bar Harbor.
>
> The 1,100-passenger ship which will provide the improved level of service is the newest addition to CN Marine's fleet, MV Jutlandica. She will be completely refitted for her new role and undergo a name change to maintain the tradition of "Bluenose" service.

I would add here, between Yarmouth and Bar Harbor, Maine. It goes on to say:

> The Bar Harbor gateway to Nova Scotia was established 26 years ago by the original Bluenose auto ferry. During that time almost 2.5 million passengers have enjoyed the crossing of the Bay of Fundy and come to regard it as an enjoyable part of their vacation.

• (1710)

Upgrading this service will bring many more tourists to Nova Scotia. We have in the southern end of the Province two ports of entry for tourists, the ferry services and Air Canada. This is federal Government involvement. We have Parks Canada, the Kejimkujik Lodge. We have historic sites, Fort Anne and Fort Royal. These are all tourist attractions maintained by, as the Minister said, one of 40 federal Departments and agencies.

I was pleased as well to hear the Minister say he was seeking incremental funds for federal marketing of tourism, as well as pressing forward with regional development initiatives for tourism. We also know there have been regional development tourism packages between the federal Government and many Provinces, in particular Prince Edward Island and Nova Scotia, which have been very effective in creating interest in advancing tourism in Canada.

We have heard today, Mr. Speaker, that there should be federal tax incentives. I would like to point out to all Members of the House that the Provinces and municipalities also receive revenue. Perhaps they should be asked to provide tax incentives. What type of tax incentives are the Opposition Members talking about? Perhaps they should go back and talk to the Provinces. I would think that tourism is a much more local matter, and tax incentives might be looked at from the provincial level. They might look at liquor and food taxes, for example.

I have already mentioned that tourism is an essential element of economic activity in South West Nova. Each year thousands of American and Canadians enter Nova Scotia through the Ports of Yarmouth or Digby, or via Air Canada which has a direct service from Boston to Yarmouth. Perhaps Nova Scotia is lucky in that we have had a long-time connection with the eastern United States seaboard. We have welcomed visitors and tried to keep them here. Tourism is an important economic activity in Nova Scotia. Expenditures in 1981 by a total of almost 4.5 million resident and non-resident visitors to and within the Province totalled approximately $460 million. Where did the visitors come from? On an international basis we saw 40,861 visitors from overseas, and 325,016 from the United States, for a total of 365,877 visitors to Nova Scotia from outside the country. How much money did they leave behind? Forty-nine million dollars. On the other hand, non-resident Canadian visitors numbered 723,000, with provincial resident visitors totalling 3,295,000, for a total of 4,018,000 visitors. They left a total of $410 million in the Province. The total of international and Canadian visitors comes to 4,383,877, with a total expenditure of $459 million in the Province.

We must have been doing something right in the Province because I know for a fact that although tourism decreased considerably in some areas, Nova Scotia did not feel the great impact some areas did. Perhaps it is the beauty of Nova Scotia. Perhaps it is its accessability for those visitors. Our own people of Nova Scotia were travelling around the Province, which says it is a good place to visit.

The expenditures I mentioned produced an income to the tourist industry of $600 million, or 8.4 per cent of the gross provincial product. This makes tourism the sixth largest revenue earner in the Province. The 8.4 per cent in turn generated $62 million in tax revenues, which is about 3 per cent of total provincial Government revenue and .3 per cent of total Canadian Government revenue. It produced $25 million induced investment and 25,000 person years of employment. This tourism-related employment represents about 7.3 per cent of the provincial labour force. That means that the economic activity generated by tourism is important to Nova Scotia, and it is important that all levels of Government recognize that.

We heard earlier a Member talk about the Loyalist Days and the ongoing celebrations. Well, there has been a hive of activity in the southern end of the Province which I represent, and in other areas across the Province, on Loyalist Days. Activities to date have been very successful, and we are looking forward to them as they occur throughout the summer in the various communities. I might mention this means that tourists will be attracted to the area, and I hope these activities are successful. I know that many groups in heritage programs in the southern end of the Province have put a lot of time and effort into them, and they look forward to the approval of their visitors.

Now, Mr. Speaker, I would just like to spend a few minutes on the federal Government's direct involvement in Nova Scotia, in particular the Canada-Nova Scotia tourism industry development subsidiary agreement which was concluded at the end of March. The federal Government has been most actively involved in planning and programming the tourism industry in Nova Scotia through this agreement. The agreement evolved from a tourism development policy and strategy for Nova Scotia prepared back in August, 1976. The original duration of the agreement was from April, 1977 to March, 1982.

I remember when it was being developed. I know the time and effort put into that agreement by both the Province and the federal Government. There was an extension from March, 1982 to March of 1983 for a completion of commitments, and the Minister approved that extension. Therefore, all money committed under that program was used in Nova Scotia. What were the objectives of that agreement, Mr. Speaker? They were to create employment opportunities and increase incomes by increasing the length of the tourist season, increasing the total number of visitors, extending the length of stay, increasing the expenditures per traveller per day, and distributing travel expenditures geographically.

As a result, that agreement provided destination areas which include Annapolis Basin, Lunenburg, the eastern shore, Pictou County, Bras d'Or and Louisbourg. In my constituency the destination area was the Annapolis Basin, the funding for which was to create a major attraction in the Annapolis basin which would have international significance.

Under that five year agreement, $2,198,160 was spent in the Annapolis basin. What did it achieve? The Annapolis Royal Community, through its development commission, fully supported and implemented the tourism plan. The botanical gardens, the restoration of the Adams-Ritchie House and Kings Theatre, streetscape improvement and the waterfront walkway project have all been undertaken in order to attract the tourists who are coming to Nova Scotia to stay longer and to visit and learn about the history of one of the oldest settlements in North America. I say that because we have the historic Habitation at Port Royal and the historic Fort Anne in Annapolis Royal, both being very old areas of the cradle of our history of the settlements which came to Canada.

• (1720)

The total funding under that agreement was budgeted at $13.75 million, based on an 80/20 cost-sharing formula. The federal Government, of course, picking up the 80 per cent, contributed $11 million and the provincial Government contributed $2.75 million.

I hope that in the future we will see a new agreement, a new program coming into play between the federal Government and the Province of Nova Scotia. No matter what shape or direction it takes, I am sure that having had the experience of the last six-year agreement, we have learned a lot. I will not presuppose what the Province is suggesting to the federal Government, but I do hope that the federal Government is listening and that there will be some destination and areas.

Before closing, I would again like to thank the Hon. Member for Malpeque who has allowed me to speak on tourism, such an important economic activity in the constituency of South West Nova. I would say to all Hon. Members opposite that anyone who would like to come and visit down in the southern end of Nova Scotia, the most southern area aside from the Niagara Peninsula, is most welcome to come.

[*Translation*]

Hon. Roch La Salle (Joliette): Mr. Speaker, I am pleased to tell the Hon. Member who has just concluded his remarks that we are looking forward to visiting Nova Scotia, I hope. First of all, I would like to congratulate the Hon. Member for Malpeque (Mr. Gass) for enabling us today to debate a very interesting and very important subject, because it is widely acknowledged that the tourist industry ranks second in our economy. I also want to commend all Hon. Members who have spoken so far, because I have the impression today that the debate has been very constructive. Naturally, we have made some instances to the Government concerning the development of the tourist industry, which is very important in terms of investments and the number of jobs involved. I know for a fact that in the past three or four years inflation has hit that industry very hard, as it did so many others. Given its importance, we cannot miss the opportunity to urge the Government to review its legislation, to acknowledge the leading role of that sector, and to try to promote the industry in close co-operation with the provinces and various organizations. I believe it would be to our advantage to keep in close touch with the Tourism Industry Association of Canada which rightfully does not mince words now and again when it makes recommendations to the federal and provincial Governments.

As others have done, I want to take this opportunity to say that my province is interested indeed in promoting the tourist industry. And so does my riding, for even though all my colleagues may not come often to visit my riding, I could say that my friends opposite do visit my riding at certain times. Of course, they usually come at election time, Mr. Speaker, but I am sure they found some very interesting spots to visit. We also have some very good areas for hunting and fishing that could be developed. We have a wonderful museum in Joliette which is known nationally, and I think we have some pieces that compare very favourably with those in world famous museums. In Rawdon, near Joliette, more and more people are visiting Darwin Falls, which has been developed very satisfactorily for several years as a tourist attraction.

I would also like to draw the Government's attention to the fact that in Sainte-Marguerite, we have the Doncaster Indian Reserve. The reserve is under-utilized by the Indian Band. It covers six square miles and has beautiful lakes and hunting areas. I did make a number of recommendations a while ago, and I hope my comments will be considered with a view to making the reserve accessible to the general public and the surrounding municipalities, while of course respecting the rights of the Indians. Perhaps agreements could be concluded with the Indian Band, under which the general public could make use of the area and visitors from outside Quebec and outside the country could enjoy a few days of wonderful peace and quiet.

When we talk about the investment or funding required to build up the tourist industry, and we realize that $400 billion is spent directly or indirectly throughout the world, and that $15 or $17 billion in Canada creates one million jobs, and that $7 billion goes to National Revenue I think it is quite interesting to consider this question, especially in Quebec where we are talking about $900 million for the tourist industry which will create 100,000 jobs. I think we are entitled to ask the Government for this kind of help, especially in the present situation, where it is not easy to maintain a number of industries. However, there is no doubt in my mind that trade and industry deserve our special attention.

There are three basic principles we should remember. One is to try and keep Canadians inside Canada. I feel it is important to encourage Canadians to visit Canada and to visit other provinces, so that we can learn to know each other and again a better understanding of each other's needs and aspirations. We must also consider how we can attract larger numbers of visitors to Canada to enjoy the natural wonders this country has to offer. We should also concentrate on ways of getting people to prolong their stay in Canada.

• (1730)

These three concepts are very important, and I know that nothing will happen unless we do something about it, and I think, as others have said before me, that we should enter into agreements with the provinces. We should also know how to handle their priorities in a spirit of honest cooperation. I feel that we should work together with the Canadian Tourist Association and other associations that promote tourism. There are all kinds of activities that come to mind. Montreal has the Expos and the Canadiens, Quebec City has the Nordiques, and they attract people from outside the country. However, I think the Government should try to play a coordinating role with respect to this industry which is extremely important to our economy. As far as my own province is concerned, I am aware that agreements do exist, under which the Province of Quebec can get a financial contribution on a 60-40 basis—60 per cent from the Federal Government—for projects submitted by the Province to the Federal Government. This is being done elsewhere, there is no doubt about that, and I want to congratulate the Government on taking this approach. I think we should continue the good work, considering the importance of this industry, not only financially but also from the employment point of view. There is no doubt that our country is extremely interesting to visit; we could probably do even more to promote our tourist attractions and the dual character and diversity of Canada which millions of visitors to our country find interesting and of which we are aware ourselves, but even so, I believe that we should probably think about encouraging Canadians to travel throughout the country, for instance by providing certain tax cuts.

I believe that the possibility of offering certain benefits to Canadians who visit another province could be seriously considered. We could also think about implementing a policy to reduce transport costs between provinces. I am aware that the country is facing enormous deficits, but in view of the tax revenue produced by this industry, I believe that a serious evaluation would show that every dollar invested in the tourism industry could bring many more.

I would not want to omit to mention the efforts made by the Government to promote convention centres and the hotel industry. We all know that our Canadian cities have an increasing number of hotels sufficiently modern and well-organized to accommodate guests. However, it is one thing to have the hotels and convention centres required, but it is another to see that they are booked and used.

Mr. Speaker, I know that others will want to speak after me, but I would like to make a few comments about the importance of this industry. In view of the present situation, I believe that the Government, the Minister and the Members on the other side can count on a loyal and objective Opposition if the Government decides to suggest something in keeping with the point of view that we defended today. Of course, we want our various provincial Governments to examine this issue. However, we would like the Federal Government to become even more readily involved in this industry and to discuss this issue with the provinces.

As for the Canadian Tourism Association's interesting suggestions, I feel that we need everyone, and of course this also means businessmen, to use all our potential and have all the benefits of a well-organized and well-structured tourism industry. This is my wish, and I am pleased to see that everyone in this House can make such objective comments today and that so many Members can show their interest in this industry, all of which, of course, aims at putting back our economy on the right track by every means available, at creating a certain number of jobs and maintaining those which now exist, as well as improving the state of our economy.

This debate provides an excellent opportunity to make suggestions and assure the Government that we are willing to cooperate with any initiative which would improve this industry and urge Canadians to visit their own country so that they will know it, defend it and serve it better, and at the same time, there is no doubt that if our foreign visitors sense a greater unity in Canada and are more aware of the sites to visit, they will use their vacation in Canada more profitably. Mr. Speaker, I hope that the comments of all my colleagues and the Members opposite, who have shown a lot of interest in this matter, will catch the attention of the Minister and that we shall be able to work together for a good case, namely the development of the Canadian tourism industry.

Mr. René Cousineau (Parliamentary Secretary to Minister of State (Small Businesses and Tourism)): Mr. Speaker, I join all the previous speakers to congratulate the Hon. Member of the riding of Malpeque (Mr. Gass) on introducing this motion. I congratulate as well all those who took part in the debate today with a non-partisan approach and, I must say, in a very positive and very objective way, because all Canadians agree that the tourist industry plays an extremely significant role in the Canadian economy. It has been said that 1.1 million jobs are related to tourism and that one out of ten Canadians works in the tourist sector. I should think that we all agree that tourism is very important in Canada and that we must do our very best to make people feel that they are welcomed in Canada.

This morning, Mr. Speaker, my colleague the Minister of State (Small Businesses and Tourism) (Mr. Rompkey) mentioned only a few of the many initiatives taken by this Government to support the tourist industry in Canada. Unfortunately, perhaps some Members cannot appreciate or are unaware of the extent of that support.

I am grateful for this opportunity to enlighten the Hon. Member for Malpeque and his colleagues on the initiatives of the Government and our successful efforts to support Canada's tourist industry. I should like to emphasize particularly the close co-operation between federal Government, the Provinces, the Territories and the private sector to develop that very important industry.

Ever since 1946, Mr. Speaker, the federal and provincial ministers responsible for tourism have met every year to deal with major issues, to exchange ideas, to discuss matters of serious concern and to act in consultation with one another. The officials at both levels of government have frequent meetings by themselves and with industry representatives to develop marketing plans and to co-ordinate their implementation throughout the world. Hon. Members who have taken part in international tourist events either overseas or in the United States are aware that the federal government is responsible for co-ordinating the activities of the various provinces and the private sector under the Canadian flag. The federal officials in charge of tourism are co-operating with their counterparts in the public and private sectors and setting up advertising and marketing programs in all parts of the world. These initiatives not only obtain marketing awards in international competitions, they are also an economical way to invest our taxpayers' money.

Hon. Members are certainly aware that since 1974, thanks to ancillary agreements on the expansion of the tourist industry, the federal government has invested, together with the provinces and the territories, over $220 million to expand and up-date tourist equipment and facilities. Without this financial assistance, such tourist attractions as those of Whistler Village in British Columbia, or Acadian Village in New Brunswick, would not exist today.

• (1740)

One realizes just how serious this Government has been about tourism in Canada when one discovers that it set up as early as 1978 a Consultative Task Force on Tourism. Made up of representatives of both management and labour, it advises the Government on ways and means to improve the performance of the industry. It has submitted many recommendations, most of which have been accepted and implemented by the federal authorities. If the Government is doing nothing to develop the tourist industry in Canada, as the motion now before us would have it, why then did the Minister of State (External Relations) (Mr. Lapointe), while he was Minister of State (Small Business and Tourism) come to launch in co-operation with provincial and territorial tourism authorities a national tourism program that included a series of individual programs setting forth the strategies and priorities of each participating Government for industrial growth and development?

If the Government is doing nothing to improve our tourist industry's competitive situation, what is to be made of the national program we launched in 1980 to foster the construction and expansion across Canada of international trade centres and convention centres by providing a total of nearly $200 million worth of support to nine major facilities? Let us recall the Canada Marketing Support Program launched in 1982 to help organizers develop all-inclusive travel plans to and within Canada? It is estimated that the program, with a $1 million funding, will generate this year $37 million in all-inclusive travel plans within Canada.

Mr. Speaker, if the Government does not recognize or believe in the tourist industry, how is it that in September 1982 it did recognize and honour, on World Tourism Day, 20 Canadians from all across Canada who made significant contributions to the growth and expansion of the tourist industry? How is it that also in 1981, the Government allocated an additional $9 million over a three-year period to improve the marketing of Canada as a travel target?

Mr. Speaker, the Minister of State (Small Business and Tourism) has already referred to some 40 federal Departments and agencies that have programs designed to influence and help the tourist industry. For example, the Minister of Indian and Northern Affairs (Mr. Munro) has recently reached with the Northwest Territories an agreement with a major component for the development of small business and tourism. A similar agreement is under consideration with the Yukon. My colleague, the Minister of Fisheries and Oceans, (Mr. De Bané), who is here this afternoon, is implementing a small craft harbour program supplying pleasure boating services that are used each year by thousands of Canadians and visitors. The Minister of Environment (Mr. Roberts), who was in the House earlier, is much too modest to say so, but as Minister responsible for Parks Canada he knows that many of our national parks and historic sites have been designated as world heritage sites by Unesco.

Mr. Speaker, if the Government does not acknowledge that the tourist industry plays a major role in job creation, why do tourism projects account for such a large share of this Government's employment programs? The summer employment program for students, the new NEED Program, is of great assistance to employers in the tourist industry. In addition to that, we also have training programs for specialized workers in fields related to tourism which come under the jurisdiction of the Minister of Employment and Immigration (Mr. Axworthy).

My colleague the Minister of State (Small Businesses and Tourism) may have been too modest to refer to himself, so it is with pleasure that I mention the efforts he made on behalf of tourism when he was Minister of National Revenue. I am glad to point out to Hon. Members that it was he who launched a review of the customs program which will soon make it easier to hold international conventions in Canada. He is the one who undertook to set up duty-free shops at various ports of entry. He is the one who decided that Customs inspectors would provide visitors driving in from the United States with a tourist information booklet welcoming them into Canada. And since he became Minister responsible for Tourism, my colleague has decided to hold regular meetings with leaders of the Canadian Tourist Association, the national organization speaking for the industry, in order to obtain their views and advice on matters the Association feels are essential and advantageous to the growth and development of the industry.

This may be news to some Hon. Members, but seven years ago the Government of Canada put out the program "Rendezvous in Canada", which is now internationally recognized as one of the most significant travel scholarships plan in the world. Have Hon. Members heard of TOURCAN, the national market for Canadian buyers and sellers of tourist products? Do they realize that together those markets, operated by the Canadian Government Office of Tourism and supported by all the Provinces, Territories and the private sector, have generated will over $250 million in new tourist revenues for Canada since 1977?

Hon. Members certainly did not forget the support given by this Government to Expo '67 and the Summer Olympics in 1976, and they know the Government intends to support over the next five years important events, such as the 400th anniversary next summer of Sir Humfrey Gilbert's landing on the shores of what was later to be called Newfoundland, the 450th anniversary of Jacques Cartier's coming to Canada, which will be celebrated in 1984, the bicentennials of the Province of New Brunswick and of the Loyalists' settlement in Ontario, the international meeting of clans in Nova Scotia in 1985, Expo '86, the World Transportation Exhibition to be held in Vancouver three years from now, and, of course the Winter Olympics to be held in Calgary in 1988.

Before closing, Mr. Speaker, I would like to call the attention of the House to the tourism industry in the National Capital region. I would like to point out how important it is for this region to recognize visitors to the Canadian capital, to have well-maintained roads and to insist on the participation and involvement of the provincial Governments.

I would also like to point out to the House that a recent study of the National Capital Commission stated that 2.5 million visitors came to Ottawa each year, 65 per cent of which were canadians, which means that 1.6 million Canadians visit their capital. Of these, 70 per cent came to Ottawa by car, and the rest came by plane, bus or bicycle; 30 per cent or nearly 330,000 came from Quebec, more specifically from Montreal, the Eastern Townships, Quebec City, the North Shore or the Gaspe Peninsula, and 15 per cent of these 330,000 Quebec visitors to the capital region crossed the Ottawa river to visit Gatineau, Buckingham, Thurso or Hull.

I mention that, Mr. Speaker, because here we have a number of people, very smart people for the most part, I believe, who took highway 417 near Rigaud on their way to Ottawa after having left Montreal through the Metropolitan Boulevard. When they needed gas, well, they simply bought some. I have nothing against people who sell gas along highway 417 but I would rather have seen them take highway 50 which is supposed to be completed in 4, 5, or ten years, and buy gas in my constituency, that is quite normal. Furthermore, it generates employment, and that is true also of restaurants. I mention that because we have forgotten lately about highway 50 and how important it is for Quebecers to travel and leave a

few dollars here and there in the various constituencies around Montreal as they head westward. I am not the only one to raise that issue. Even the strongest advocates of independance in the Outaouais region refer quite often to highway 50 which is vital to the economic development of that area.

I wanted that to be put on the record, Mr. Speaker, because in the Outaouais region, this issue is of the highest importance. In conclusion, I would like to thank again the Hon. Member for Malpèque who has given us the opportunity to let all Members know that the Government of Canada is deeply concerned with the tourist industry in the best interest of Canada and of all Canadians. I am satisfied that all Members are looking forward in 1984 to the 50th anniversary of the continuous support directed at the tourism industry by the federal Government.

[*English*]

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, it gives me great honour to speak on the Private Member's motion put forward by my colleague, the Hon. Member for Malpeque (Mr. Gass). This motion is timely. I want to talk about the tourist industry, not only in the east but also in northern Ontario and particularly in the riding from which I come, that of Timiskaming.

• (1750)

I would like to take this opportunity today to express the concerns of many areas of Canada. The tourist industry should be an umbrella comprised of provincial and municipal Governments and individuals with the federal Government being the top part, co-ordinating that industry, whether it be in Newfoundland, British Columbia or Northern Ontario. We should ensure that we all work together in what has to be one of the most important small-business industries in Canada. Approximately 1.3 million individuals are employed seasonally across Canada in the tourist industry. This takes in students who have just graduated from high school, university students returning home for summer employment, trappers and fishermen who work during the summer months. The people of northern Ontario and in other parts of the country are concerned about energy-related problems and their effects on the tourist industry.

I would like to make a few comments relating to the reliance of the tourist industry on the energy program. If we look back five years ago, we see that the costs of travelling, for example, from nothern Ontario to the Province of Alberta were relatively low, or if Albertans wanted to travel to northern Ontario or Prince Edward Island, the costs were likewise relatively low. When one went to fill up the gas tank it used to cost $15. Now we are looking at $30 or $35. That is one of the problems which is hurting the industry across Canada.

In my riding we rely upon people from the larger centres in southern Ontario to visit our small fishing camps that might have as many as four employees. I imagine there are Members on both sides of the House who certainly enjoy during the summer months (flying) into remote areas to fish for lake trout, speckled or whatever. At one time the cost of such a flying trip amounted to $75 to $100. Now we are looking at $500 to $1,000 for the same trip. This is causing grave problems for the tourist industry because tourists are no longer coming.

Energy is a key part of the tourist industry across Canada, and people have expressed their concerns to me, and the Hon. Member for Timiskaming, in terms of interest rates, a very crucial problem affecting the survival of the industry. Most operators in northern Ontario rely upon a five or six-month period of time in order to make sufficient funds to carry them over the year. In the last two or three years the staggering costs of money they have been required to borrow in order to start up in the spring and to get in their supplies have affected their ability to survive. In the last year numerous small industries across the country which have tried to refinance, have ended up closing or have been put into a financial bind trying to operate their camps and to find extra employment to help offset their operational costs.

Another concern of Hon. Members on both sides of the House is the issue of acid rain. Acid rain has become a crucial consideration of tourism. For years and years fishermen were able to go into various lakes and catch speckled trout, lake trout and pickerel. The camps on such lakes relied on the literature they sent out each year showing the size of lake trout and various other fish. Those lakes are now in trouble, in grave trouble. When this happens, the industry on the lake is also in severe trouble. This is happening not only in northern Ontario but across the country.

I am pleased the Hon. Member for Parry Sound-Muskoka (Mr. Darling) sits on the Committee on Acid Rain because he knows the concerns of the tourist industry. This Committee has to work closely with this industry in an attempt to resolve the problem of acid rain. If we do not work strong and lobby hard in the years to come, the industry in northeastern Ontario and all across the country will be jeopardized. If we look at the various ministries of natural resources and their restocking programs, we see that year in and year out they stock lakes with fingerlings. I must say that these fingerlings do not reproduce. We are taking dollars and investing them back into the lakes. Until we resolve the problem of acid rain, the lake stock will not multiply and reach the levels of the past.

Over the last few months Air Canada has offered special rates for trips out of the country. I would like to see special rates being given for people to travel to my riding of Timiskaming from St. John's, Newfoundland or from Vancouver, British Columbia. I would like to see them provided with an opportunity to travel to my riding at a reduced rate rather than being faced with the outrageous costs of travelling via Air Canada to the area. It is very important for us to look at that and do our utmost in years to come.

Also in the area of transportation, I remind the House that we have the huge and beautiful Trans-Canada Highway which passes through my constituency. In years gone by people enjoyed towing their trailers across the country, visiting various communities. How many trailer manufacturers have

we lost over the years due to the rising cost of energy? I hope the budget which will be brought down next Tuesday will contain something to alleviate this problem. The Minister of Energy, Mines and Resources (Mr. Chrétien) should do something for the tourist industry in terms of the cost of energy.

In closing I wish to say that I am very pleased to have had the opportunity to speak on a subject which I feel is important and has been often neglected. We must remember that at least 1.3 million people are employed in the tourist industry. Unless the federal Government, the provincial Governments, the municipalities and individual tourist operators start working together, we will be in trouble in years to come. We must provide the industry with some incentives, whether it be special bank interest rates for those who purchased resorts over the last five years or incentives in terms of the employment of students. In days of high unemployment we realize that people who would like to travel cannot do so because they are receiving Unemployment Insurance benefits or some social assistance.

It has been a great pleasure to participate in the last ten minutes of this important debate concerning tourism, and I thank my colleague for allowing me the opportunity to speak.

The Acting Speaker (Mr. Corbin): Order, please. With the conclusion of this debate, proceedings on the motion before the House have expired pursuant to Standing Order 62(11).

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

OFFICIAL LANGUAGES—REQUEST THAT MINISTER BE APPOINTED TO ENFORCE LEGISLATION

Hon. Warren Allmand (Notre-Dame-de-Grâce-Lachine East): Mr. Speaker, on March 24 I put a question to the Prime Minister (Mr. Trudeau) regarding the continuing violations of the Official Languages Act and asked that he appoint a Minister with special responsibilities to enforce the legislation in all Departments, agencies and Crown corporations.

My question was prompted by the recent report of the Official Languages Commissioner wherein he cited a number of examples of the law being ignored or contravened.

During the past year I have personally brought several cases to the attention of this House, the Government, and the Official Languages Commissioner. First, there was the case of the Old Port of Montreal, a federal agency which advertised entirely in French, even in the English language Montreal *Gazette*. Second, there were cases of English-speaking citizens in Montreal visiting their families at the federal penitentiaries at Laval, Quebec who were unable to get service in English at the gate and in some cases were refused entry. Third, there have been many Montrealers who have been unable to get Manpower retraining courses in English, and often other Manpower services in their own language. Fourth, there have been several examples in the past year of federal Government Departments putting up billboards entirely in French in districts of Montreal which are predominantly English.

The Official Languages Act requires the federal Government and all agencies to provide services in both official languages to the citizens of this country, and obviously that they be well prepared to do so in bilingual areas such as Montreal where there are large numbers of the official language minority.

Unfortunately, this is not being done, and in many cases there does not seem to be an understanding among the Civil Servants of their obligation to do so. Time and again, even in Ministers' offices in this city, I run into Civil Servants and staff who think that everything in Quebec should be in French and outside Quebec, bilingual. Even among some Ministers and Deputy Ministers, there is no political will to enforce the official bilingualism policy.

What I have described so far has taken place at the federal level, but it has taken place at a time in Quebec when there has been a provincial Government situation that is much worse. As Hon. Members know, Quebec Bill 101 has been very hard on English-speaking, bilingual and immigrant Quebecers. In some cases they have been forced into French-speaking schools. They have been forced to take down their English and bilingual signs. There are many places where they cannot get service in English at Quebec Government offices. I have many examples of senior citizens who cannot get any kind of service in their own language. These measures have been extremely coercive and oppressive.

The most recent scandal was the St. Mary's Hospital case where the Office de la Langue Française condemned the hospital because not all of its employees were able to speak French to certain patients. This was despite the fact that the hospital had a very good bilingual capacity and was very capable of providing services in French. Historically, this hospital was built by the English-speaking community in Montreal. What is particularly grating in this case is that approximately 50 per cent of the moneys for hospitalization and medicare in Quebec, as in all Provinces, comes from the federal Government.

On several occasions I have recommended that the federal Official Languages Act should apply to provincial institutions where there is substantial federal funding under joint federal-provincial funding agreements. At the present time the responsibility for enforcing the Official Languages Act is under the Deputy Ministers. Obviously this is not adequate. The Official Languages Commissioner can report violations and work with Departments to correct short-comings, but he has no administrative responsibility. The Prime Minister must assign a Minister who will have the responsibility of enforcing the Official Languages Act in all areas of the federal Government.

If a good law is to have credibility, and I think the Official Languages Act is a good law, it must be enforced. In addition, the time has come for amendments to that Act. At the present time a Joint Committee of the Senate and the House of Commons is discussing such amendments to improve the law, bring it up to date and make it more just for all Canadians, both English and French speaking.

• (1805)

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, I wish to thank the Hon. Member for Notre-Dame-de-Grâce-Lachine-East (Mr. Allmand) for his concern regarding the application of the Official Languages Act. I would like to point out that the President of the Treasury Board (Mr. Gray), who is the Minister responsible for the application of the Official Languages Act, meets annually with his officials to evaluate the annual report submitted by the Commissioner of Official Languages. The Act has been in existence for ten years, and although much progress has been made during the past decade, the Government realizes that much remains to be done, although we should be careful in our evaluation of the Official Languages policy. The important thing is to ensure that Crown corporations and federal agencies and departments observe not only the spirit but also the letter of the Act. This is very important. In his last report, the Commissioner of Official Languages pointed out, in referring to Air Canada, that a great deal of work had been accomplished during the past ten years, but it was also true that although Air Canada continued on its expedition to the Official Languages summit, a lack of qualified climbers was still impeding the final phase of the ascent.

Nevertheless, I would like to give the Hon. Member the assurance that the Government is following very closely what is happening to the practical application of the Official Languages Act, and that at the present time, considering the projects that have been realized, the Government entirely approves of the fact that the President of the Treasury Board should be responsible for the application of the Act. However, if other points were brought to the attention of the House, perhaps some other action would be taken. Before finishing my comments, I would like to point out that between the 1981 and the 1982 reports, the Commissioner of Official Languages noted a drop of 20 per cent in the number of complaints regarding the application of the Official Languages Act. This means that Canadians have learned to live with the Official Languages Act but that we must remain vigilant to ensure that the basic rights of both French and English Canadians are respected throughout the country.

[*English*]

INCOME TAX—TREATMENT OF INCOME DERIVED THROUGH SERVICE TIPS. (B) REQUEST FOR MINISTERIAL ACTION

Mr. Doug Anguish (The Battlefords-Meadow Lake): Mr. Speaker, on March 9 I rose in the House to put a question to the Minister of National Revenue (Mr. Bussières) concerning what seemed to me then, as it does now, to be a very unfair policy regarding the tips given to waiters and waitresses in the country. The problem arises from the dual standard that seems to have been set by the Government on these tips. They must be claimed as income by those who receive them and therefore are included in taxable income.

The other side of the dual standard is that the waiters and waitresses cannot claim benefits on that total income. They are taxed on the larger amount which includes the tips but the benefits are provided according to the lesser amount. They are not allowed to include the tips for unemployment insurance, Canada Pension Plan, Quebec Pension Plan, Workman's Compensation, and in fact holiday pay could be brought into this as well. If they are taxed on the income which includes tips or gratuities, they should also be entitled to the social benefits according to that income.

• (1810)

I would say, Mr. Speaker, that this affects some 200,000 workers across Canada, I understand some 85,000 workers alone in the Province of Quebec. These are workers who are difficult to organize or unionize because of the high turnover in their occupations. I was asking the Minister to take some action to rectify this apparent inequity or dual standard which the Government has chosen to place upon waiters and waitresses.

I believe that employers should be obligated to contribute to these benefits just as it is the duty of the employees to contribute their fair share to these plans. The Minister stated in concluding his answer to the question I asked him back on March 9, 1983 that the matter is a complex one and that it also requires the co-operation of the taxpayers to state their entire income. That is not a very fair statement. It seems to me that it is not a complex question. It is a matter of an inequity that is created for one group of our society; a dual standard which is set up by the Government, so it has the best of both worlds. It collects income tax on the increased amount, but will not give the benefits which these employees should receive on the maximum amount. It uses the lesser amount to determine the benefits to these workers.

I ask the Government to take immediate action to overcome this inequity, and to deal with the respective departments. I understand this would include the Department of Revenue and would need to include the Ministers who are responsible for the Canada Pension Plan and for the Unemployment Insurance Commission as well. I believe it is a very simple matter to have rectified, by this Government, in light of the many people who are involved as waiters and waitresses across this country.

There are many single parents who are employees in this profession. There are certainly people on the lower end of the

salary scale, and fluctuations in our economy certainly affect those people who work as waiters and waitresses. I ask the Government to take this action at the earliest possible opportunity. It is not complex, as the Minister stated in his answer to my question on March 9, and I would like to know today what action the Government is going to take, and how long it will take for this apparent inequity I have outlined to be rectified.

Mr. Garnet M. Bloomfield (Parliamentary Secretary to Minister of National Revenue): The Hon. Member, as his Party's critic for the Department of National Revenue, should understand the responsibilities of that Department, particularly as they relate to those of other departments. He will be aware, of course, that National Revenue administers the Income Tax Act. I would assume that he does not suggest that the income from tips and gratuities should not be income subject to tax. The Department is carrying out enforcement activity in many areas across the country regarding this type of income because it found that a great deal of it has not been reported. Incidentally, I am not talking here about trifling amounts, but about thousands of dollars of income received over a very few years in this form by certain individuals. I say this because certain media reports have conveyed the assumption that this was a project directed at low income workers.

The question that concerns the Hon. Member is the eligibility of this income under the Unemployment Insurance Act and the Canada Pension Plan. As I understand it, income from tips is regarded as self-employed income and is therefore not insurable earnings under the Unemployment Insurance Act. I also understand that if a person in receipt of tips chooses to do so, he or she could have the income treated as pensionable earnings under the Canada Pension Plan, but would have to pay the higher contribution associated with self-employed income.

The Minister of Employment and Immigration (Mr. Axworthy) and the Minister of National Health and Welfare (Miss Bégin) are responsible for the legislation governing the treatment of tips for UIC and CPP purposes. Any changes to the respective acts comes within their purview. The responsibility of the Minister of National Revenue does extend to determining what are insurable or pensionable earnings. These are subject to the provisions of the legislation administered by his colleagues.

• (1815)

SHIPBUILDING—REQUEST FOR ACCELERATION OF VESSEL REPLACEMENT ORDERS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I must say at once that I am honoured and flattered that the Minister is here. It shows usual care and attention to procedural matters, particularly where they concern the extended grievances of Members concerning responses they receive to questions they ask, having regard to the shortness of the time and the necessity for brevity, and the difficulty of getting at the heart of the matter in such a short time.

I am here this evening largely because the Minister was quite positive in his response to my question, Mr. Speaker. It had to do with what the Government felt might be desirable and perhaps possible with respect to bringing on Canadian Government account orders for Canadian shipyards.

As the Minister will be aware, Canadian shipyards provide some 14,000 to 16,000 or 17,000 direct jobs under normal circumstances. He will now be aware that we are down to something of the order of 6,000 or 7,000 jobs, direct and indirect jobs.

That is a little alarming. I hope the Minister can take a minute or two to elaborate, not just on the specific matter I put to him with respect to bringing on a Maritime command fleet replacement program, but also on the requirements of the Department of Oceans and Fisheries for new vessels.

Our Oceanographic Institute at Bedford, one of the most prominent in the world, is now serviced by obsolete ships with obsolete equipment. We have literally hundreds of field programs which must go to sea to be tested and we do not have the vehicles to take them. The potential loss of standing by the Bedford Institute in the world oceanography community disturbs me.

Will the Minister not recognize and address, or at least become an active advocate among his colleagues in the promotion of advancing shipyard orders for fleet replacement programs, first for the navy because we can bring that on now and it will mean thousands of jobs? This would not only mean bringing people back who have been let go, but, perhaps even more important under the circumstances, it will mean the retention of skills and capabilities already there. If we can reach out to the ferries, the coastguard, and the Bedford Institute, which needs a complete fleet replacement program—there is no doubt about that whatsoever—then we would in turn spill benefits back to at least our east coast yards, possibly out to the west coast, with a lot of jobs which will help stabilize one community in the job security area. I am sure this is of interest to the Minister.

• (1820)

I would invite him tonight, in the brief time available to him, to address himself philosophically to whether or not he has been an advocate of early advancement of possible programs, and an advocate of bringing on even earlier mid-term or short-term programs which we know in fact that we do need.

Hon. J.-J. Blais (Minister of Supply and Services): Mr. Speaker, I would be pleased to do that, and I welcome this opportunity offered me by the Hon. Member for Dartmouth-Halifax East (Mr. Forrestall) to address this issue which I feel is of tremendous importance. I appreciate his having raised it in the House on two occasions to date.

Though my riding does not border on a coastline, it does border on an inland lake. Shipbuilding to me, therefore is not something which is pertinent to my area. However, I can tell the hon. gentleman that since I have accepted my present responsibilities, one thing which has come to my mind is that the shipbuilding industry is one of the most important to

Canada historically, and also in terms of today's economic circumstances.

I feel very strongly that Canada has lost the position it once held in terms of shipbuilding importance. A mere 100 years ago we were third in importance; today we are down at the bottom of the pile, close to 20 per cent. However, I wish to indicate to the hon. gentleman that I am doing something about that in the sense that I have accelerated the procurement action of my Department. We are coordinating that procurement action in order to have the greatest impact possible on the situation faced by the shipyards in Canada today.

I will describe to the Hon. Member, of course, the program which is the nearest and dearest to my heart, namely, the frigate replacement program. That one is on schedule; we will have it decided in July of this year. It involves 1,700 person years in the first year.

Mr. Forrestall: Two years late.

Mr. Blais: I know, but the fact is that since I have been around, it has been going on schedule.

I call the hon. gentleman's attention to the Polar Icebreaker Program, and I would hope that he would use his good offices to put on pressure, in order for us to proceed with that particular program. The design stage is now completed. We ought to be proceeding with that program as rapidly as possible.

We have the reinforced 1050, the ice-strengthened ships, which hopefully will be the subject of a contract in July of this year. Again, 200 person years of work is involved. We also have the 1100 series, the Navaid tenders, which are going out to tender as well. I would again hope—

Mr. Forrestall: When?

Mr. Blais: —to be in a position to award this contract—

Mr. Forrestall: When?

Mr. Blais: —by July of this year.

There is the Delex Program, about which the Hon. Member knows very well, and there is the Trump Program which will provide for more than $1 billion worth of repair and overhaul activity.

I want to tell Your Honour that I am encouraging greater co-operation between the shipyards, the steel manufacturers, as well as all the ancillary support industries, because I feel very strongly that in terms of job creation it is not only in the shipyards, but also in the propulsion manufacturing capacity, in the radar shops, in the telecommunication and onboard communication programs that jobs will be created. That can only be done with the presence of a viable shipbuilding industry within this country.

The Acting Speaker (Mr. Corbin): Order. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at eleven o'clock a.m.

At 6.25 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, April 15, 1983

The House met at 11 a.m.

• (1105)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

AIRPORTS

INCREASE IN PRIVATE AIRCRAFT PARKING FEES

Mr. Donald W. Munro (Esquimalt-Saanich): Madam Speaker, in May of 1982 the Department of Transport levied a 350 per cent increase on parking fees for private aircraft at DOT airports. Only six weeks later the six and five formula was introduced by the Government as a check on inflation. The imposition of a further 6 per cent as of May this year in these fees means in reality that a tax of an extra 21 per cent has been levied on the rate in existence just a year ago. This is not the true six and five approach, nor does it take into account the additional 6 per cent to be imposed on landing fees for private aircraft, fuel concession fees, and on international route fees.

Furthermore, the Department has yet to allow those paying an annual parking fee at one airport to park, without paying an extra fee, at a nearby airport when weather or other landing conditions prevent a pilot from reaching his home base.

Most private operators are businessmen selling Canadian products continent-wide and keeping Canadians at work. Why are they being asked to carry this additional heavy burden, along with a radio operator's fee that costs twice as much as a radio licence for sports boats and, indeed, for cargo carriers on the Great Lakes?

* * *

INCOME TAX

AMENDMENTS SOUGHT BY PART-TIME UNIVERSITY STUDENTS

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, there are approximately 250,000 part-time university students in Canada, many of whom attend McMaster University and Mohawk College in Hamilton. These part-time students form a rapidly growing sector of the post-secondary educational community. As such, they are concerned with amending the Income Tax Act in order to assist this movement to part-time studies in a more equitable way, and to permit part-time students to qualify in principle and on a pro-rata basis for some of the tax exemptions now available only to full-time students.

The amendments which the Canadian Organization of Part-time University Students is proposing to the Income Tax Act include pro-rating the $50 a month educational deduction; transferring the tuition deduction from a non-working spouse to a working spouse; and allowing part-time students to deduct incidental fees.

Since we live in an age of constant and rapid change, people must continually upgrade their education and most can do this only on a part-time basis. That being the case, I suggest that we at the federal level should do all we can to encourage Canadians to upgrade their educational level through part-time study in order that they may acquire the skills they will need for the jobs of the future.

* * *

AGRICULTURE

RATE OF FARM BANKRUPTCIES

Mr. Vic Althouse (Humboldt-Lake Centre): Madam Speaker, farm bankruptcy statistics were issued this week for the first quarter of 1983, and comparisons were made with the first quarter of 1982. On a national basis there was no great change. Bankruptcies in 1983 amounted to 115 compared to 113, but we see a great difference or shift, if you will, in the bankruptcies on a regional basis. We note that in western Canada bankruptcies increased from 17 a year ago to 39 this year, a dramatic increase of 130 per cent.

While in some regions of the country the bankruptcy rate has remained about the same, the Government has not paid any attention to the increase in bankruptcies in the areas hardest hit. Indeed, the response has been to ignore them. The initial prices for wheat have dropped in the area where bankruptcies are now the highest, and the Government is intending to increase freight rates in that area as well. Again, the result will be to reduce net incomes and further increase and aggravate the probability of bankruptcy in that region. We think the Government should be taking more positive action and attacking the problem by bringing in a—

Madam Speaker: Order.

S.O. 21

INDUSTRY

ANNOUNCED CLOSURE OF REFINERY AT HOLYROOD, NFLD.

Hon. James A. McGrath (St. John's East): Madam Speaker, on March 30, 1983, Ultramar Canada announced it was closing its refinery at Holyrood, Newfoundland, as of June 30. This will mean the loss of 105 man years of employment and an approximate loss of $91 million to the Newfoundland gross provincial product.

When this refinery was opened in 1960 it provided Ultramar with access to and a toe hold in the North American market. While this was only a small refinery with a 15,000 barrel a day capacity, production has been reduced to less than 50 per cent because of a falloff in the demand for heavy crude as a result of the change in the energy pattern with respect to home heating fuel consumption and so on.

My point is that the closing of the Holyrood refinery, Madam Speaker, is a direct result of the expansion of Ultramar's refinery in Quebec. I do not quarrel with that, but that expansion has been at the expense of Newfoundland's refinery, and I believe Ultramar has a responsibility to Newfoundland because it was through the people and Government of that Province that its owners got their introduction to the North American market in the first instance. However, they indicate their decision is final and irrevocable, so I want to suggest, through this procedure, that the Government of Canada, through the Minister of Energy, Mines and Resources (Mr. Chrétien), and the Minister of DREE, should get in touch with the Government of Newfoundland with a view to taking whatever steps are necessary to keep the Holyrood refinery open.

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HOUSE OF COMMONS

PARLIAMENTARY PRESS GALLERY—STIPULATIONS GOVERNING BUDGET COVERAGE

Mr. Geoff Scott (Hamilton-Wentworth): Madam Speaker, George Orwell's Big Brother 1984 has obviously arrived eight months early. I refer to the Minister of Finance's new rules governing the nation's news media on budget night next Tuesday. Madam Speaker, I spent some 20 years in the Parliamentary Press Gallery, one of them as that Association's President under the current Liberal Prime Minister. I can tell him and this House that I have never experienced such blatant news management by any Canadian Government.

The Minister of Finance (Mr. Lalonde) and his Liberal advisers are telling the Parliamentary Press Gallery who can report the budget, when they can report the budget, and how they can report the budget. That constitutes "news management at best, censorship at worst", to quote commentator Bruce Phillips.

The Liberal Government is now decreeing who will be considered journalists, and who will be accredited as economic experts and analysts to be allowed into the traditional budget lock-up. In addition, the Liberal Government is now insisting that the media, under signed undertaking, will for the first time remain locked up in the Government Conference Centre for one full hour after the Minister begins his budget address at 8 p.m. EST. This will drastically affect national television and radio reporting and analysis of the budget.

• (1110)

Basically, this is being done to keep off the air those journalists and experts who might dare criticize the budget while the Minister intones his address.

I appeal to the Government of Canada to revert to the traditional practice of covering budgets, and to trust members of the media, along with Members of Parliament, to observe those traditional guidelines. Above all, I urge the Government to prevent this outrage to freedom of the press.

PROTEST AGAINST ARRANGEMENTS FOR MEDIA COVERAGE OF BUDGET

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, as Canadians await the 1983 budget, a budget coming at a time when the state of the Canadian economy is at its lowest ebb since the 1930s, the Minister of Finance (Mr. Lalonde) has been making a number of efforts in the last number of months to consult with various Canadians in various regions of Canada. However, already a dark pall is beginning to form over the budget process. We find that the Minister of Finance is now concerned about the critics who will be commenting on the budget, both in the media as well as in the Opposition Parties and, as a result, is taking steps to, in a sense, muzzle reaction on the eve of the budget.

Surely the budget itself should stand on its own merits. If the Government has confidence in the Minister of Finance and his budget, it ought to have no concern over Opposition Members or the media making positive criticisms of its budget statement. Therefore, I urge the Minister of Finance to reconsider the procedures on budget night in terms of keeping Opposition critics as well as media critics from responding as early as traditionally has been done on the night of a budget. I urge him to remember that this is the most important budget which the country will receive for the next number of years and it is imperative that fair and objective criticism be presented.

* * *

CANADIAN PACIFIC RAILWAY

LOSS OF JOBS AT SAINT JOHN, N.B.

Mr. Bob Corbett (Fundy-Royal): Madam Speaker, in the past 15 months some 32 full-time Canadian Pacific Railway clerical positions in the Customer Service Centre and the West Side wharf in Saint John, New Brunswick, have been lost. This has resulted in a general deterioration of rail service and now poses a threat to the welfare of the good citizens of Saint John.

Four of the workers who lost their jobs were inter-change clerks who would know the exact location of cars carrying dangerous goods passing through the city. With the elimination of the clerical jobs, the possibility of dangerous commodities travelling through the city unchecked, or their exact location unknown, greatly increases.

Additionally, there would be no personal contact between the fire officials and the railway regarding the passage of these goods and the event of disaster heightened by delayed response time.

As the Government appears to have some influence over the operations of the Canadian Pacific Railway by the fact it can bind CPR workers to the six and five wage program by law, I would urge the Government to discuss with CPR officials the possibility of rehiring the inter-change clerks to assure the exact locations of dangerous commodities are known and reported.

Rail operations in Saint John have been whittled down to mere bones resulting in extensive lay-offs in all areas of rail transportation, and poorer service. I would urge CPR to cease lay-offs that not only affect the quality of rail services in Saint John and New Brunswick but force workers into positions of unemployment, unknown futures, and despair.

* * *

CROWN CORPORATIONS

CANADAIR—DEAL WITH ARGUS CORPORATION

Mr. Dan Heap (Spadina): Madam Speaker, it has been publically alleged that Canadair gave a private jet to the Argus Corporation, and the allegation has not yet been denied. It is also well known that the President of Argus is Conrad Black.

Furthermore, according to Peter Newman in his book "The Establishment Man", Conrad Black last year hired as his private consultant the former private secretary to the Prime Minister (Mr. Trudeau), now on his second try as Liberal candidate for Spadina.

Considering the Prime Minister's often stated concern to discourage conflict of interest, it would be helpful if the Prime Minister would inquire, and make public, whether Jim Coutts helped to arrange the sweetheart deal between Canadair and Argus.

ORAL QUESTION PERIOD

[*English*]

RAILWAYS

CROWSNEST PASS RATE—GOVERNMENT ADVERTISING IN SUPPORT OF CHANGES

Hon. Don Mazankowski (Vegreville): Madam Speaker, I would like to direct my question to the Minister of Transport.

Would the Minister confirm whether it is the intention of the Government of Canada to insert a four-page supplement in Canada's daily newspapers next week to promote the Government's legislation to dismantle the Crow? If it is, could the Minister tell us why this is being done before the legislation has been introduced in the House of Commons, and under whose authority is the supplement being inserted? As well, can he give the House some indication of whether or not it will be included in all the dailies across Canada, and at what cost?

• (1115)

Are we also to assume that the Government is contemplating a corresponding television promotion as well, along the lines of the flying Canadian geese that we witnessed about a year ago, aptly substituted with a flock of crows departing from the Canadian agricultural scene?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, it is a long question. Yes indeed, we are contemplating that. I have a copy here which I could show the Hon. Member. It will appear this weekend.

The reason it appears before the Bill is something that I cannot control. There are deadlines over which I am not the master.

Its cost is approximately $350,000. It will appear in a number of papers, in English only, because we already have some in French. It will appear in a number of regions in Canada.

Mr. Nowlan: The same message?

Mr. Pepin: Yes, the same message.

The Government is sponsoring it, but presumably I take some responsibility for what is in there. I feel this is quite defensible. If standards are important in these matters, which I think they are. I have a collection here of advertisements by different Governments in the West from the different Parties. One ad says, "Saskatchewan Challenges the Pepin Plan", which ad is paid for by the Saskatchewan Department of Agriculture. Another states, "Saskatchewan Solution: Save the Crow", paid for by the NDP Government in Saskatchewan. An ad by the Conservative Government of Manitoba states, "Grain: The Network of Roads Designed, Built and Maintained by Your Manitoba Highway Department". One from a Conservative Government from the Department of Transport in Alberta states, "We have built and maintained a vast network of roads for you to carry your grain." So I am in very good company.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: Unfortunately, the ad fails to recognize the impact that the Pepin proposals will have upon the producers of Canada in terms of grain production and the over-all economic hardships that it will impose upon the producers of Canada.

REQUEST THAT FARMERS BE PROVIDED WITH ADVERTISING FUNDS

Hon. Don Mazankowski (Vegreville): Madam Speaker, in the interest of fairness and maintaining a balance, would the Minister support the farmers of Canada in running a corresponding ad telling their side of the story and the disincentives that this will have on the producers and the economic impact it will have upon them? Will he support the farmers of western Canada by providing funds for a corresponding ad which would add some balance to the debate?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I will not have to support them because they already do it. For example, the Saskatchewan Wheat Pool has been running an ad throughout the country addressing itself to Members of Parliament from different areas, and pleading with them not to agree with the Bill when it is introduced.

At the end of the day, I think this is educational. The public is entitled to receive different points of view. In the final analysis it is the taxpayer, be he or she a member of the Saskatchewan Wheat Pool, a citizen of Saskatchewan or of the country as a whole, who pays for it. Presumably they do not mind being educated in this fashion.

GOVERNMENT POLICY

Hon. Don Mazankowski (Vegreville): Madam Speaker, unfortunately it is very difficult for the pools, farm organizations and producer groups to compete with the treasury of the federal Government. I repeat that this is an advertising campaign being conducted for legislation that is yet to be introduced in the House of Commons.

Having looked at the ad, I note that the supplement emphasizes job creation, high technology, and economic stimulus, with very little mention of the impact on the producers of Canada. Are we to assume that this package represents the Government's new economic strategy? Is this the Government's megaproject for the 1980s? Can we expect the Minister of Finance, in the introduction of his budget, to emphasize correspondingly the dismantling of the Crow as the Government's megaproject for the 1980s?

• (1120)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, that is not a bad idea. It is indeed a megaproject, if ever there was one, at $16.5 billion over the next eight or nine years. That is not a bad contribution to the economy. It is certainly a very strong contribution, which the Minister of Finance has said a number of times, to the recovery that we are witnessing now. From that point of view, I thank the Hon. Member for making a contribution to the publicity we are trying to give it. It is not a description of the Bill. But there is in each ad a short enumeration of what will be the main parts of the Bill. I shall say more on that as soon as I can.

FARMERS' PRODUCTION COSTS

Mr. Len Gustafson (Assiniboia): Madam Speaker, I have a question for the Minister of Transport. In the advertising on the Crow rate there seems to be, as the Hon. Member for Vegreville pointed out, a definite absence of the benefit to the farmers. The advertisement clearly indicates the benefits to the rail system. The Minister will know, by the multitude of letters that have crossed his desk, that there is absolutely no consensus for the type of advertising that is taking place.

Will the Minister consider exactly what is happening to the producer? Will he look at the cost to the producer at a time when world grain prices have dropped $1 a bushel? Will the Minister consider the increased costs of production? The farmers cannot accept the increased costs that are being advertised in the Pepin proposal at this time.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, Hon. Members will have plenty of opportunity to debate each one of those points. The benefits that farmers will gain from this proposal are pretty easy to enumerate. For the first time farmers will have certainty about the transportation of grain. Farmers worry every year whether grain will get to the coast on time. Farmers will not have to worry any more because they will have the best freight transportation system in the world.

Farmers will be able to save on storage and demurrage. Farmers will be allowed to diversify their crops and will be allowed to process more than they are now. What farmers will pay in return, on the other side of the equation, will remain quite moderate, in my view.

What the Crow represents now is a cost of 2.5 per cent of the price of grain internationally. If this system that we will introduce goes through, in four or five years from now it will represent 5 per cent of the cost of grain internationally. At the end of the decade it will represent 8 per cent, 9 per cent or 10 per cent, depending upon a number of factors that I cannot predict entirely accurately. If that is so, 8 per cent to 10 per cent will be about the average of the last 30 years and this percentage will be substantially less than it has been at different times in the history of the country, because at different times the cost has represented 30 per cent or 40 per cent of the price of grain. I will have plenty of occasions on which to spoonfeed my friends on these facts of grain life, and I will be delighted to do so.

IMPACT OF PROPOSED CHANGES ON CENTRAL CANADA

Mr. Len Gustafson (Assiniboia): Madam Speaker, I have a further question for the Minister of Transport. The Minister knows that in this proposal there is a 500 per cent increase in cost to farmers. He also knows that by 1992 the average

farmer will pay at least $8,000 more for freight transportation than he is paying now. Farmers are concerned about where they will raise the $8,000 at a time when the price of grain is failling. There seems to be a direct parallel to the national energy policy here with no consideration to the field, with no consideration to the producer, and with no consideration to production.

For the welfare of all of Canada, what is the Minister going to do if he has bankrupt farmers on his hands who will not be able to buy combines and tractors from central Canada, and who will not be able to buy rubber and steel from central Canada? Has the Minister considered the impact of such a loss to all Canada in the Pepin proposals?

• (1125)

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, there is much to be said on this subject. The Hon. Member used the figure of 500 per cent. Five hundred per cent of what? A better way to say it is that, under the proposal we will introduce, the farmer will pay two times Crow in four years, which is a change from 13 cents per bushel to 26 cents per bushel. At the end of the decade he might pay, because there are so many factors, 75 cents per bushel.

Mr. Epp: That is 500 per cent.

Mr. Nielsen: Even by your math that is 500 per cent.

Mr. Pepin: It is less than the cost of a stamp on an envelope that goes to Canada Post today.

Mr. Epp: That is going up too.

Mr. Pepin: It is going up, but I predict that it will never go up further than the price of a stamp on an envelope.

Some Hon. Members: Oh, oh!

Mr. Munro (Esquimalt-Saanich): You will regret those words.

Mr. Pepin: There must be a comparison there which should impress my hon. friend.

Anyway, by way of comparison, during the Saskatchewan election a certain Minister of Agriculture was telling the people, "Beware of the Pepin plan—13 times Crow". Well, it is two times Crow in four years' time and will be five times Crow at the end of the decade. I forgot to mention, of course, all kinds of possibilities. There is no doubt the farmer will be able to produce, not only with the assurance that his grain will be transported, but will be able to produce a lot more than he produces now.

TIMING OF ADVERTISING CAMPAIGN

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my supplementary question is directed to the Minister of Transport as well. What right does the Government have to run a four-page tabloid like this one, in at least ten Ontario papers tomorrow? The Crow legislation has not even been introduced into the House of Commons. We have not even had first reading of the Bill. There was no reference to it in the Throne Speech. There was no reference to it whatsoever in the Estimates. There was no promise made of it whatsoever in the 1980 Liberal election platform. What right does the Government have to spend this amount of public money, without the consent of Parliament, on what is clearly a partisan ad on behalf of the Liberal Party of something which has not even come before the House?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have already answered that question in the first answer I gave. The rights are the same as the ones which the NDP Government of Saskatchewan was using some months ago.

Some Hon. Members: Oh, oh!

Mr. Pepin: It is all in here. I think we have to admit that they are quite frank about it, "Paid by the Transportation Agency of the Government of Saskatchewan." It could not be any clearer. Not only is this proselytizing before the Bill was even announced, this is also indulging people in the wrong belief that it would be 13 times Crow. My hon. friend obviously has two standards—one for his Party and one for the rest of the world, or one for his Province and one for the rest of Canada.

Mr. Nystrom: As usual, the Minister of Transport is once again misleading the House.

Some Hon. Members: Oh, oh!

Mr. Nystrom: The advertising in Saskatchewan was based upon legislative authority in that Province. It was approved by the Legislature of Saskatchewan, and that has not happened in this case.

REQUEST THAT ADVERTISEMENTS BE WITHDRAWN

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, Government Members have access to public funds which we in the Opposition do not have; we cannot spend money like that. I want to know whether or not the Minister of Transport will now withdraw these ads, or whether or not he will have the guts to have the Liberal Party of Canada reimburse the Government of Canada and the taxpayers of Canada for these partisan political ads.

Hon. Jean-Luc Pepin (Minister of Transport): It was within the authority of the NDP Government of Saskatchewan to send the bill to the Transportation Agency, a Crown corporation of the Government of Saskatchewan. No, Madam Speaker, I think Governments must tell the country what they intend to do. That is the normal process. As my hon. friend knows, we have had a few Members for a while in the West now, explaining the Bill. I do my very best and my colleagues do their very best to do that. But the use of newspapers is one

of the normal, natural, sensible and moral ways of taking information to the public.

REQUEST THAT TRANSPORT RATES BE TIED TO GRAIN EXPORT PRICES

Mr. Arnold Malone (Crowfoot): Madam Speaker, I would like to ask the Minister of Transport a couple of supplementary questions. He said that the cost of the movement of grain would not rise any more than the cost of a postage stamp. Is he also making other parallels that the kind of service will be analogous to that provided by the Post Office?

• (1130)

The minister makes reference to the increased cost projected to the year 2000 being somewhere in the eight per cent range of the export sale price for grain. Will the Minister undertake at least one measure which will give farm producers some security by tying transportation cost to a percentage of the export price for grain, rather than tying it to prices which reflect inflation as in the cost of transport, because farmers cannot cause or protect themselves from inflationary factors?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the service that the railways will give is the type that the Post Office would like to give, so both of them meet in their desire for excellence. On the subject, and it is a very popular one I may say, of tying the cost of transportation to the selling price of grain, this idea is growing in popularity in the West. I must say, and my Hon. friend knows because he is quite learned on this, that the subject was not brought forward with any degree of intensity in the Gilson exercise, and that it regrettable.

An Hon. Member: Exercise?

Mr. Pepin: I am sorry that I do not have the whole lexicon of my hon. friend at my command. The subject was not brought up at the Gilson group committee, or call it whatever you want. I was saying that it is an idea that has some importance. This Government, the Members of it and the Members of the Liberal Party are democratic. If there should be a great popular demand for it, if groups which have difficulty accepting this or that part of the program, come together in a very great movement of enthusiasm, I am quite sure the Government will not be indifferent to them.

PROTECTION FROM DEMURRAGE CHARGES

Mr. Arnold Malone (Crowfoot): Madam Speaker, on that narrow section of the whole Crow debate, I say to the Minister that if he searches widely across the Prairies he will find increasing support for the view of tying the cost of the shipment of grain to the export value. It need not be to any one specific year. It could be to a range of years, knowing what happened with the fixed rate in the 1930s when the cost of shipment went to 35 per cent of the price of the grain.

In several responses, once today and previously in the press, the Minister has said that the new Crow rate will save the farmers from demurrage charges. Can he expand on how they can save on demurrage charges from an improved transport system?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, very simply by getting there on time. If you get to port in a lower number of days, obviously you are in a much better position to serve the ships waiting there. That is a normal consideration. On the previous subject, I know that my hon. friend is campaigning in favour of the Bill which we will introduce. I know he is favourable toward it. I would be grateful if, sometime in a week or so from now, he tells me that on the tying idea he has the wholehearted support of the whole of the Conservative Party and would gladly commit himself to approve the Bill if there was a possibility of including that part.

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PENITENTIARIES

DRUMHELLER INSTITUTION—IMPOSITION OF NEW DUTY ROSTER SYSTEM

Mr. Gordon Taylor (Bow River): Madam Speaker, my question is directed to the Solicitor General. He was here a minute ago. I believe he is behind the curtain.

Madam Speaker: Order. Will the Hon. Member ask his question, and perhaps a Parliamentary Secretary can answer it?

Mr. Taylor: The morale among the staff in many of our federal prisons is running very low. If nothing is done we could have a very serious situation on our hands. In the Drumheller penitentiary feelings have reached the explosive stage. One of the aggravations is the imposition by decree of a new duty roster. Why is the Government forcing a new duty roster on the prison staff when the present duty roster and squad system is working to the satisfaction of not only the prison staff but of the administration in the Drumheller Institution?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, there is a very easy answer to that question. I am doing it because the present duty roster system, in spite of what the Hon. Member says, does not serve the best interests of the prison. It produces a great deal of overtime costs. I hope that the Hon. Member, as a representative of the taxpayers, will be as concerned as I am about that. It also produces periods in which there are less than the proper number of people on regular duty in the institution.

The duty roster system which I have supported, and which is being put into effect this week in Drumheller, will be a much more efficient and effective one. I would urge the Hon. Member to support it. It has already been introduced in Quebec and Ontario. The institution in the Hon. Member's constituency

will benefit from having this improved system, and the taxpayers have a great deal to gain from it as well.

Mr. Taylor: I suggest to the Minister that the new system will cost more and cause a great deal of disturbance among the staff. It will cost the taxpayer more money. This can be proved by past experience.

EFFECT ON STAFF AGREEMENT

Mr. Gordon Taylor (Bow River): Is the Minister aware that enacting this new roster unilaterally is contrary to the agreement the Government has with the staff? Is the Government going to continue to have these things done unilaterally by a few bureaucrats rather than negotiating with the prison staff? Will the Minister hold this up for two weeks so that the prison staff have some opportunity to negotiate? Apparently he is not prepared to do that. Why the rush to shove something down their throats, when the present system is working?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I am not willing to give another two weeks before implementing this system because we have already given three months in which there has been a lot of consultation and discussion. The union said it could come up with an equally effective and efficient system, and then was unable to do so. The Member speculates that this will cost the Government more. I can assure him that it will cost the Government less.

Insofar as unrest is concerned, the Hon. Member can have a role to play in that. If he looks at the positive effect that this is having in other institutions where it has been introduced without difficulty, and looks at other penitentiary systems of the Provinces, some of which have been using this system for years, the system that we are now introducing, he will see that it is an advantageous system. The only down side of it, if I can put it that way to the Member, is that some employees who have been getting a lot of overtime will get somewhat less overtime.

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VETERANS AFFAIRS

PRESERVATION OF BOOKS OF REMEMBRANCE

Mr. Dan McKenzie (Winnipeg-Assiniboine): Madam Speaker, my question is directed to the Minister of Veterans Affairs. At the meeting of the Standing Committee of Veterans Affairs yesterday, when asked if the Books of Remembrance would be altered, the Minister did not give a clear and precise answer. Will he now give a clear and unequivocal commitment to the people of Canada that there will be no desecration of the Books of Remembrance in the Peace Tower?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, the Hon. Member alleges that I did not give a very clear answer to the Committee yesterday. I was asked by an Hon. Member whether or not the proposal to alter the Books of Remembrance, and the proposal to which the Legion objected very strenuously, would be proceeded with.

• (1140)

Madam Speaker: Order. The first part of the question, I think, was a reference to something that happened in the committee, but then the question was on a specific matter to which the Hon. Minister might give an answer. I would like him not to refer specifically to or to repeat argument or debate that has taken place in committee.

Mr. Campbell (Cardigan): Madam Speaker, the answer is simply that the proposal to alter the Books of Remembrance to which the Legion objected very vehemently will not be proceeded with.

Some Hon. Members: Hear, hear!

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CROWN CORPORATIONS

CANADAIR—INQUIRY RESPECTING TASK FORCE REPORT ON FINANCIAL LIABILITIES

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, my question is directed to the Minister of Finance. It concerns the Challenger matter which, in the long run, might in many respects be just as important as his upcoming budget, considering we have Conservative leadership candidates talking about getting rid of Crown corporations and we have the CDIC coming up, which may be the beginning of Government economic planning in the country.

I would like to tell the Minister that the Government took over Canadair in 1975. I am informed that by 1981 its liabilities had gone up to between $900 million and $1 billion. The Government was appalled by this and set up a task force to regularize the letters of comfort which are Order in Council financing. Would the Minister of Finance confirm that that task force was set up then and that it reported to the Cabinet that the liabilities of Canadair in 1981 were $986 million, that the liabilities would go up to $1.2 billion, and that the task force recommended to the Government that it seek proper authority from Parliament for the $1.2 billion, which the Government never did?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I have listened with a great deal of attention to the Hon. Member's question. He must be mindful of the fact that reports that are made to Cabinet, of course, are subject to the confidentiality under which the Cabinet system operates.

CHALLENGER AIRCRAFT PRODUCTION COSTS

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, the Prime Minister said yesterday that, under the Freedom of Information Act, reports to even the Cabinet can be made public provided they do not give the recommendations. In

countries like Sweden, they open the whole thing up. I do not know why this Government does not open it up.

Considering these facts, would the Minister confirm that there was a later addendum to the task force which indicated that the liability was higher than $1.2 billion because the Canadair management was not frank with the Government or with the task force? In fact, on November 13, 1981, Canadair management did not inform a committee of the House that the costs had gone up, and on November 20, 1981, they had in fact misinformed the Government task force that the Canadair management had reopened the General Electric contract which would cost an additional $100 million for engines and so on.

Would the Minister confirm then that the Government, by the addendum to its own task force, was being misled by the management of Canadair?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, I do not know what the hon. gentleman means by an addendum to a task force. However, the same reply goes in terms of the question that he has asked. His allegations refer to matters that are internal to Cabinet discussions and therefore are subject to confidentiality.

MANAGEMENT OF CORPORATION

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I do not know how the Minister believes that Government and Crown corporations should work together, but we on this side of the House believe that Crown corporations should be open, they should have workers on the board, there should be public hearings, there should be regular reports to Parliament. In short, we believe we should have economic democracy in this country, unlike the way the Government is running things.

Considering the fact that the other day the Prime Minister admitted, and a new mini task force told the Government that the liabilities of Canadair would go presently from $1.8 billion to $2.3 billion, and considering the fact that the management of the company is still there—there are 100 people who are making over $95,000 a year, and there are 20 people who are making over $100,000 a year—why has no one been fired from that company? Why has no management been fired when it is quite clear, on the record, and admitted by the Prime Minister, that the Government and the people of Canada have been misled by the management of Canadair?

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, from the replies that have been made in this House relating to Canadair in the past two or three days, there has been an indication that the CDIC was formed specifically in order to provide an overview in terms of the operations not only of Canadair but also of de Havilland, another corporation that has the Government as its sole shareholder.

In terms of economic democracy, the representations the Hon. Member has made relating to Crown corporations reporting to the Government and there being an availability for Members of Parliament to question the Crown corporation—all that is in place. Parliament was advised yesterday that there will be supplementary estimates coming before it relating to Canadair. There will be full opportunity for all Members on both sides of the House to question Canadair and its officials, and to question CDIC officials, relating to the whole of the allegations surrounding the Canadair issue. I am sure that full information will be forthcoming.

I would be one of the first to agree that that process is a necessary one because, as the Prime Minister has indicated in the past, we in Canada have benefited from a mixed economy whereby in the value-added sector there has been a large number of Crown corporations that have permitted us to participate in activities that the private sector did not want to undertake.

GOVERNMENT POSITION

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, how can the Minister say that the House of Commons will have full information when he has just denied a request by the Member who has last spoken for the results of the task force report? How can the Minister say that the Government has not changed its tune from yesterday to today, when yesterday the Prime Minister said we would have the information to make the evaluation of the business judgments of Canadair, and now my friend stands in the House and denies us a very important part of that evidence?

[*Translation*]

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, there has been no change in the Government's policy. We are operating according to procedures generally recognized within a Parliamentary democracy and the traditional Cabinet system. As soon as the question is put to Members on the Supplementary Estimates, they will have an opportunity to ask the Corporation and its Directors for further details. Nevertheless, there is always the matter of prerogatives, that is, when the information or documents requested are connected with matters of public administration as discussed by Cabinet, in other words, the confidentiality of Government matters in Cabinet must be maintained. That applies to all investigations made by Members of this House, the latter being always subject to the imperatives of Cabinet operations, according to British tradition.

[*English*]

REFUSAL TO SUPPLY TASK FORCE REPORT

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I was aware of the Cabinet system, as is the Hon. gentleman, and I was aware of the importance of confidentiality, as he is. The question is whether or not it is in the best interests of the Government, the best interests of the truth, the best interests of all of the facts to have a task force report on the very subject that the Prime Minister has said would be open for

investigation by Parliament, which accepted his word yesterday. I would ask my friend not just to examine the text of the Freedom of Information Act but also to examine the ethics and morality in holding back what is an important report from Parliament's examination of this subject. I ask him to do that over the weekend and see if his answers might not be different on Monday.

[*Translation*]

Hon. J.-J. Blais (Minister of Supply and Services): Madam Speaker, my reply will be no different from the one I just gave, and the Government's position would be exactly the same. Yesterday, in answer to a question almost identical to the one the Hon. Member is asking today, the Prime Minister himself said clearly and in no uncertain terms that there would be ample opportunity to ask questions when the Supplementary Estimates were considered by Parliament. In fact, after discussions among Parliamentarians before the Committees, there is always time for making additional representations to obtain information the Members might require.

* * *

• (1150)

[*English*]

GARRISON DIVERSION

UNITED STATES PROTEST AGAINST FLAG BURNING INCIDENT

Hon. Jake Epp (Provencher): Madam Speaker, I would like to direct my question to the Acting Prime Minister, due to the absence of the Prime Minister and the Secretary of State for External Affairs. There was a question asked by my Leader on March 29 regarding an incident in Manitoba where the Deputy Premier and another Member of the provincial Cabinet, as well as a number of Members of the New Democratic Party, participated in a rally in front of the U.S. Consulate, during which time a United States flag was burned. The question was asked of the Deputy Prime Minister whether the federal Government was going to take any action in view of the problem this incident would create for Canada-U.S. relations.

On March 30, 1983, the next day, the United States embassy sent a strong note to the Canadian Government, and I will just quote one line:

> The United States must protest strongly the participation of Ministers of the Government of Manitoba in this event, which clearly gave it an official character, and would appreciate assurances that such official support of hostile demonstrations will not be repeated.

Will the Acting Prime Minister tell the House whether the Canadian Government has responded with a note of very strong denunciation of this event? If so, could he tell us what was in that note?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, the Department of External Affairs did in fact respond to the note sent by the U.S. authorities. In our answer we explained to our American friends that provincial governments have no responsibility for conducting the country's external affairs, and that any action or participation in a demonstration by two provincial ministers could have no effect on relations between Canada and the United States. We have of course advised the Government of Manitoba of the contents of the U.S. note and of our reply.

[*English*]

REQUEST THAT TEXT OF CANADIAN RESPONSE BE TABLED

Hon. Jake Epp (Provencher): Madam Speaker, I would like to ask the Acting Prime Minister whether he would be willing to table that response so that we would have the benefit of its exact words. And would the Minister also agree that this matter is not so easily taken care of, because one of the Ministers who participated is the leading spokesman for the Government of Manitoba in the United States on the Garrison Project?

It is one thing to say in diplomatic language that the provincial Governments have no effect or jurisdiction in external affairs—constitutionally, I recognize that—but, obviously, there is an effect. There is an impression created. Therefore I would like to ask the Minister, first, whether he would table that note; second, whether he would give us an evaluation of what effect he sees in terms of our representations in the United States on Garrison? What effect would it have now that the Manitoba Minister also heading the Manitoba delegation in opposition to Garrison?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, before I decide whether or not I can table this note in the House, I shall have to consult with the U.S. authorities.

* * *

[*English*]

REFUGEES

REQUEST FOR WITHDRAWAL OF CHARGES AGAINST REFUGEE CLAIMANTS

Mr. Dan Heap (Spadina): Madam Speaker, my question is directed to the Acting Prime Minister in the absence of the Minister of Employment and Immigration. As the Government knows, 32 years ago Canada signed the Geneva Convention relating to the status of refugees, by which, under Article 31, Canada undertook not to punish refugees who entered Canada with false documents. The Minister also knows that for several months the Commission, in violation of this Convention, has been prosecuting refugee claimants before their status was examined, and only very recently discontinued this practice. Will the Government, therefore, now undertake to withdraw all outstanding false-document charges against Mr. Arunasalam of Sri Lanka, a refugee claimant, and against all refugee claimants until their claims are determined? Will the Government undertake to issue an apology to Mr. Adjekum, a

Ghanaian refugee who was wrongly prosecuted by the Commission and wrongfully imprisoned for several months, but is now determined by the Refugee Status Advisory Committee to be a true refugee? Will the Government try in that way to make up for what it has admitted to be its wrong practice over the last several months?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, as Acting Minister of Employment and Immigration, I would like to inform the Hon. Member that if he had given notice of his question, I would have been able to give him an answer. Unfortunately, I do not have the information I need to give him a satisfactory reply, but I shall be able to give him my comments on the subject next week.

* * *

[*English*]

FISHERIES

CORPORATE SECTOR OF ATLANTIC FISHERY—GOVERNMENT POLICY

Hon. John A. Fraser (Vancouver South): Madam Speaker, my question is directed to the Minister of Fisheries. Can the Minister tell the House whether any decision has been made by Cabinet on the restructuring of the corporate section of the Atlantic fishery? If so, when will the announcement be made? Can the Minister also give us any indication of what form that restructuring is taking?

Hon. Pierre De Bané (Minister of Fisheries and Oceans): That restructuring, Madam Speaker, has reached a very delicate stage, and it is done under the supervision of the Cabinet committee which is chaired by the Minister of State for Regional Economic Development. So would you put your question to my colleague?

EFFECT ON TRANSPORTATION INDUSTRY

Hon. John A. Fraser (Vancouver South): Madam Speaker, I think I will stay with the Minister of Fisheries and Oceans. The Minister will remember that during the Easter break I delivered a letter to his office in which I expressed the very serious concern among people in the transportation industry in Atlantic Canada, because almost all of them have advanced substantial credit to companies operating in the fishing industry. Their concern, of course, if this restructuring amounts to an extensive Government intervention, is whether those debts which are owing, and which are not secured, will be taken into account in any restructuring which does take place as a consequence of the deliberations of the Cabinet committee? It is a matter of some very grave concern to a number of corporations acting along the Atlantic seabord.

Hon. Pierre De Bané (Minister of Fisheries and Oceans): Madam Speaker, I cannot answer in detail the question put to me by the Hon. Member, but I would just remind him that the parameters which were set publicly months ago were that there will be no Government bailout of any company with taxpayers' money. On the other hand, I have given the assurance to all the participants in the fisheries, particularly the fishermen, that, of course, the Government will never let that sector go down if there is a failure of one particular company or another. This is why, in the last few months, we have been working very hard with all the players involved, whether they are the banks, the Governments or the different institutions, to find a solution whereby that sector which is so vital to the Atlantic economy will be recapitalized and kept on a healthy basis.

Madam Speaker: The Hon. Member for Spadina had not risen quickly enough. He is now asking for a supplementary question and I will give him the floor.

* * *

REFUGEES

REQUEST FOR AMENDMENT OF IMMIGRATION ACT

Mr. Dan Heap (Spadina): Thank you, Madam Speaker. My supplementary question is directed to the Acting Prime Minister. Would the Minister tell us whether the Government, in view of its admitted mistake in practice in regard to refugee claimants entering with false documents, will now take steps to amend the Immigration Act to bring it into conformity with Canada's signed obligations to the United Nations in this matter?

[*Translation*]

Hon. Charles Lapointe (Minister of State (External Relations)): Madam Speaker, I have promised to look into the matter, and I may point out the Hon. Member is asking me to admit to something I did not do.

* * *

[*English*]

FISHERIES

PROPOSAL TO SEPARATE SECTORS OF EAST COAST INDUSTRY

Hon. James A. McGrath (St. John's East): Madam Speaker, I have a question supplementary to that of my colleague, the Hon. Member for Vancouver South. Would the Minister of Fisheries and Oceans tell the House if he favours the proposal put forward by the Government of Newfoundland for separating the deep sea fleet and operating it under a separate company with public sector involvement? Could he also tell the House why he has not appointed a president and chairman for the Canadian Saltfish Corporation?

• (1200)

Hon. Pierre De Bané (Minister of Fisheries and Oceans): On the Hon. Member's first question concerning the separation of the harvesting sector from the processing sector, it is

certainly an idea worth considering. I can assure the Hon. Member that of the different options before our Cabinet Committee, none of them per se precludes that happening at a later stage. As he knows, Premier Peckford has said that he is not adamantly insisting that the separation, if it should ever happen, should happen simultaneously. As for the second question, my hon. friend is right and the Government will be moving on that question very quickly.

Madam Speaker: I have a question of privilege in the name of the Hon. Member for Yorkton-Melville (Mr. Nystrom).

* * *

PRIVILEGE

MR. NYSTROM—GOVERNMENT ADVERTISEMENTS ON CHANGES IN CROW RATE

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, my question of privilege arises out of the advertisement concerning the Crow rate which is going to appear in tomorrow's newspapers in at least ten cities in Ontario. I understand there is also a western version. From my understanding the ad will cost many hundreds of thousands of dollars. I think this is a very serious matter which jeopardizes the rights of Members of Parliament. It is really very abusive and very much a contempt of Parliament itself.

First of all, Madam Speaker, this ad appears despite the fact there is no Bill on the Crow rate before Parliament. There is nothing in the Estimates now before Parliament or its committees concerning the Crow rate advertising. There was no reference at all in the Throne Speech about changes in the Crow or advertising the Crow rate.

Madam Speaker: Order, please. The argument the Hon. Member is now putting forward in support of his question of privilege indicates to me even more clearly, if it had not been clear from the very beginning of his question of privilege, that he is obviously dealing with a grievance. It could be a very legitimate grievance, but the Hon. Member cannot seek priority in debate on that matter through a question of privilege. The Hon. Member has discussed this matter during Question Period, which makes it quite clear that he is not impeded in any way from performing his function as a Member of Parliament. Other Members have raised this question in the course of Question Period. That, I may suggest, is the right place and right time in which to deal with such matters.

I refer the Hon. Member to a very comprehensive ruling I made on this particular subject when other Members had raised the matter of the Government using public funds to advertise Government policy. That ruling, which is very comprehensive and which deals with the subject in a very exhaustive way, is dated October 7, 1980. When the Hon. Member reads that ruling he will understand that I have to interrupt him now to tell him that he obviously does not have the grounds for a question of privilege.

Mr. Nystrom: Madam Speaker, I wonder if you have had a chance to look at what I think are two precedents. One was a ruling by Mr. Speaker Jerome in December, 1979 when a question of privilege was raised about the Government of the day establishing task forces comprised of—

Madam Speaker: Yes, I looked at that precedent. If the Hon. Member looked at it, he will know what I said about it. That makes it even more clear. That particular ruling referred to Government funds used to pay expenses of Members of the House of Commons while doing work at the Government's request. It was expenses for a task force which travelled around the country and which was not constituted exactly in the way they usually are if they are to be funded through the House of Commons budget. That was a completely different issue. Although I looked at it because I alluded to it in my ruling, of course it does not apply.

Mr. Nystrom: Madam Speaker, I—

Madam Speaker: Well, no, the Hon. Member is not going to discuss the ruling indefinitely. I have ruled that he does not have a question of privilege, and I cannot allow him to comment further on a ruling I have just made. The Hon. Member understands those rules and he also understands that he cannot force a debate under the guise of a question of privilege. This discipline has been accepted quite universally in the House, and I think it is to the benefit of the House that debates take place in an orderly way. No one should be able to force debate unless, of course, there is a basis for a question of privilege, which there is not.

Mr. Doug Lewis (Simcoe North): I wish to join in the subject matter brought up by the Hon. Member for Yorkton-Melville (Mr. Nystrom) on the basis that this is a matter which concerns all Members on this side. It is not just a question of privilege involving the Hon. Member for Yorkton-Melville; it involves all Members on this side who feel very strongly about the Government spending taxpayers' money to advertise legislation before it is even printed in this House. It is one thing to advertise—

Madam Speaker: Order, please. The fact that it concerns all Members does not give it the foundation for a question of privilege. If there is not a question of privilege for one particular Member, the fact that the concern is multiplied by a hundred does not make it a question of privilege. The Hon. Member for Yorkton-Melville had no question of privilege, nor do other Hon. Members if they address the same question.

Mr. Doug Anguish (The Battlefords-Meadow Lake): Madam Speaker, this does not constitute the same question of privilege that the Hon. Member for Yorkton-Melville (Mr. Nystrom) raised, but my question of privilege relates to the variation of advertising across the country. Suppose that all Members of the House were consistent—

Madam Speaker: No. I am sure the Hon. Member realizes that he is arguing the question, trying to extrapolate and find

other ways of determining that this matter is a question of privilege. But this is debate and I cannot allow it at this time.

Mr. Nystrom: Madam Speaker, with respect, I wanted to mention just one other precedent to you which was in the 1960s when the Hon. Member for—

Mr. Smith: Order.

Madam Speaker: Order. The question has been decided. I cannot allow any further debate on it. Those are the rules.

Mr. Anguish: Madam Speaker, I would appreciate it if you would just allow me to come to whether or not there is a question of privilege here and I will put it very briefly to you. Is there not a question of privilege when the Government advertises in Ontario one way about a piece of legislation and then in a different way in the Prairie Provinces so that there is a conflicting—

Madam Speaker: No. Is it not obvious to the Hon. Member that those questions should be addressed to the persons who carry out that advertising? It is not a question of privilege; I have said that and I say it again. I ask him to read my ruling, which is very comprehensive, and then I think he will not have any further questions for the Chair about this matter.

The Hon. Member for Vancouver-Kingsway (Mr. Waddell) rises on a point of order.

* * *

POINT OF ORDER

MR. WADDELL—CLARIFICATION OF QUESTION PUT DURING QUESTION PERIOD

Mr. Ian Waddell (Vancouver-Kingsway): Madam Speaker, I may have inadvertently misled the House in that I referred to a letter of November 13, 1981 in Question Period. I said that the president of Canadair had misled a House of Commons Committee. I meant the Board of Directors of Canadair, and I hope to correct that in *Hansard*.

With respect to that matter I wonder if I might ask the President of the Privy Council (Mr. Pinard) whether he is in a position to tell the House whether a Bill dealing with the CDIC, the umbrella body for a number of Crown corporations including Canadair—

Madam Speaker: What is the Hon. Member doing, continuing Question Period? I took his point of order, which was legitimate, but apart from that the Hon. Member cannot proceed with a question to the Minister.

• (1210)

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. TAYLOR—CONSIDERATION OF BILL C-671

Mr. Gordon Taylor (Bow River): Madam Speaker, today I am presenting a petition of 1,003 persons living in Alberta from locations in the Lethbridge area, all the way north to Beaver Lodge, all asking the Government to bring Bill C-671, an Act respecting the execution of Clifford Robert Olson, to Parliament and to pass it.

Clifford Robert Olson deliberately planned and then murdered at least 11 young people. He is now trying to become a hero for committing these dastardly deeds. Canadians from all over our land want him executed.

As in duty bound, your petitioners will ever pray.

* * *

QUESTION ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 4,555.

[*Text*]

ILLEGAL ENTRY AT PLACE DU PORTAGE, HULL, P.Q.

Question No. 4,555—**Mrs. Cossitt:**

1. Is the RCMP investigating an illegal entry at Place du Portage in Hull, Quebec and, if so (a) on what date and at what time of day did the illegal entry occur (b) on what date were the RCMP notified of the entry (c) did the illegal entry occur on the 20th floor where the security and information branch of the Department of Consumer and Corporate Affairs is located and, if not, at what location (d) what were the names and job designations of all persons involved in the investigation?

2. (a) What documents or classified papers, if any, were tampered with as a result of the illegal entry (b) were documents or classified papers concerning the Petro-Canada takeover of BP Oil tampered with and, if so, will the Government confirm that no unauthorized individuals received prior knowledge of the proposed takeover of BP Oil?

3. Were the Hull Municipal Police notified immediately of the illegal entry and, if not, for what reason?

Hon. Bob Kaplan (Solicitor General of Canada): 1. No. 2. Unknown. 3. Unknown.

[*English*]

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

[*Translation*]

Madam Speaker: The question mentioned by the Parliamentary Secretary has been answered. Shall the remaining questions be allowed to stand?

[*English*]

Does the hon. Member for Central Nova (Mr. MacKay) rise on a point of order?

Mr. MacKay: Madam Speaker, I do not like to complain too frequently in the House about lack of answers to questions on the Order Paper. I usually wait for at least a year to go by. However, I want to raise a matter with the Parliamentary Secretary which will only take a moment.

I had asked a number of questions relating to Canadair which have become increasingly relevant, and of which the Government had ample notice. I am referring to Order Paper Question No. 3,461. It has been on the Order Paper for over a year.

Madam Speaker, may I just very briefly refer to two questions of the series. The first one is: "Was there a loss, or was a loss forecast, on the sale or projected sales of such aircraft produced by Canada to date and, is the extent of such loss in the range of $1 billion?" The second short question is: "Is Canadair experiencing performance difficulties with the aircraft and, if so, what corrective measures have been or are now being taken regarding any difficulties?"

There are a series of these questions. With respect, I do not see why the Parliamentary Secretary could not expedite the answers because of the length of time which has passed and because of the relevance of the questions.

Mr. Smith: Madam Speaker, the Hon. Member's point is well taken, and I will look into it and see if I can do something to facilitate early responses.

Madam Speaker: Shall the remaining questions stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—THE ECONOMY ADVICE OF CANADIAN CONFERENCE OF CATHOLIC BISHOPS

Mr. Nelson A. Riis (Kamloops-Shuswap) moved:

That this House condemns the Government for its outright rejection of the sound economic advice given by the Canadian Conference of Catholic Bishops, and the Government's refusal to adopt the specific recommendations for alternative industrial strategies and the increased community ownership and control of industries where desirable.

He said: Madam Speaker, I believe that it is worth noting that this particular motion comes essentially on the eve of the 1983 budget. What we are doing here today is debating a statement that the Catholic Bishops made a number of weeks ago which reflected on the state of the Canadian economy and presented, from their perspective, a number of solutions. I believe, as conscientious, responsible Members of Parliament,

that we ought to give this statement some consideration. That is essentially the explanation of my motive for bringing forward this Opposition motion for debate today.

I believe we should congratulate the Conference of Catholic Bishops for its report entitled "Ethical Reflections on the Economic Crisis", for a crisis it certainly is, and ethical reflections are certainly in order. With two million people presently unemployed in Canada, and many more being threatened with the possibility of job loss and lay-offs due in large part to Government policies, I believe that the situation involves not only an economic problem but, indeed, a moral problem as well.

There has been a great deal to say about the world situation in terms of the economic challenges facing western industrialized nations. There has been a feeling articulated from many quarters of Canadian society that the present situation is something which we must indeed accept, that we must tolerate it, that this status quo situation is something with which Canadians must learn to live, and that therefore the Minister of Finance (Mr. Lalonde), when he brings in his budget, must stay the course, must not do anything of any radical nature, "radical" meaning a major stimulus to the economy in one sector or another, or taking some dramatic and major action in terms of kick-starting our economy back to life.

I think it must be said at the outset that the problems being faced by Canadians today, in terms of the unemployment albatross which we find around our necks, and which is retarding efforts at economic recovery, are not the same as the situations one finds in all countries. I believe that it is not unreasonable to compare a country such as our own with countries such as Japan and Sweden, not that their solutions are directly applicable here in Canada or that their problems are the same as ours, but because our economies have some similarities.

I note with interest that not many months ago virtually a state of emergency was declared on the island of Japan because the unemployment rate had soared to the unbelievable and unacceptable level of 2.7 per cent. The Japanese Government said that this could go no further, that action must be taken of an emergency nature to stop the search toward these high unemployment levels. The Japanese know that with high levels of unemployment, economic recovery is impossible. This is something that Canadians, by and large, have ignored in our discussions of economic recovery.

Presumably, we assume that economic recovery can occur when two million out of a work force of 12 million are presently unemployed. I, for one, do not believe that that is the case. The Members of my Party believe that economic recovery is virtually impossible with this burden and weight upon our economic shoulders. We feel that now is the time to address this situation head-on in terms of identifying unemployment as an area of virtual preoccupation around this budget.

While inflation is important, and our fight against inflation must never cease, to put all our energies, to focus all our attention on fighting inflation, would be attention and energy

misdirected to a certain extent. Surely, stagflation is our challenge today as opposed to simply inflation. Again, I refer to the country of Sweden, a country not unlike Canada, other than its size. However, the strength of its economy is based by and large on natural resources, a talented population and available capital. Again, that country decided that it was reaching a state of crisis when its unemployment levels had surged to 3 per cent. The realization existed in that country that drastic measures had to be introduced to reverse this trend. Those are progressive steps and ideas. They are countries which put the welfare of their people as their highest priority.

• (1220)

That is essentially what the Catholic Bishops have said. Our Judeo-Christian traditions are based on the principles of respect for the human person, caring and compassion. These principles are practised not only by helping the victims of misfortune but also by attempting to eliminate the causes of this misfortune. The Bishops have essentially asked a fundamentally valid question that we should also be asking here. They asked: do we see society as a machine for the generation of wealth and individual Canadians as mere cogs in that machine, or should our economic activity and production of wealth have as their primary goal the well-being of Canadian citizens?

The Bishops see economic activity as the way to achieve social justice and they consider that economic development can be used to guarantee a level of well-being and dignity for every citizen. Alternatively, others see it quite differently. They view economic activity as a battlefield and an area where the survival of the fittest is the name of the game in which the strong survive and the weak fall.

Since the Bishops made their comment, I have listened to one corporate leader and business lobbyist after another either strongly or quietly condemn the Bishops' position and their involvement in this discussion. These businessmen see our economy as a battlefield where the strong survive and the rich deserve all they have, and that the poor and unemployed are in that position by and large as a result of their own fault. This is simply good nineteenth century laissez-faire economics. There is not anything particularly new about this philosophy but when applied to the 1980s, it is somewhat outmoded. The businessmen believe that, while certain measures must be taken to keep people from rioting in the streets, the status quo must be maintained at all costs and the ratio of rich to poor must not be altered.

What is the ratio? Let us recognize that the top 20 per cent in our country receive 42.5 per cent of total personal income while the bottom 20 per cent receive 4.1 per cent of income. As the Economic Council of Canada identified recently, the gap between the most and least affluent in Canada is growing. In other words, like the gap between the rich and poor nations, the gap between the rich and poor Canadian continues to increase in spite of the good intentions of various levels of Government.

Between 1970 and 1977, wealthy Canadians saw their wealth increased by 3.5 per cent and their debts decreased by 6 per cent. On the other hand, the neediest saw their wealth shrink by 13 per cent and their debt jump by 32 per cent. The Economic Council of Canada suggests that the combination of high interest rate policies and unemployment that has marked the 1980s threatens to accentuate this disparity even further in the years ahead.

I think the best analogy to describe how Canadians have traditionally approached our economy over the years is to consider a poor family in Canada today. This family consists of a father, mother and four children. Perhaps the father, being the sole income earner, has been laid off for a number of months and the family is now finding itself facing welfare as its UI benefits are exhausted. They decide that the way out of this malaise is to focus their attention on the eldest son and make family sacrifices so that he may perhaps obtain a further education which will enable him to succeed in society. He will then look after the rest of the family in later years. To accomplish this the family will have to make sacrifices, such as providing less food for some of the children and providing less funds to help them in their educational pursuits and general lifestyle. All the attention will be focused on the eldest son.

I believe that this is not an uncommon approach taken by Canadian families, and it is certainly an approach that we see taken with the Canadian economy whereby we tend to focus on a few members in society largely at the expense of the rest of society with the assumption that eventually there will be a trickling down of the good life. It is an assumption that after the wealthy few, or the catered to son, succeeds the rest of the family or society will be the beneficiaries.

We have seen this in recent legislation in the House. In recent weeks we passed legislation which will substantially reduce the marginal tax rates for upper income earners while the marginal tax rates for low income and middle income earners will remain about the same. In fact, they will pay slightly more because of the six and five program and the deindexing attached to it. Those upper income earners in society who earn over $100,000 will see a substantial drop in their tax rates. They will have more money to take home or to invest.

When one studies the Income Tax Act of Canada one has to agree that the loopholes—I will not argue about their positive or negative impact—are by and large designed to cater to the upper income earner. The average Canadian citizen has his or her tax deducted at source and there is very little opportunity to use the Canadian tax system to defer taxes or use it for investment purposes. Therefore, again our tax system caters to the upper income earner.

The Bishops have challenged some of the assumptions we have made about how we deal with our economy. Like many, they have recognized that the Canadian economy is going through a period of dynamic transition. Our economy went down a year and a half ago, and whenever it rebounds in the months ahead, if it does, it will emerge in a different form. The structural changes which have occurred in our economy have

meant that the many jobs which have been lost will never return, and new and different jobs will emerge. The economy which we have come to know in Canada will be quite different in 10 years or 15 years from now. This process of rapid and dynamic change is like standing on the beach and being beaten by the surf while the sand is washing past and one is sinking down.

The world around us is changing, but I wonder if we are aware of that change? I still hear people from most sectors of the economy and most regions of Canada saying that the economy is recovering and that it has bottomed out. Yet most Canadians see no evidence of this. I therefore wonder if we are grasping at straws and if, as parliamentarians, we want to believe that the economy is recovering and conditions are improving when it may not be so and the pain and human tragedy that over two million Canadians are experiencing will continue in this country for many years.

● (1230)

The Bishops say we have to work to change that and we have to implement strategies that are different from those we have used in the past. When you look at our past performance, it has been dismal. We have not addressed the critical issues facing the country.

I want to mention briefly, to remind us all, just what the Bishops said. Let me quote from their statement as follows:

> In developing strategies for economic recovery, we firmly believe that first priority must be given to the real victims of the current recession, namely—the unemployed, the welfare poor, the working poor—pensioners, native peoples, women, young people—and small farmers, fishermen, some factory workers, and some small-businessmen and women. This option calls for economic policies which realize that the needs of the poor have priority over the wants of the rich; that the rights of workers are more important than the maximization of profits; that the participation of marginalized groups takes precedence over the preservation of a system which excludes them.

In other words, a totally new approach to economic recovery than we are presently launching in this country is needed.

The statement continues:

> First, unemployment rather than inflation, should be recognized as the number one problem to be tackled in overcoming the present crisis.

The Bishops do not say that inflation should be ignored or seriously combated. They say that inflation should not be our number one priority at the expense of two million plus unemployed.

The Bishops go on to say:

> Second, an industrial strategy should be developed to create permanent and meaningful jobs for people in local communities. To be effective, such a strategy should be designed at both national and regional levels.

In other words, obviously we should have a strategy of co-operation between the federal Government and the provincial Governments, and perhaps even the subregional Governments of Canada.

The Bishops' statement continues:

> It should include emphasis on increased production, creation of new labour intensive industries for basic needs, and measures to ensure job security for workers.

> Third, a more balanced and equitable program should be developed for reducing and stemming the rate of inflation.

The Bishops wrote that this requires shifting the burden for wage controls to others. In other words, let us not continue to fight inflation by and large on the backs of average working Canadians, but shift this burden to include upper income earners and introduce controls on prices and new forms of taxes on investment income, such as income from dividends and interest. The Bishops' report goes on:

> Fourth, greater emphasis should be given to the goal of social responsibility in the current recession.

After all, these are the people out in the trenches. These are the people who are talking to the hard pressed, and who have been working with those who have paid the greatest price.

I go on to quote:

> This means that every effort must be made to curtail cut-backs in social services, maintain adequate health care and social security benefits, and above all, guarantee special assistance for the unemployed, welfare recipients, the working poor and one-industry towns suffering from plant shut-downs.

> Fifth, labour unions should be asked to play a more decisive and responsible role in developing strategies for economic recovery and employment. This requires the restoration of collective bargaining rights where they have been suspended, collaboration between unions and the unemployed and unorganized workers, and assurances that labour unions will have an effective role in developing economic policies.

Earlier in my speech I referred to Japan and Sweden, two countries that I suggest Canada may take a look at in terms of how they have been working to resolve their economic difficulties.

Mr. Pepin: A few months ago you were talking about France.

Mr. Riis: Both Japan and Sweden recognize that organized labour and unorganized labour play a very critical part in recovery programs. They work to make commitments to meet that particular relationship and to encourage it.

In closing, let me say that we are in the midst of far reaching economic changes. I think we would all agree that new economic vision is needed as well as new tools, new approaches, new methods and new institutions at this time. Something has to be done. Many politicians seem to be tired and uncertain about the realities of our present situation. Business leaders have been prisoners of their own rhetoric, blaming workers for their excessive expectations and declines in the work ethic. Academic economists, secure in their tenure, play computer games and manipulate abstract numbers instead of facing the tragedies of the real world.

The Bishops have issued a challenge, to Canadians and Parliamentarians alike, Mr. Speaker. Let us hope that we can find it within ourselves in this year to face the reality of the unemployment situation and to do something about it.

The Acting Speaker (Mr. Corbin): Order, please. Are there any questions?

Mr. Evans: Mr. Speaker, I was interested, listening to the Hon. Member's comments, about the different way in which he indicated Japan and Sweden have attacked problems

similar to our own. Sweden's unemployment rate is somewhat higher than Japan's but Sweden has a very distinctly different way of dealing with these problems and its society is structured differently from Canada's. The situation in Sweden is to have very large, national labour organizations, but Sweden's approach has been to impose wage controls and to ensure, as a public policy, that inflation will exceed the increase in wage gains. It is a conscious policy to impose real wage losses on the citizens of Sweden.

On the other hand, Japan has company unions, not industrial unions. Japan's policy is that individual labourers and workers will set low compensation levels and then take profit sharing when times are good. They take real losses through a reduction in that profit sharing—loss sharing if you will—when times are bad.

Which of those alternatives is the Hon. Member suggesting is appropriate for Canada? Which one does he think that the Canadian Labour Congress and the Canadian labour movement in general would be willing to accept as an alternative to what we have now in this country?

Mr. Riis: Mr. Speaker, unfortunately I believe the Hon. Member for Ottawa Centre (Mr. Evans) missed the point that I was making with reference to those two countries. I was making the point that both Sweden and Japan have what we might call an economic recovery program in place. They have an industrial and an economic strategy in place so that everyone in those two countries understands clearly what it is the Government of their country is attempting to do. The Governments then ask the people to join in along with the banks, labour and corporations.

What we lack in our country is any idea what it is we are trying to achieve. We lack any direction. The Government simply says, "Let us pick on the Public Service sector and ask that sector to take a reduction in wages. That is our answer."

That was the point I was trying to make, Mr. Speaker. We have, if you will, a rather simplistic approach to economic recovery, and identify only a small, single sector of our society. We say to it, "You must carry the burden; you must carry the can". That is exactly what we should not be doing. If we had a very clear recovery program in place, then, I believe, we would be in a position to go to the various individuals and sectors of society to ask them to join in. But to ask people to join in a recovery program that no one understands or knows, I think, is asking a little bit too much.

Mr. Desmarais: Mr. Speaker, I understand what the Hon. Member for Kamloops-Shuswap (Mr. Riis) is saying with respect to social justice being achieved through economic development. I presume we all understand that we are all consumers in this country and that we have producers. We will not produce anything unless we can get goods consumed. There is no other way of accumulating production and creating employment unless the goods can be delivered to consumers.

I might say that I agree with the Bishops' statement in which they exposed the problem. That is why I suggested to the House at one point that we invite the Bishops. But my problem with them really is the solution. How do you achieve what is being talked about? One talks about co-operatives, increased production, job security, and at the same time about reduced inflation. We have been trying to achieve all of these industrial strategies. The Government has been doing that and we are doing our best to achieve those goals. I would like the Hon. Member to tell me of any other proper proposals. Also I would have liked the Bishops to tell us how we can achieve these ends in ways other than the ones we are employing now.

• (1240)

Mr. Riis: Mr. Speaker, let me say that subsequent speakers from the New Democratic Party will be laying out precise suggestions in terms of the problems I have indicated. With all due respect to the Hon. Member asking the question, I am suggesting that it is not a matter of simply coming up with a number of suggestions, solutions or alternatives. The Bishops are questioning the assumptions we make in the country.

Let me simply identify one of the assumptions. I believe that most people in this room would say that the overwhelming motive in our economy is the maximization of profits. That is why people are in business and we have corporations. The idea—and we see it played out on a daily basis—is to maximize profits. The question the Bishops are asking is whether or not that should be the ultimate goal rather than the dignity of the citizens of Canada and the people participating in those enterprises.

That is not a criticism about the profit motive or the concept of profits. It is a criticism of the concept of the maximization of profits at the expense of human beings. I am from central British Columbia where mining plays a very critical role in our economy. I have seen mining companies treat human beings as if they were pieces of machinery and have no concern at all about their welfare. If the maximization of profits is beginning to erode, then 200, 300 or 500 men are simply ignored and the welfare of the particular community is totally ignored.

The Bishops are saying that we have to approach this differently, that we have to say, when a mine gets into difficulty and its maximization of profits is not as high as it would like, that there are ultimate strategies which could be built in.

I will return to the country to which I referred earlier. Sweden says to its mining companies that it has a program according to which in good times when they are maximizing their profits they will put some of them into a special fund so that during a period when their profits start to erode they can draw upon the fund and stockpile with Government assistance. In other words, there are a number of things which could be done to enable the community to stay in place and to enable those workers to receive paycheques and provide for their families, not what we see time and time again, that is, simply brute and crass ignoring of the human factor in the economy.

That is the assumption about which we are talking. Any recovery or proposal must take that assumption into consideration. That is what the Bishops are talking about, that we

should question some of the assumptions we make about the economy we have come to know in this country.

The Acting Speaker (Mr. Corbin): Before recognizing the Hon. Member for Calgary South (Mr. Thomson), I wish to remind the House that there is one minute remaining in the question period.

Mr. Thomson: Mr. Speaker, I would like to ask the Hon. Member a question. I think there have not been any profits in the Canadian mining industry. I am not absolutely certain because I do not have the statistics here, but I believe there have not been any profits in the last 12 months. Taken as a whole, the Canadian mining industry has lost hundreds of millions of dollars. I am curious to know how we could pay people when there are no profits, and in fact there are losses. Who will pick up the tab? Is the Hon. Member suggesting that Canadian taxpayers should pick up the tab? Is that what he is driving at?

Most of us in the House would agree with profit sharing. The Hon. Member opposite and Members of my Party are fully supportive of profit sharing. I would like to point out to the Hon. Member that Sweden may have an industrial strategy, but it has produced Government ownership of every major industry in that country. It has also produced the worst suicide rate in the world. In fact, when I was in Stockholm, it cost $50 to purchase a pair of galoshes. That is what the Swedish industrial strategy has produced.

The Acting Speaker (Mr. Corbin): Order, please. I regret to interrupt Hon. Members but the time provided for questions and comments has been exhausted. Is there a disposition in the House to allow the Hon. Member to comment?

Some Hon. Members: Agreed.

An Hon. Member: No.

The Acting Speaker (Mr. Corbin): There is not unanimous consent, so the Chair recognizes the Hon. Member for St. John's East (Mr. McGrath).

Hon. James A. McGrath (St. John's East): I did not consent, Mr. Speaker, not out of any discourtesy or disrespect to the Hon. Member, but I know that other New Democratic Party Members will be speaking today and will have an opportunity to reply to that question.

Mr. Ouellet: Oh!

Mr. McGrath: I do not know what was the intervention of the Hon. Postmaster General, but I hope we will hear from him today before the debate concludes.

I for one welcome the Bishops' statement. I welcome it as a catalyst for focusing public opinion on what is, in my view, the most serious problem facing the country today since the Second World War, that is, an unprecedented unemployment rate since the great depression. If the Bishops have done nothing else but to focus attention and public debate on this, they have fulfilled a great need. Surely it must be obvious to everyone that debate in the House is certainly no longer relevant in terms of stimulating public opinion or public debate. Indeed, one only has to look around the House today in the midst of this debate to see a dramatic exemplification of that fact.

If the Bishops are to be faulted on anything, it is on the wording of their statement. For example, I do not believe it was their intention to take the side of labour over management. I do not believe it was their intention to come out in favour of the communist system over the capitalist system, although the wording of the statement has a dangerous tendency to point in that direction. I believe the Bishops were trying to focus attention on the social consequences of a very serious problem. I do not necessarily agree with everything they said, but I certainly agree with their right to say it. I respect their right to say it and I, for one, am glad that they have said it.

I think what the Bishops were concerned about was perhaps best expressed in the paragraph of their statement dealing with the social consequences of high and long-term unemployment. It read:

> At the same time, we have seen the social realities of abandoned one-industry towns, depleting unemployment insurance benefits, cut-backs in health and social services, and line-ups at local soup kitchens.

It continued:

> And, we have also witnessed, first hand, the results of a troubled economy: personal tragedies, emotional strain, loss of human dignity, family breakdown, and even suicide.

I believe this is what prompted the Bishops to make their unprecedented statement in the first instance. Nobody can quarrel with their right to express that concern. Indeed, it was a concern that was supported by virtually all the Christian churches in Canada. If I recall correctly, the Primate of the Anglican Church made a supportive statement. The moderator of the United Church came out in support of what the Catholic Bishops were trying to achieve. The Presbyterian Church of Canada was supportive of what the Catholic Bishops were tring to focus attention on. Virtually all, if I can say it without being disrespectful, the mainline Christian churches in Canada supported the statement of the Bishops.

This is interesting and significant. The reason they did so was that we have a social crisis in the country of unprecedented proportions. One only has to look at and analyse the unemployment figures—unemployed heads of families, an increase of almost 42 per cent from March of last year. In March, 1982, there were 388,000 unemployed heads of families. In March, 1983, there were 550,000. There was an increase of 31.7 per cent in the number of unemployed women over March of last year. We now have 622,000 unemployed women in this country.

• (1250)

We then come to the long-term unemployed, which goes to the very root and pith and substance of the Bishops' concern, the plight of the long-term unemployed. There was an increase of 80 per cent over March of last year when there were 505,000 Canadians listed as long-term unemployed. As of

March of this year, that figure had jumped to 907,000 out of a total of 1.6 million unemployed. What is a person classed as long-term unemployed? Very simply, it is someone who has been unemployed for three and a half months or more. Generally speaking, we are talking about the exhaustee, the person unemployed so long that his or her Unemployment Insurance benefits have expired. I will return to that in a moment.

Let us continue with our analysis of the unemployment figures for March of this year. There was an increase of 26.2 per cent in the number of young people unemployed over March of last year. In March of last year, there were 492,000 young people unemployed. Young people, as defined by Stats Can, are those between the ages of 15 and 24. That figure jumped to 621,000 in March of this year. This is on the eve of another half million young people coming on the job market from our universities and post-secondary institutions with no hope in the world of obtaining jobs.

If I can be personal for a moment, yesterday there were two young people in my office, both having obtained their Master's degree with majors in Government Administration, both bilingual, indeed one with a working knowledge of Spanish and German. These people have no job prospects. They were excited as all get-out, proud as could be of their accomplishments, with every right to be proud and every expectation to be excited, but what are their prospects for a job? Virtually nil. Therein is the tragedy of our country. We cannot fulfil the expectations of these bright young Canadians coming on to the job market. Within a very short time we will have over one million young people without jobs or job prospects.

We then come to the bottom of the list, the discouraged worker. I can speak with a great deal of feeling about the discouraged worker. I come from a Province that now has an official unemployment rate of almost 21 per cent. Therefore, I have firsthand experience with the problems of the discouraged worker.

During the course of the Easter recess, every day I had these people come to my office, hopeless in their plight, no fuel to heat their homes. Many had no food to put on the table for their families because they could not qualify for welfare payments. The Province had to cut back because of the tremendous demand for welfare.

What do we have in this country in terms of discouraged workers, those who have given up, those with no job prospects? Statistics Canada does not even include them among the unemployed because they have given up. There has been an increase of 30.4 per cent from March of last year. In March, 1982 there were 92,000 discouraged workers. Today there are more that 120,000 discouraged workers with no job prospects.

What kind of country have we presented to our young people? What kind of prospects have we developed for young people coming on to the job market when we have so many discouraged people unemployed, so many who are classified as long-term unemployed?

What has been the Government's response? I believe the lack of a response by the Government prompted the Bishops to intervene in the first instance. Let us take one facet of the Government's response which deals with those in "dire straits". Who are these people in dire straits? We are told by the Prime Minister (Mr. Trudeau) that nobody in dire straits in this country will suffer.

According to the Government, those in dire straits are persons who are classified as Unemployment Insurance exhaustees, those who have no Unemployment Insurance. They are coming on to the statistics rolls at anywhere from 60,000 to 100,000 a month in the way of response.

We have the NEED program, a program calling for the expenditure of $500 million. Let us look at what the NEED program has produced since it commenced in November of last year. To date it has produced 3,267 projects for a total of 32,273 jobs, at a total expenditure of $188 million. We spent $188 million to create 32,273 jobs to satisfy the Government's conscience in terms of dealing with those in dire straits, the Unemployment Insurance exhaustees, those coming on to the statistics rolls every month their Unemployment Insurance benefits having expired.

Is it any wonder that the Bishops of Canada found it necessary to make the statement they did at the beginning of this year? As leaders of a major Christian community in this country, in all conscience they had an obligation to speak out, and speak out they did.

When you look at the welfare rolls of the country, you see 1.8 million Canadians who are not even classified in terms of the unemployed because that is a separate statistical data altogether. There are 1.8 million Canadians who depend upon welfare at this time, a significant increase over last year. Where are these people who depend upon welfare? Many of them are in Provinces which had to cut back on welfare because of the 50 cent Canada Assistance Plan dollar. Because the Provinces had to cut back on welfare, they have had to be more discriminatory in terms of who gets welfare and who does not. The result has been genuine hardship in this country. That speaks to the obligation of the Government which created the situation in the first place by its monetarist policy. That was responsible for the loss of half a million jobs since the recession began. The Member can laugh, but the direct consequence of the Government's monetarist policy has been the loss of 550,000 jobs since the recession started.

We have to replace those jobs before we can even address the problems of the long-term unemployed, those coming on to the job market, the young people and native people. After two months, we finally succeeded in getting the Government to strike the Standing Committee on Labour, Manpower and Immigration. It is not without coincidence that this Committee did not meet in the midst of the Bishops' statement, in the midst of the monthly unfolding of these unemployment figures. I propose, as one of the first acts of that Committee, to call the Bishops before the Committee so that they can further explain their position and directly address their concerns to the Parliament of Canada.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being one o'clock, I do now leave the Chair until two o'clock this afternoon.

At 1:00 p.m. the House took recess.

[*English*]

AFTER RECESS

The House resumed at 2 p.m.

• (1410)

Mr. McGrath: Mr. Speaker, at the time of the luncheon adjournment I was reviewing the climate in which the Catholic Bishops of Canada made what could, I suppose, be described as their precedent-setting statement on the state of the Canadian economy. I was referring to the unemployment situation in Canada as it affects different groups, particularly the plight of the long-term unemployed. I was about to speak on the subject of the Government's response to the serious unemployment situation, especially to the plight of the long-term unemployed, those in dire straits, those who are now described as "exhaustees" and no longer qualify for unemployment insurance. The Government's response to the exhaustee situation—although I dislike that term—or those in dire straits, was the NEED Program which was introduced in November, 1982 and which has a budget of $500 million. This Program has created to date 32,273 jobs at an expenditure of $188 million. I believe that the best potential for job creation in this country lies with the private sector and with stimulation of the private sector. I understand that the Minister of Finance (Mr. Lalonde) may be moving in that direction although we will have to wait and see, certainly until the budget is brought down on Tuesday next.

I would like to put forward a proposal which I believe will be less costly and far more productive in terms of job creation than the Government's NEED Program. It is not a new innovation. It is a program which has been tried and has not been found wanting. Indeed, it has been successful. I refer, Mr. Speaker, to employment tax credits.

It is interesting to look at the brief experience we have had with employment tax credits, and I refer to the Economic Council of Canada in its report entitled "In short supply, jobs and skills in the 80's". According to them, the program when it was in effect for a short time, created 50,000 jobs for an expenditure of $100 million. What we have to bear in mind, however, is that these were 50,000 permanent jobs, not 32,273 make-work temporary jobs at a cost of $188 million. These were 50,000 permanent jobs created at a cost of $100 million. The employment tax credit program is a simple, clean, straightforward proposition. Its great advantage is that it can be targeted to meet the needs of various sectors of the work force. For example, it can be used effectively to deal with the problem of the high rate of youth unemployment. It can be used effectively with the problem of long-term unemployment, and it can certainly be used and targeted to deal specifically with the problem of exhaustees or those in dire straits.

What we are talking about in Canada today, Mr. Speaker, is not an unemployment rate of 12.6 per cent. If you take into account the 1.6 million Canadians who are seasonally unemployed, the seasonally-adjusted unemployment, and if you add to that figure the 149,000 discouraged workers who are not counted as part of the unemployed, and if you add to that the 407,000 part-time workers or under-employed workers, those who are working under the various make work programs you come up with a real unemployment rate of 2,143,000, or a real rate of unemployment in this country of 18.3 per cent. That, Mr. Speaker, is a very, very serious problem.

I would like to conclude by quoting from the Bishop's report. I hope that it will be possible for them to come before the parliamentary committee. I can think of no better way of summing up than to quote from their report as follows:

> There is nothing "normal" or "natural" about present unemployment rates. Indeed, massive unemployment which deprives people of the dignity of human work and an adequate family income, constitutes a social evil.

It is that concern which prompted the Bishops to make their statement in the first instance. It is that concern which prompts this debate in the House today. Hopefully, it will be that same concern which will prompt the Minister of Finance to act when he brings down his budget on Tuesday next.

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, it is with great pleasure that I rise today to deal with this motion, especially because its subject-matter, I know, is a source of tremendous concern to a great many Canadian men and women. In a little while, the Minister of Transport (Mr. Pepin) also will deal with this issue, so that the House should have a clear and definite idea of what the government's official position is on the issues which the Canadian Bishops addressed in their pastoral letter made public in early 1983.

First of all, Mr. Speaker, I should like to emphasize the fact that the government sees eye to eye with the Canadian Conference of Canadian Bishops about the problems which are being faced by—

[*English*]

Mr. Waddell: Isn't this question period?

Mr. Maltais: No, it is not a question period; it is the time for debate, I believe.

Mr. Waddell: I rise on a point of order, Mr. Speaker. Is this the question period now or—

Mr. Deputy Speaker: There is normally a question period. That is perfectly right. The Chair did not recognize the Hon. Member rising to ask questions.

Mr. Waddell: I stood up.

Mr. Deputy Speaker: In that case, the Chair was in error and will recognize the Hon. Member for Vancouver-Kingsway (Mr. Waddell) if he would like to ask a question.

Mr. Waddell: Perhaps there was a misunderstanding, Mr. Speaker, and perhaps it was my fault.

I would like to direct a question to the Hon. Member for St. John's East (Mr. McGrath)—perhaps two very short questions. I wonder if he could tell me if he agrees with the statements which have been made by the Hon. Member for St. John's West (Mr. Crosbie) and the other leadership candidates for the Conservative Party that, really, Government should get off people's backs, Government should be restricted fairly drastically, and leave it pretty well to the private sector, as the Hon. Member seems to indicate in his speech? In other words, does he agree that job creation should be left to the private sector? Does the Hon. Member agree with what the Hon. Member for St. John's West has said?

Mr. McGrath: Mr. Speaker, I do not agree with everything the Hon. Member for St. John's West (Mr. Crosbie) says, but he does say some very sensible things and I often agree with him. I believe all the candidates for the leadership of the Progressive Conservative Party of Canada believe, as I believe now and the Minister of Finance believes, that the best opportunity we have to create jobs in this country is through the private sector. Certainly, our experience in terms of make-work projects and programs which have cost the taxpayers of Canada hundreds of millions of dollars, has been that it has been a dismal failure. If we take a look at the experience of the communist socialist Government of France, we can see what massive public interference in the economy can do to what was a fairly stable and healthy economy.

Certainly, I believe very strongly, Mr. Speaker, that the private sector is the best chance we have of creating jobs, bearing in mind, of course, that there will always be a need for the kinds of ongoing programs to provide for summer youth employment. Indeed, there is a need, as the Prime Minister himself indicated a year or so ago, for the Government to get on with a public works program in this country, to build public buildings, to provide infrastructure services, sewer services, water services and that kind of thing. There is a need for both, but certainly there is a dramatic need for some kind of incentive and stimulation to the private sector to provide jobs.

• (1420)

Mr. Waddell: Mr. Speaker, is the Hon. Member not being a bit inconsistent in the sense that some leading private industry spokesmen have said they do not intend to create jobs in a big way in the next year or so? They were interviewed by *The Toronto Star* after the Minister of Finance (Mr. Lalonde) had spoken in Toronto. So is there not an inconsistency there?

Secondly, in his speech the Hon. Member talked about the two young people who had MAs in Government administration and he asked what are the prospects for their jobs? He said: nil. There lies the tragedy; we cannot deliver jobs to them. Now, was he just giving us bafflegab about these people, or how is he going to provide jobs for people with MA degrees in Government administration when he wants to turn just about everything over to a private sector which has not been and does not seem to be prepared to create jobs in the next year?

Mr. McGrath: Mr. Speaker, I leave the bafflegab to the Hon. Member who is so good at it. But, in response to the first part of his question, let me say that it is precisely for that reason that we in this Party are strongly advocating that the Government bring in a program of employment tax credits. There is no incentive out there now to create new jobs because of the consequences of high interest rates and the bankruptcies that this has caused.

In so far as the second part of the Hon. Member's question is concerned, I see no inconsistency at all. The Government has got us into this mess because it has grown so big as to deprive people coming into the work force of normal career opportunities in the Government because it is now in such a mess it has to put back. I see no inconsistency in that at all. I believe that is a tragic situation.

Mr. Heap: Mr. Speaker, if the Hon. Member considers that the reason private enterprise is not able to employ people is high interest rates, would he not agree that high interest rates themselves were determined by private enterprise without Government intervention? Many of us in this corner of the House asked the Government repeatedly to intervene, and it regularly refused. In effect it said, let them find their own level. Members of the Conservative Party expressed their agreement with the Government. The former Leader of the Conservative Party, when asked in public how he would react regarding an interest rate policy, said, "Well, we would do the same thing as the Government has done".

Since the Hon. Member's Party agrees with the high interest rate policy, since that policy was in fact determined by private enterprise, does he then agree that it was private enterprise through high interest rates that killed employment?

Mr. McGrath: Mr. Speaker, it seems to me that the hundreds of small businesses in this country which have gone under as a consequence of high interest rates will be intrigued with the Hon. Member's economic theory. They had aboslutely nothing to do with high interest rates. It seems to me that interest rates in this country are established by the Bank of Canada, and I would have thought the Hon. Member would know that.

Mr. Deputy Speaker: The Hon. Parliamentary Secretary to the—

Mr. Roche: I rise on a point of order, Mr. Speaker. Am I to understand that the speech we are about to hear from the Parliamentary Secretary is the Government's response to this important motion brought forward? That the Government thinks so little of what the Catholic Bishops have to say that—

Mr. Deputy Speaker: The Hon. Member is not making a point of order. I am sure that in the course of debate the positions of various Parties will be made clear.

[*Translation*]

Mr. Maltais: Mr. Speaker, my response will generally reflect the Government's position on the motion presented by the Member for Kamloops-Shuswap (Mr. Riis).

As I started to say earlier, Mr. Speaker, Parliamentarians on this side of the House agree with the comments made by the Canadian Conference of Catholic Bishops. However, to avoid any confusion in this debate, I think it is important to point out right away that all Members, on whatever side of the House they are sitting, in fact every one in general is aware of the very serious problems we are having with unemployment. I do not think anyone is going to downplay this problem. Everyone is aware that economically speaking, we in North America, as in all industrialized countries, are experiencing problems that are directly related to major economic changes, which in turn are the result of a host of internal and external factors. At this point, Mr. Speaker, I would like to make myself quite clear, and I hope my message will be correctly understood on both sides of the House as it regards comments on the present situation as reported by the Bishops and by other groups as well. We share their anxiety and we are very sensitive to the problems described by the Bishops.

However, where we must make a distinction is on the procedure for helping people who are affected by the recession and for introducing the economic and social reforms that would bring about full employment. Here, we find a wide range of opinions being put forward and supported by various schools of thought. On both sides of the House, we have people with views on how the recession should be dealt with, either temporarily or permanently. Where these opinions vary most in connection with the Bishops' letter, is on how to deal with the post-recessionary period. How should the rules of the game be changed? Should we take a more Marxist reading of the facts or should our methods be more on the socialist side? Or should we apply more capitalist methods? Should we have a mixed economy with Government involvement or a strictly free enterprise economy? That is a very important point. We on this side of the House are certainly not rejecting out of hand certain proposals made by the Canadian Conference of Catholic Bishops. However, before deciding in favour of a given measure, we would like to have a meeting to allow the parties to explain, on the one hand, the Government policies that are now being introduced, and on the other hand, the proposals made by the Bishops in their report.

Even within the Conference, there are bishops who disagree on the best way to overcome the recession. I think that here there is a very clear distinction. We on this side of the House think that it is perfectly normal for the bishops to make statements on social and economic problems. It is their duty to do so. But as far as the means to deal with these problems are concerned, there are a number of different concepts, and I think this is amply demonstrated by the ideas being expressed on all sides of the House and supported by all kinds of people with degrees in economics. There are about as many proposals for dealing with the recession as there are PhDs!

We must find a compromise solution that will help us progress on an ongoing basis. That is the crux of the problem today. If we look at other countries, we see that when the French elected their new Government, they were counting on socialist measures to provide a solution to their financial problems. After two years, experience has shown that the hoped-for financial miracle did not come through.

We have seen the same phenomenon in the United States. When the present President was elected three years ago, voters were counting on measures that were directly based on a capitalist system and that would steer clear of social measures as much as possible. They are having problems as well, while here in Canada, the Government has tried to use a little of both. Should we therefore opt for a radical change in the rules of the game?

• (1430)

Mr. Speaker, perhaps the question should come from Members opposite, since, when Mr. Clark's Government was in office, it did extend Mr. Bouey's mandate for another seven years following discussions, I presume, with the Governor of the Bank of Canada. Presumably, Mr. Bouey at the time laid out his own guidelines and the information he gave to the then Government, which saw eye to eye with the thinking, the aims and the means advocated by the Governor of the central bank, prompted the Progressive Conservative administration to extend Mr. Bouey's mandate. Well, we too, enlightened by economists of every description led by Mr. Bouey himself, did check to see what could be done to change the system and to improve significantly the lot of Canadian men and women hard hit by the recession.

Mr. Speaker, unless one does not care whether one's partisan colours are showing, one is forced to admit that all countries of the industrialized world are looking for a way out of the doldrums, and we are not going to solve the problem by stating simply that we must accept or reject the proposals advocated by the Conference of Bishops. Of course there is an extremely simple way to solve the problem. All we need do is to reduce drastically our efforts to promote the personal freedoms of Canadians throughout the country, tag nearly every one of them and put them to work on so-called community projects. The result would be a fantastic drop in the unemployment statistics.

However, what makes the real value of a people or a nation? Two factors: first, their freedom within a well-defined economic, social and political structure, second, the work ethic. That is very important. Evidence of that can be seen when we introduce various programs such as NEED or CCDP, projects

which are usually sponsored by organizations and people are free to accept or reject them since nothing is compulsory. Personal freedom is indeed one of the elements of our system.

The question then is: how do we achieve full employment? I think that the Hon. Member for St. John's East (Mr. McGrath) gave a good answer earlier today. It is a question of a consumer system which is based on profit, on reinvestment, on a wide ranging market. We are living in a market economy. Would the system be any better if our economy were based simply on a closed market, on a rather socializing market where the state would decide where we work? The state will decide where we go, but I am not sure that the answer lies there.

Among other things we heard from the Conference of Bishops, they stated that perhaps we would be well advised to go back to traditional forms of work. Perhaps I ought to define what that means. If we take fishermen as an example—and the Hon. Member for St. John's East (Mr. McGrath) is quite familiar with that sector — theirs is a traditional form of work, except that if they want to market their products, they have to resort to extremely competitive and modern practices precisely to be able to open up new markets and create jobs. When it comes to farmers, I should think that very few of them would be prepared to revert to the so-called traditional methods. In that respect alone, we should call an important meeting with the Conference of Bishops to establish exactly just what would be the consequences of going back to rather outmoded practices and replace machinery by sheer human strength. I think that it could be the topic of an interesting debate.

A second fact was pointed out following the statement made by the Assembly of bishops, by Monsignor Cauley, Auxiliary Bishop of Montreal, who stated that either the husband or the wife in a married couple should withdraw from the labour market to enable someone with a greater need to take a job. But then you would be infringing on individual rights and freedoms, because both husband and wife are entitled to plan their career and to work. Should the Government legislate to compel one of them to resign for the benefit of the other? I think that those quite important facts of life should be considered before suggesting that any such option should be chosen.

Another factor should be considered. Is private entreprise still relevant, considering the Bishops' message? And if so, under what form? Nothing has been defined as such in the Bishops' message except that it would obviously be important to deal with this issue. On this side of the House, we are not turning down the message delivered by the Assembly of Bishops. On the contrary. We even find that this message is a challenge to the imagination and the spirit of creativity and should be taken up to provide real and continuous assistance to Canadians who want to work. This recession has made us realize that work which used to be considered by Canadians as being an ordeal or almost as some kind of a misfortune, is now a privilege. I come from a part of the country which has been dangerously plagued by unemployment in private and public companies both involved in the iron industry. In my area, we have Wabush Mine, Quebec Cartier Mining, Iron Ore, and Sidbec also which is a public company. And if they cannot sell their ore, the same decision has to be made whether it is a public or private company, namely workers have to be laid off. If the message of the Bishops were applied to the letter, would it solve this problem? I think that the question has been well put, but that the answer is more difficult to find.

On the other hand, some changes are certainly necessary within our political system. For instance, because of the way the labour market works at the present time, it is very difficult for a young person to get a job since the unions try to protect the workers already in place, which is normal since the basic role of the unions is to protect their members and give them the best income and the best working conditions possible. This is quite normal. However, could we not establish a system of apprenticeship which would allow young people to join the labour market without threatening the jobs of their seniors, of unionized heads of families? I believe that there are openings to consider in this regard. We are willing to do so in cooperation with the unions.

On the side of management, improvements could certainly be made. For instance, what are the five year development plans to private companies? It is very difficult at the present time for politicians and unions to work in good faith. We seem to be playing cat and mouse. Finally, all the cards are rarely put on the table, which means that it is very difficult for everyone to be honest with each other. A lot of strategy is involved and the good will and good faith of workers is often questioned, I believe.

Yet, people want to work. This is self-evident. People want to work, but perhaps there is a lack of imagination and creativity, and instead of each side accusing the other, it would perhaps be better to have labour, management, government and non-organized workers sit down together to determine whether certain aspects of the social contract should be changed because the way the situation is evolving at the present time is truly tragic. Suicide among young people was mentioned this morning. But what about heads of families who not only have no job, but no hope of getting one?

Young people should certainly not be expected to start a family or to acquire permanent assets at the present time! They have no permanent job. The government is extremely sensitive to this situation, but there is no consensus about a solution, not only in Canada, but also in the United States and Europe. Would it be a good thing to import the Swedish or the Japanese system as suggested by the Hon. Member for Kamloops-Shuswap (M. Riis) this morning? Some things may indeed be possible. But to come up with a motion blaming the government for refusing to accept the Bishops' message, this is

unwarranted. We did accept the Bishops' message. And again we say that we would be ready and willing as indeed we said in a letter signed by Members on this side of the House, and perhaps we should have invited other members to sign that letter. That letter did not condemn the Bishops' statement. There is a distinction to be made namely that when the Bishops speak, we assume that as Christian leaders they are referring to matters of faith. But economic problems are not to be confused with ethical ones. There is a line to be drawn between worldly matters and spiritual matters. Nothing more was meant in that respect. And we hope that in the future, Mr. Speaker, the Bishops will again make their views known on various matters, except that when it comes to solutions, as much as we do not have a monopoly on economic truths, neither do the Bishops.

• (1440)

Of course, in both cases it is through an exchange of views that we can arrive at the best understanding possible with respect to the betterment of people of all denominations, and also of people unrelated to any religious group. And at this stage, it is truly important that the difference be clearly established in this House, because after the Bishops put out their message there was some sort of reluctance. But it was never intended that the Government should remain insensitive to that message, and I for one can say that to a large extent my constituency has been socially and economically developed by priests and members of various religious orders. When referring to Schefferville, let us never forget that Monsignor Scheffer came from Ottawa; he was an Oblate priest from Ottawa who went out as a missionary in that vast territory. The Oblate and Eudist priests were everywhere in the Fort Chimo area, the Ungava, the Middle North Shore and the Lower North Shore, and they did a tremendous job, as did the Protestant ministers. And if the North Shore enjoys such high standards socially, politically, culturally and economically, it is thanks to the various religious orders.

So there was never any question of blaming the Bishops for their message. However, Mr. Speaker, before concluding , since I know my time is rapidly coming to an end, I would like to stress the importance of the choices this Government had to make. I for one, in August 1981, wrote a letter to the Prime Minister condemning the high interest rates that were then hovering around 21 and 22 per cent. In addition, ten Members from the Montreal area signed the letter again asking the Prime Minister that more be done for job creation, but we had to operate in the face of those two simultaneous problems, inflation and unemployment. Several Members from this side of the House have said it repeatedly: With inflation, we can always live; with unemployment we cannot. I think that was also clear.

Now we find that thanks to the policies implemented by both the Canadian and American governments, inflation has abated in a dramatic way, and so much the better for this country. At the level of job creation, we must do everything we can to create permanent employment. The Hon. Member for St. John's East (Mr. McGrath) was quite right in this regard. Programs such as the CDP's and NEED are useful in the short term, but we must do more in the long term. People in northern cities such as Sept-Îles and Port Cartier, just like people in other constituencies want to have permanent jobs for the young people to develop, because our most important shortage is not a shortage of money, but perhaps a shortage of ideas and creativity to make it through the crisis and guarantee that we shall never again be in the same situation. That is the most important, and I believe that we all share the same concern in this regard, namely . . . Mr. Speaker, I do not know if I still have five minutes left, but if I may have another five minutes, I could conclude my comments. Could I have the agreement of the House to go on for a maximum of five minutes?

Mr. Deputy Speaker: Do Hon. Members have questions for the Hon. Parliamentary Secretary?

[*English*]

Mr. Roche: Mr. Speaker, the Hon. Member making the speech for the Government referred to a statement that he and four of his colleagues on the Liberal benches signed on February 3 which was not supportive of the Bishops' statement at all, as he tried to say. It was a statement which was very critical of the Bishops's statement. As a matter of fact, that statement, from which I quote directly, accused the Bishops of formulating a Marxist theory on the current operation of the capitalist system.

I want to know whether the Parliamentary Secretary is still of the view that what the Bishops said was a Marxist statement and why the Government is being represented by an official spokesmen who holds such a view?

[*Translation*]

Mr. Maltais: Mr. Speaker, I am speaking about how to interpret the bishops' statement. I believe that it is a matter of opinion. As Members of Parliament, those of us who read the statement thought that the authors actually showed Marxist tendencies in suggesting ways to promote economic recovery. I do not support the Marxist position about what we should do to put the Canadian economy back on the right track, and we simply explained at the time that certain points needed to be clarified. This is what I explained earlier in the House. It would perhaps be a good thing to meet with the bishops to clarify a few points. However, I would of course disagree with a Marxist policy to promote economic recovery.

[*English*]

Mr. Roche: Mr. Speaker, this is a very important point and I will give the Parliamentary Secretary another opportunity to clarify his position. Perhaps the translation of his opinion was not precise, but I heard him say a moment ago that he is still of the opinion that the Bishops's document contained a Marxist tint. I want to know if it is his view that the analysis as

presented by the Bishops has a Marxist tint or Marxist flavour?

[*Translation*]

Mr. Maltais: Mr. Speaker, I did not say that the statement was a Marxist message. Not at all. I simply said that some elements showed Marxist tendencies. That is all I meant. What I should have said perhaps is that, on this side of the House, and for my part, we are in favour of free enterprise, public enterprise and joint ventures. It is not by giving the whole economic system back to the Government that we can promote economic recovery. This is what I myself and other Members believe and this is what we support.

Mr. Nystrom: Mr. Speaker, I have another question for the Parliamentary Secretary. In their statement three or four months ago, the Bishops mentioned that there was no equality in Canada. They said that the poorest 20 per cent of the population receive only 4 per cent of Canadian income while the wealthiest 20 per cent receive about 42 per cent. The Leader of the Liberal Party, Mr. Trudeau, often promised a just society 15 years ago, a society more equitable than during the fifties and sixties, but as mentioned by the Bishops in their challenge to Canadians, our society is still not equitable. There is still a wide gap between the rich and the poor. Why did you not do something to correct the situation during your 15 years in power?

Second, Mr. Speaker, the standard of living in Canada has gone down a lot since the sixties. At that time, Canada had the second highest standard of living in the world. We now have the nineteenth highest. Why? Why did you allow such a situation—

Mr. Deputy Speaker: I am thinking of the time and I would like to suggest to the Hon. Member to ask short questions if possible.

Mr. Maltais: Mr. Speaker, my first answer concerns the fact that the standard of living may have gone down in Canada. I believe that this phenomenon is North American and that it affects every industrialized country. In other words, in terms of purchasing power, we notice in Canada as well as in the United States or still in many European countries the same phenomenon that appeared 15 years ago but if you now consider the value of our Canadian currency as compared with French or Belgian currency, you will find that conditions are still worse in those countries.

Secondly, Mr. Speaker, concerning the just society, if you look at the Department of National Health and Welfare to which is earmarked almost half of the Canadian budget, you will realize the various steps taken to provide more opportunities to the needy. It would take too much time to list all such measures, Mr. Speaker, and perhaps it would be advisable to send such a list to the Members but once again a great number of measures have been taken to help the more needy during the last 15 years.

• (1450)

Mr. Nystrom: Yes, I should like to ask a brief question, Mr. Speaker. The Parliamentary Secretary mentioned that the Government has done many things during the last 15 years but I would like to ask him: If the Government has done so many things, why has so little changed, why is there still such a large difference between the poor and the rich in Canada, as the Bishops mentioned in their statement?

Mr. Maltais: True enough, Mr. Speaker, there is still much to be done, and we should always strive to attain ideal conditions, except that it is unthinkable that we could attain them on a permanent basis so fast. However, if we consider the constant improvement in the Canadian standard of living over previous years, what is actually essential is to try and narrow the gap between the rich and the poor, and such is the challenge that we must now be ready to take up. This is what the Government wants to do. I think that next Tuesday night when the budget speech is delivered, parliamentarians and Canadians will realize that the Government has still shown much imagination in trying to narrow the gap between the rich and the poor.

[*English*]

Mr. Riis: Mr. Speaker, I listened carefully to the Hon. Member's speech and I found it interesting, particularly his analysis of the Bishops' statement having tinges of Marxism in it. I know the Hon. Member has studied political science and political philosophy but I would like him to identify the specific area of Marxism that he sees in the Bishops' statement. Can you give us a clear indication of the tinges of Marxism that he is identifying?

[*Translation*]

Mr. Maltais: Mr. Speaker, I have never said that what the Bishops said was a marxist statement. In my opinion, their statement was in two parts, the first being a straightforward description of the woes Canadians are faced with today and with which we have no quarrel, and the second an analysis of the means to achieve economic recovery, emphasizing the involvement of the Government as though it was solely responsible for the economic recovery. Yet, under our system, the responsibility of the Government is to provide the proper political and fiscal context for the mixed economy with Government involvement to operate. It is within this context that I expressed views which were not quite consistent with those of the Bishops'. I felt that there were socialistic undertones in their statement. But like other Hon. Members on the Government side, I am quite willing to hear what the Bishops have to say to come to an understanding. This was and continues to be my position. I suggest that it is of paramount importance to define our system as a mixed economy with Government involvement which favours free entreprise. They recommended

to entrust the State with the control of the economy. I think that strictly speaking, a socialist system is one where the control of the means of production is vested in the state and not shared between public and private enterprise.

[*English*]

Mr. Deputy Speaker: The question period has almost expired. There is time for one more question. I will recognize the Hon. Member for Vancouver-Kingsway (Mr. Waddell).

[*Translation*]

Mr. Waddell: I should like to direct another question to the Hon. Member. I should like to read a brief statement in English.

[*English*]

I wonder if the Hon. Member thinks this quote is tinged with Marxism. I quote—

Mr. Deputy Speaker: If the Hon. Member is about to put a long question, I must advise him that there is simply not enough time. Already the ten-minute question period has expired.

Mr. Waddell: Mr. Speaker, I will refer to it in my speech, but I want to ask the Hon. Member this question.

[*Translation*]

Why did the Hon. Member challenge the Bishops and tell them to forget politics and stick to religion? To me, that is what the Hon. Member said today in the House and it is also what the Hon. Member—

Mr. Deputy Speaker: I am sorry to have to interrupt the Hon. Member, but the time allotted for questions has now expired. The Hon. Member for Peace River (Mr. Cooper) has the floor.

[*English*]

Mr. Albert Cooper (Peace River): Mr. Speaker, I am pleased to have the opportunity to enter this debate today. The subject of this motion is very important. I am pleased the Bishops came forward with their statement. It causes us to stop for a moment and do some thinking. The title of the Bishops' statement is "Ethical Reflections on the Economic Crisis". It reflects on some of the concerns all of us face. The economic crisis is very important. My and my Party's particular concern relates to youth. By looking at the figures on the youth unemployment, I find today that over 600,000 young Canadians between the ages of 15 and 24 are presently unemployed. We have a very serious crisis on our hands. This crisis becomes even more serious when we look at the number of graduates who will be hitting the streets this summer. They will be looking for employment opportunities and they will be competing with the many unemployed who have been without a job for some time.

I want to take a look at the Bishops' statement and also discuss what I see is the role of the church. I think the Bishops allowed us that opportunity by releasing this statement. I want to look at the economic problems that we face in the country, and finally I want to talk about a few of the things I see as possible solutions.

As one looks at the Bishops' statement I find about five separate points that come forward. I will examine them one at a time. The first point in the statement reads:

> First, unemployment rather than inflation, should be recognized as the number one problem to be tackled in overcoming the present crisis.

At first blush I would have no problem agreeing with that, with one exception. People on fixed incomes are the ones most seriously affected by inflation. They are the ones whose income is eroded by inflation.

Mr. Deputy Speaker: Order, please. May I ask the Hon. Members at the back of the House to recognize the fact that the Hon. Member for Peace River (Mr. Cooper) has the floor?

Mr. Cooper: The people on fixed incomes are the ones most seriously hurt by inflation. Right now they may be slightly above the poverty level, but if inflation continues, they will end up below the poverty level. That is my concern with the Bishops' first comment.

The second point made in the statement of the Bishops reads in part:

> It should include emphasis on increased production, creation of new labour intensive industries for basic needs, and measures to ensure job security for workers.

Essentially, what the Bishops were outlining is that there should be an industrial strategy. I have no difficulty with that. There has to be a consistent plan and a consistent direction that we as Canadians can work toward.

The third point in the statement of the Bishops reads:

> Third, a more balanced and equitable program should be developed for reducing and stemming the rate of inflation.

As is obvious from my comments on the first statement, I was glad to see the Bishops' third point because I think the Bishops' first point is significant and important.

The fourth point in the statement of the Bishops reads:

> Fourth, greater emphasis should be given to the goal of social responsibility in the current recession.

That sentence cuts right to the nub of the whole problem we face. Our social security systems are being severely taxed, for instance, the funds for Unemployment Insurance. A number of people are running out of those funds and are listed as exhaustees, and we can see that we have a very serious problem.

Maybe it is time to be looking at those of us who do not need some benefits who are still receiving them. For example, my wife and I are receiving a child benefit. In our particular salary bracket I do not think we need that benefit. Maybe it is time to stop and examine that question. Perhaps that money should be given to those who have a genuine and serious need. The Government could give that small cheque which comes to me to someone else and as a result we would provide for those desperately in need.

• (1500)

Returning to the Bishops' statement, it reads:

Fifth, labour unions should be asked to play a more decisive and responsible role in developing strategies for economic recovery and employment.

I found that particular statement very interesting. It sprung out of the page and created a great deal of interest because it concerned responsibility. What has been happening in unions and in other areas is that they have been prepared to fight for their own particular interests and concerns, but in fact there has been no sense of responsibility for other individuals for whom they should be working to create a responsible situation. In other words, a union which represents its employees must at the same time have a responsible concern for the corporation for which it works. Then and only then will there be co-operation and some kind of responsible approach to the problems we are facing.

At this point I want to talk a little about the role of the church in this entire area. I think the Bishops' statement brings that to the fore and provides me with an opportunity to look at it. If we look back at the first Christian church, there was a concern about looking after the needs of the poor and the oppressed. We remember that the first apostles were criticized because Armenian widows within the church were not receiving any kind of assistance or protection. They called a meeting and began to complain about it and indicate that they had a problem. The apostles sat down and said that they were right, that there was a very serious problem. They indicated that they would have to appoint a group of people to look after the basic social concerns of members of their society or their organization, the church. In fact, the person they chose was Stephen, the first martyr of the Christian church. It is from that point that we begin to see an emphasis placed upon the responsibility of the church to play a role on behalf of the poor, the needy and the oppressed.

I speak as a member of a church and as someone who was raised in the church. I feel very strongly that the church should play a very, very responsible role in society, a responsible role in relating to people and in meeting the concerns of individuals. I am afraid that what has begun to happen lately—and I speak for my own church as well—is that we have transferred that basic responsibility which was talked about in the first church back to the Government or the state. For example, in some cases when widows or needy persons come to us, we say that we will help. We call the nearest Government agency, say that we have a particular individual with a problem and ask for help. There is a real need for the church to get back into that responsibility and to assume that role. The state can provide a certain amount of economic assistance, but there is no emotion or encouragement. I think that is a very important part. It is the human element of meeting economic needs. Therefore we need to see the churches move back into that realm of concern or that particular area which I think is so important.

I have some problems with the capital expenditures of churches as institutions. At this particular time they should not be looking at large facilities which take away their capital. They should be looking at the needs of the people who are members of the churches and at the needs of society in general. To stand up at the podium and speak about the need to help the needy, the poor and the poverty stricken is not good enough. We have to meet with these people on a day to day basis, talk about their concerns and see what we can do to assist them.

Today we are looking at a number of economic problems. The Bishops referred to it as an economic crisis and indicated:

The present recession appears to be symptomatic of a much larger structural crisis in the international system of capitalism.

I read over that statement two or three times. I thought about it, and my conclusion was that that was probably not the problem. The problem facing us is the one about which Christ talked in the first church. Simply it seems to be going across the board, this business of greed and selfishness. That is the one problem that has been consistent throughout all the systems and processes through time.

Then we come to where we are at today. First there was big business. It exploited people. We have all heard the stories of children in the coal mines and of various other abuses. There was a need for co-operation between workers to protect their particular interests. Then we had big unions to give a balance to big business. I do not think that has worked. Now we look at another option, the third one being big Government or the socialist state. If we have big Government and the state distributes wealth, it will take care of big business and big unions. But I do not see it as being a solution at all because it does not address the basic, simple, responsible position of the individual having to be cautious of his relationships with other people and relating to these other people.

As demonstrated by the Bishops' statements and by things I have seen and heard for years now, on the one hand we have the Bishops making a clear and concise defence of their position and their concerns. On the other hand we have business making a clear and concise defence of its concerns and positions. In a sense we have theory on one side and practicality on the other, but there is no meshing of the two. The problem is that we just keep going on in a sort of blind, desperate fashion, achieving very little. In fact we need to sit down and look at some of the problems we are facing on an individual basis and at our responsibilities as individuals.

What do we see as some of the opportunities? One thing the Bishops mentioned was community ownership. This can mean a couple of things. One could be community ownership through public ownership or state ownership. In the other sense it could mean co-operatives. I like the idea of co-operatives. I think they can be a very valuable tool for allowing us as people and individuals to work together as employees and employers. We are all related because labour is of equal importance to management. I think the balance in a co-operative is very essential and very important, but there is another element through which I think we can achieve the same goals, and that is in the area of private ownership. Private ownership with responsible employers and employees can in fact develop a system which is of benefit to all concerned. If we have employers and employees working together

co-operatively and in a way which demonstrates their genuine Christian concern for each other, at that point we begin to address the basic problem we in society are facing.

Essentially I believe that big business will not solve our problem. Big unions will not solve our problem. The option we weem to be exploring more and more of big state will not solve our problem. It is still big. It is still impersonal. It is still numbers. It is still statistics. But it is not a genuine personal concern for individual people.

We have to do a little more thinking about these matters and we have genuinely to relate to people. As Members of Parliament that is something on which we have to focus every day. As I said a few moments ago, there are 600,000 or more young Canadians in Canada who are unemployed. Each one of them is a genuine person with a genuine, serious problem. There is no end to the personal spin-off problems which relate to the fact that they cannot find employment. We must relate to the individual.

In conclusion, I want to refer back to something which Christ said. In Chapter 5 of the Book of Matthew, Christ used the demonstration of light and of salt. He said that Christians were to be the salt of the earth and were to be an example. They were to provide flavour, ideas and all sorts of excitement in society. That is what He meant, that we as individuals should provide an example. When we provide that example and relate it one-to-one, we collectively begin to work on and resolve some of these very serious problems.

• (1510)

In conclusion, I thank the Bishops for coming forward with this statement. It has given us a good chance to reflect and think. It has certainly given me that opportunity. We do have some serious problems in this country. We have to start working on them in a charitable and selfless fashion rather than a selfish fashion, which we have designed, worked in and worked so hard toward over the past few years.

Mr. Deputy Speaker: Are Hon. Members rising to asking questions of the Hon. Member for Peace River? If not, the Chair will now recognize the Minister of Transport.

[*Translation*]

Hon. Jean-Luc Pepin (Minister of Transport): Mr. Speaker, the Hon. Member for Manicouagan (Mr. Maltais) was indeed speaking on behalf of the Goverment, because I do not have very much to add to his statements on principles and practice. However, I shall be making a few comments of my own. I hope the Prime Minister (Mr. Trudeau) will agree with what I am about to say, because I want to point out that the Bishops' letter, as well as the statements made by the Member for Kamloops-Shuswap (Mr. Riis) concern a subject on which it is difficult to have a consensus. I do not think the opinion of the Liberal Party is particularly homogeneous, or that there is only one way to consider these matters. I am saying that we have some leeway in these matters which the Lord's children are entitled to use.

The motion consists of three parts: first, it regrets that the Government rejected the economic policy set forth in the Bishops' letter. That is not the case at all. We do not reject it. We are sufficiently independent to be able to make nuances so that we certainly did not have to either accept or reject outright the contents of the Bishops' letter. So as far as that is concerned, the motion is entirely unacceptable.

The second part of the motion regrets the Government's refusal to adopt the Bishops' specific recommendations on industrial strategy. Once again, sometimes we agree and sometimes we disagree, and we certainly are not going to refuse or to agree to adopt outright the positions put forward in that letter.

Thirdly, the motion deplores our refusal to adopt a community production system, and I imagine that community production is to be seen here as the opposite of capitalist production or State production. As far as I am concerned, it is one production system among many. It may be morally superior to the rest, but I do not think it is so outstanding that we should not consider other systems, and even the Hon. Member himself says in his motion, in the English text: *where desirable*. In that case, there is no debate, if the production system is the best one "where desirable". There is no debate, because there may very well be situations where such a system would be very desirable and others where it would not be desirable at all, and in the latter case we would not have to adopt it.

Mr. Baker (Nepean-Carleton): That is the problem!

Mr. Pepin: That is indeed the problem! I am saying this in a friendly way, because I notice that the Members of the New Democratic Party are becoming more realistic in their aspirations. I get the feeling that they are realizing they do not have a monopoly on truth and virtue, and I like that. It was bound to happen.

I am taking part in this debate for several reasons. First of all, it is my turn to mind the store, and I thought I could usefully take advantage of this opportunity to speak to the House. Second, I have a profound though far from servile, respect for the Church and its authorities, and I think they will appreciate that.

Thirdly, I have always taken a lively interest in economic and social development, and especially in what is referred to as industrial strategy, and it should come as no surprise that I have a few things to say about it. I confess to having drafted a few speeches on that subject, particularly around 1972, and quite a few since then. And if, after my political defeat in 1972, I launched a trading firm, it was precisely because I believed that the means of implementing an industrial strategy were important and that the trading firm seemed to me to be

one of those important means which Canada did not have does not now have on a country-wide basis. There are many trading companies but, in my opinion, none has yet left his imprint throughout the country and the world.

As to the letter from the bishops, I regret to say in passing to my Liberal friends that it is regrettable that it sparked a small debate on the relations between the church and the state. I am very sorry because I do not think there is any justification at all for that. With respect to the relations between civilian power and religious power, the Gospel is not very categorical and says simply: Render unto Caesar what belongs to Caesar and unto God what belongs to God. But never does it say exactly what belongs to Ceasar; that complicates the problem somewhat and, indeed, leaves the question practically wide open. So much so that at different times and in different countries, there were different forms of relationship between the church and the state, ranging from theocracy to neutrality and separation; and all that was advocated by very honest followers, very honest young men and young women alike. The way I look at it, as do most Canadians I think, the bishops can say anything they want on any possible and appropriate subject, as long as they do not claim to be infallible. From that viewpoint, therefore, I regret, as does the Hon. Member for Manicouagan (Mr. Maltais), that they do not speak out more often. I would like to hear them more often on social and economic subjects. Particularly from that point of view, for those of us who come from Quebec, they may be overreacting to offset an inordinately opposite trend in the past. Proper balance is required here as in many other things.

Of course, I will pay them more or less attention depending on the subjects they deal with. When it comes to ethical or moral issues, I take off my hat to them, they are outstanding experts. If they tell me to show respect for work, I quite agree. I applaud. However, if they tell me that intellectual or manual work is better than manual or intellectual work, then I put up an argument because it is not a moral issue. I do respect work, but I can respect various forms of work as well as various forms of work structure. If they proclaim that assistance to the needy is a priority, I bow in agreement and again take my hat off to them. I respect that, I am impressed, I cogitate, I meditate, I pray and I will act as well. But if they tell me that such and such form of assistance to the needy is better than such and such other form, if they tell me that the best way to fight against poverty is to create jobs rather than check inflation, I am prepared to argue. I will probably reach a compromise and say: why should we fight against only one evil? Would it not be better to fight against inflation and unemployment at the same time?

So I read the whole letter and I was duly impressed, and like previous speakers, I pay homage to them because their text is very easy to read, it is very impressive, and in my opinion, as the Hon. Member for St. John's West (Mr. Crosbie) said, it was needed. Someone had to remind us of those things, particularly inasmuch as they relate to the moral issue.

An Hon. Member: St. John's East.

Mr. Pepin: St. John's East (Mr. McGrath). I apologize for that lese-majesty.

In economic matters, the bishops are amateurs just like every one of us. For my part, I would have liked the letter to contain—

Mr. Waddell: A professional amateur!

Mr. Pepin: Yes, and you are also a professional amateur, my friend!

It would have been a good thing if the difference, the line to be drawn between morality and economic theory and practice were more clearly marked and better expressed in the letter. This is what I have to say and as I have already expressed my views to my favorite bishops, it is certainly not a secret.

I would now like to say a few words about the Bishops' industrial strategy and that of His Eminence Riis, the Hon. Member for Kamloops-Shuswap. I am speaking not as an expert, but as someone who has some experience because, as I have already said, I have tried to write some statements which I reread at three in the morning and in which I made several extremely polished comments for instance about the difficulty to define what is an industrial strategy. Some will say that it is a comprehensive and specific plan which wraps up all sectors of the economy, including the social and cultural aspects, in the same package. Others will say that this is too pretentious and that an industrial strategy is simply an order of priority offered for consideration. Others still will say: No, an industrial strategy is a choice of means to achieve ends on which there is a consensus. In addition to all that, the Hon. Member for Kamloops-Shuswap made a few wonderful comments earlier, such as:

• (1520)

[*English*]

"Now everything is changing rapidly."

[*Translation*]

And later on, he also said:

[*English*]

"We want a totally new approach."

[*Translation*]

We want an industrial strategy. How can we have an industrial strategy which will apply all the time to every country when things are always changing and change may be the only stable value remaining in the world? How can we develop such an industrial strategy? It is absolutely impossible and this is why Canada has had industrial strategies in the past, why it has one now which may not be quite what each one of us would like, and why there will be a different one in the future. These industrial strategies make me think of the

prayer we have all said: As it was in the beginning, as it is now and as it will not be forever and ever.

Mr. Speaker, what I want to say is quite obvious. We all know that we can find as many definitions as we want according to the intellectual, moral and economic tendencies and interests of the person who is speaking. So, accordingly, strategy is all a matter of high technology, or growth sectors, on high productivity or labour intensive or resource intensive or capital intensive sectors. Each of those areas is important. What I am trying to stress is greater reliance on experience, flexibility and humility. There is one example that I always like to bring up. In my opinion, the greatest asset of the Japanese industrial strategy, which is the one most frequently referred to, is that it can change overnight. What gives the Japanese industrial strategy its strength is that they have powerful means and mechanisms which allow them to adopt rapidly and concentrate on a sector where changes are needed, while neglecting another which no longer has priority. In my opinion, that is the major aspect of the Japanese industrial strategy.

Now, what about the Bishops' industrial strategy? First of all it is based on an interpretation of the sources of today's global moral disorder. This has been mentioned by the Member for Manicouagan (Mr. Maltais), but I disagree with the terms he used. Since I am almost twice his age, he will allow me the following remark. You do not have to be a Marxist to appreciate the role of the economy in the development of societies and in the surge of moral disorder in particular. The Bishops' analysis is precisely based on economic factors. They refer to the flow of capital, the development of technology, automation, computerization and so on. Following on that analysis, they say that in order to protect capital, the main concern of governments now is, to control wages, services, to maintain order and so on so as to keep capital in the country. And when all this is taken into account, according to the Bishops, the concern for capital takes precedence over the concern for labour. It is one way of looking at it. I found this interesting, but I wondered how much truth there was in it. A curious mind always puts this kind of question to himself. Is it true that today's governments are limiting salary raises and improvement in services? Well, let us say that it has been true for the last year. One cannot justify an economic theory on a single year. It would have to be analysed over a period of several years to be proven accurate. Yet, if we examine such a theory, going back several years, it is not true. Nowadays, the workers, the people have many more social services than they had ten years ago. So, a theory which is only valid over a one year period is not a very strong one. That is what is annoying me in this theory. The Bishops, for whom I have a great deal of respect, call this the crisis of capitalism. Yes, but what ideology is not in crisis today? There is a crisis of socialism as well, a crisis of marxism, a crisis of communism and a crisis of all ideologies one can think of. All this is very interesting, but it is questionable. However, it is food for thought, and from this point of view, it is welcome.

Then the Bishops present us with a series of principles they would like to see implemented: social responsibility, co-operation between groups and regions. They would also like us to give top priority to the fight against unemployment as against, I suppose, the fight against inflation. I am naturally curious. I looked at the document, which states that the number one problem right now is unemployment. This means that further along the line the number one problem might be one of capital, or the need for capital. However, if the concern is for the worker, if labour is to be the basic concern, the fight against unemployment should always have priority. Either this is an all-inclusive, an absolute principle, or it is not. If this it is not an absolute principle, then it is a relative one. But after having established the priority of labour principle, how then can they consider situations in which capital should have top priority! I am very ill at ease with that kind of reasoning.

Further on they advocate an anti-inflation policy which is more equitable. They seem to be pressing for some kind of a price control like the one we had with the Anti Inflation Board, which I had the pleasure or displeasure to chair. This also is highly questionable. It is quite possible both to attend mass and to believe that a six and five policy is a better approach to economic restraint than the one advocated by the Anti-Inflation Board. This is interesting, but questionable.

Further on, they say that we should tax investment incomes, refrain from slashing budgets and social services, maintain health services, help the unemployed. And then there is a phrase that I have not appreciated at all, one that I find fault with: "Counter to policies . . .advocated by governments." I did not like that. A distinction should have been made. They should have said: "Not enough" rather than "counter to". And looking at this ... I could recall three pages, five pages of measures taken by this Government in the areas of help for the unemployed, job creation, job maintenance, construction and so forth. It is somewhat boring to be told, "counter to policies advocated by governments". In my view, such a reproach is much too encompassing. And still further on, the Bishops are suggesting measures that are still more specific, some of which I would again like to argue from a viewpoint the opposite of that held by the Bishops. For instance, that kind of concern they have for labour-intensive industries. That also is questionable. And considering especially that the same Bishops, God bless them and me also, do not hesitate to state that external aid should take other forms than the mere supplying of wheat, or otherwise, that we should help developing nations create an industrial base, and so forth, and it is indeed in those so-called soft sectors that those developing nations have the best opportunity for industrial development.

There is a paragraph for instance where there seems to be not only contempt for, but to some extent, a fear of machines. That also was not to my liking. There are other places where

they refer to self sufficiency, the need to control foreign investments, not to have—

Mr. Deputy Speaker: Order, please! I regret to interrupt the Hon. Member, but his time has expired. He could only continue with the unanimous consent of the House. Is there unanimous consent?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: No. Are there any questions, then?

• (1530)

[*English*]

Mr. McGrath: Mr. Speaker, I have a question for the Minister. Instead of publicly criticizing the Catholic Bishops who have leadership responsibility for half the population in this country, why did the Government, including the Prime Minister (Mr. Trudeau), not deem it fitting and appropriate to meet with the Bishops to discuss their paper?

Mr. Pepin: Mr. Speaker, I do not keep track of the Prime Minister's agenda, but I remember vividly that he met some very few days before the Bishops' letter came out with the Catholic Bishops. My hon. friend must realize that this document was written by a committee of the Conference—I do not know the exact word—of the Bishops of Canada; it was not a document of the Conference. I recall, and I am sure my colleagues remember also, that the Prime Minister had met with them. However, this is not a document which is addressed to the Government of Canada. This is a document which is addressed to the population. I do not believe that Governments have to react to documents of this type, and answer them item by item. The Hon. Member was, I believe, wise enough and kind enough to put it on the agenda for today's debate, and I thought we had an opportunity to express some of our views on it.

Mr. McGrath: Mr. Speaker, the Minister is referring to a meeting which took place with the committee of the Catholic Bishops on the nuclear question before the statement was issued. I would like to put this proposition to the Minister. Is the Minister saying that if a Cabinet committee brings in a decision, that that is not a decision of the Cabinet but merely of the Cabinet committee? That is the thrust of what he is saying in terms of trying to discount what the committee on social policy of the Canadian Catholic Conference of Bishops said by claiming they did not in fact speak for the Bishops. But surely the document is important enough, and the source is important enough, for the Government to sit down and discuss it with the Bishops, and I regret that the Government has not seen fit to do that.

Mr. Pepin: Well, Mr. Speaker, my hon. friend can regret that. That is all right. I would like to ask him if he has met with his Bishop on the subject. I have. A number of my colleagues have also. That was one way of reacting and expressing our views. I do not believe a formalized meeting was needed to discuss each item. Again, my information and knowledge is that the Prime Minister had met with a group of Bishops some very few days before this document was printed.

Mr. Waddell: I would like to be present, Mr. Speaker, when the two Hon. Members who last spoke go to confession in front of their priest or their Bishop. It would be interesting. I wonder if the Minister finds it ironic, perhaps deliciously ironic, if I could put it in his words, that in the past the Bishops in Quebec called the Liberals the "rouge Marxists". Now we have a situation where the Liberals are now calling the Bishops Marxists. It is rather deliciously ironic, it seems to me. The Minister did not seem to indicate that there was need of an industrial strategy at all. He spoke of pragmatism, flexibility and humility, all qualities of his Prime Minister who put him into the transport portfolio.

I would like to know if the Minister feels there is need of industrial strategy, or can we just continue to float in the country? Does he not feel that it was inevitable that someone like the Bishops would respond when you have a monetarist policy which tries to squeeze inflation out of the country by putting people, ordinary people who can least afford to fight back, out of work, and which provides pretty big profits for banks and other groups? Does he not think that it was inevitable that we would have the Bishops or church people calling it immoral? Does he not think that we must in fact have an industrial strategy for the future?

Mr. Pepin: Mr. Speaker, my hon. friend is a lawyer and he tends possibly to deform the thoughts of the criminals he happens to speak against. The Hon. Member for Manicouagan (Mr. Maltais) did not say that it was a Marxist document. He said there was a tinge. Perhaps someone can do that and get away with it in the sense that it invokes economic factors as the source and the cause of moral disorder in society. If I had been a Bishop I might have invoked the original sin as one of the causes. The preoccupation might have been slightly different. From that point of view, there is no doubt that the text has an economic philosophical preoccupation which reminds a person that he has already read that kind of preoccupation. All right? That is not being a Marxist. One can think without being stamped in that fashion. I said also that I was in favour of an industrial strategy which would be flexible, with all the words I have used to say it. I have said that I was in favour of an industrial strategy. I did say that, but I am reacting against the thought, the disposition, of some of those who see it as the *nec plus ultra*, the beginning and end of everything, and someone who thinks that some day some kind of genius, most probably from the New Democratic Party, will produce a document which will be called "The Industrial Strategy for Canada" and everyone will bow, and then the country will be happy forever and ever. That situation does not exist.

If I had the time I would read to my hon. friend some past documents of the NDP describing what an industrial strategy should be and I would show him very clearly that it has said everything on the subject in the past. At one point it was in

favour of concentration on the development of natural resources. Today it is on the manufacturing kick. Tomorrow it may adopt a service kick. Your Party has changed all over the place and God be blessed for that. It proves that your intelligence is stronger than the prejudices you entertain.

• (1540)

[*Translation*]

Mr. Desmarais: If we have some time left, Mr. Speaker, could the Minister advise us briefly of his findings?

Mr. Pepin: It is simply this. An industrial strategy is a very contentious subject. I think that the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Lumley) is also involved, judging for instance from his recent statement that he had much more confidence in sectorial strategies than in one universal industrial strategy. That is a clever attitude, for surely the approach should vary when dealing with such diverse industries as the shoe, clothing or high-tech industries. I am sure he shares my views as to the importance of the approach. This should be emphasized. I repeat that an industrial strategy for Canada is a sort of ongoing process which never stops—it is not essential but existential—and it varies with the needs. In this context, to think as Members of the NDP and others do that an industrial strategy would cure all ills forever is a myth, and we should recognize it. To return to the Bishops' statement, I was very much impressed by some of the major and significant moral principles, views and recommendations which I found in it. But I also found views and concerns about various aspects of the industrial strategy which are highly questionable and which I just cannot buy. That is normal.

Mr. Prud'homme: Jolly good, jolly good show!

[*English*]

Mr. Douglas Roche (Edmonton South): Mr. Speaker, when the Bishops published their statement they sought a public debate on these issues. They have certainly got one going in the country. In the process, as we have seen this afternoon, they have traded their image of promoting a comfortable pew for making the Government benches rather uncomfortable.

To begin with, I want to pay tribute to the Bishops as I separate what they said in the first part of their statement as a critique from the second part, which goes into recommendations. I want to pay tribute to them particularly for the publication of their critique because they made a distinct contribution to understanding the value system in our society which has led to a situation where, as my friend the Hon. Member for St. John's East (Mr. McGrath) says, we now have 2,143,000 real unemployed, or 18.3 per cent. I wish to pay particular tribute to the chairman of the social committee of the Bishops who produced this statement, Bishop Remi De Roo of Victoria, who in his personal leadership has exemplified a commitment to the gospel values that the Church espouses. It is a commitment to enhancing social justice throughout Canada and the world.

As I was informed this morning by the offices of the Canadian Conference of Bishops, so far this statement has resulted in literally hundreds of forums and workshops being held across the country as people of diverse religions are examining what the Bishops are saying. I think that is good. One of those forums will be held soon in Toronto under the leadership of Cardinal Carter.

I also want to pay tribute to him for taking the lead in implementing what the Bishops are saying, not just criticizing the state of the economy and lamenting high unemployment, but actually taking concrete steps through the Archdiocese of Toronto where some $4.6 million of the Archdiocese's money will be combined with federal and provincial matching grants to produce a work program for some 700 unemployed people in Toronto. They will be put to work on a vast range of projects. I think that exemplifies the Church coming to grips in a real way with the problems the statement addresses.

Now, Mr. Speaker, there are some weaknesses in the statement. In a moment I will come to what I see as a certain danger arising from the manner in which the statement was prepared. For the moment I will dwell on what the critique is all about and what the Bishops are really saying. The heart of their argument is that the present economic realities reveal a moral disorder in our society. We see that in the massive layoffs of workers and depleting Unemployment Insurance benefits, cutbacks in health and social services, all of which constitutes a social evil in the Bishops' eyes. I say Amen to that; they are absolutely right.

But their critique goes beyond the current economic turmoil and is really aimed at the value system in our society. For we have indeed, sir, produced a survival of the fittest society. Our way of life is geared to those who can keep up with the economic system, which demands relentless growth for success. Public policies, well intentioned though they may be, legislate for the healthy of the economic system and then hopes someone takes care of the casualties.

Who are these casualties? The chronically unemployed, the unskilled, the poorly educated, the minority groups of Indians, Metis and Inuit, the disadvantaged, infirm, aged, one-parent families and inhabitants of depressed areas. All of this, sir, has been labelled by the Senate report on poverty, headed by Senator Croll some years ago, as an ugly subculture within Canadian society.

So it is not only the Bishops who are questioning the morality of the theory in which the poor are supposed to be better off when the rich get richer. The Senate report declared that "there is a call to conscience in this land of ours. No matter how we redistribute income, whether by taxation, fiscal arrangements, capital gains, transfer payments or tariffs, in a very short time the same people end up with all the marbles".

That, sir, is but one illustration of serious critiques offered about our society by people who are serious social analysts. Now, I say to the Parliamentary Secretary that he played on

dangerous ground this afternoon, and the Government allowed him to do so. I gave him the opportunity to say whether or not he believed the Bishops' critique was tinged with Marxism. I say clearly and emphatically that it is not a Marxist critique; it is one that many social analysts are offering about our society today.

The Parliamentary Secretary put his own Minister in a difficult position in trying to get him off the hook. I believe that to charge the Bishops with a Marxist analysis in what they have said is to reveal a bias for unfettered individualism. If we are going to have a society where the benefits can be applied to the common good, then we will have to put in place not just what the Bishops are saying but what it represents with regard to the church's teachings for at least 100 years.

What the Bishops said in their critique is not essentially new. They get headlines for the manner in which they said it, but the teachings go back to the first social encyclicals of the church, *Rerum Novarum* in 1890, *Quadragesimo Anno* some 40 years later, culminating in the most important encyclical of church teachings in modern times, *Pacem in Terris*, published by Pope John XXIII about 1958. This sets out, not in just a critique but in capsule form, the values which must be put into place and protected by public policy.

• (1550)

This afternoon I want to put on the record the values of *Pacem in Terris*, which is the antecedent of the Bishops' statement which we are debating this afternoon. It lists a series of human rights as follows:

> Every human being is a person, every person has the right to life, to bodily integrity, to food, clothing, shelter, rest, medical care and social services, to security in case of sickness, inability to work, widowhood, old age, unemployment or deprival otherwise of the means of subsistance through no fault of his own. Every one has the right to respect for his person, to his good reputation, the right to freedom in searching for truth and in expressing and communicating his opinions, the right to be informed truthfully about public events, the right to share in the benefits of culture. Everyone has the right to a basic education and to suitable technical and professional training, the right to free initiative in the economic field and the right to work under good working conditions with a proper, just and sufficient wage. Finally, everyone has a right to private property with its accompanying social duties, the rights of residence and freedom of movement, of membership in the human family and the world communities.

That is the end of that quotation from that encyclical, against which we must test public policies to see how good we are at fulfilling those rights and, of course, we can very clearly see, on the whole question of economic justice and benefits, that in putting so many people into unemployment, they have been deprived of basic rights.

This quotation, which is at the heart of *Pacem in Terris*, found its way into what I would describe as the centrepiece of the Church's teaching on social justice, which is found in the "Constitution of the Church in the Modern World", which was one of the final documents passed at the second Vatican Council in 1965. In there we find, not a manifesto of specific answers to each of the world's ills, but, rather, a pastoral message that the church should put its ideas and values at the service of the human family. It is that approach which has won a sizeable following in the number of international seminars and so on which have examined what the Church taught in terms of formulating a social teaching which is applicable to the modern world.

We see, in paragraphs 63 to 72 of the "Constitution of the Church in the Modern World", dealing with the socio-economic life, that the dignity of the human person is emphasized. It is stated: "For man is the source, the centre and the purpose of all economic and social life". The council declared that human labour must always be seen in its true dignity and that workers must never be treated as mere automata in the organization of a complex, productive process. What I would like the House to note is that the council stopped short of detailing what economic or political measures should be used to implement this teaching. Having kept the focus sharply on analysis and principles, the council did not impose specific measures which will always vary according to time and place.

We come to the second part of the Canadian Bishops' statement that we are debating here, for we see that they have plunged into specifics and, indeed, controversy. The Bishops wanted to be heard but, in so doing, they have diminished the acceptance of their valuable critique by risking the charge that they have entered into areas in which their competence as economists may provide some hindrance for them.

I just want to touch briefly on three of the areas. Indeed, the drafter of the NDP motion speaks specifically, not only in complimenting the Bishops for their sound economic advice, but also in speaking of the adoption of the specific recommendations which are contained within the Bishops' statement. I think that the authors of the Canadian Bishops' statement may be a little nervous at having realized that what they have put forth is being treated as being specific recommendations. However, I will leave that aside, for they did touch on three areas which are of some concern to me, which is why I am unable to give a full backing to the document, as much as I am in favour of the moral teaching, the critique and analysis of where we are as an inspiration for what we ought to be doing to repair the damage done to human beings.

The first area that I mentioned is the way in which they recommended the new forms of taxes on investment income. The Bishops have mentioned this and even advocated it. I feel, as I am sure many Hon. Members of the House do, that the creation of permanent jobs, which is at the heart of the Bishops' message, depends on massive investments which should not be impeded by more taxation. I believe that it is the taxation system of the country which has acted as an impediment to facilitating more and more investment which is at the heart of the creation of long-range, permanent jobs. That is a great debatable point.

I recognize that my friends in the NDP may not be in total agreement with what I have just said. Perhaps that is the point, that when we come into the House of Commons we are prepared to debate these various questions. However, I have some nervousness that the Bishops, putting out gospel values as they do in their critique, move immediately into a situation in which they are recommending higher forms of investment income.

Similarly, the Bishops' statement decries megaprojects, saying that they are not in favour of megaprojects. By that they mean large-scale nuclear plants, pipelines and hydro-electric projects. They say these are undesirable economic strategies. I am not so sure about that. I think the case can be made that what the country needs most at the moment is a huge massive project. I am thinking in terms of the CPR transcontinental railway, the Seaway or gas pipelines in the north. Those structures have a tremendous ripple effect throughout our whole economy, not just in the very areas where they are being built, for we know that the pipelines which have been contemplated and have gone down the drain, so to speak, would have produced enormous numbers of jobs right here in the heartland of Canada, in the industrial plants of Ontario. Therefore, I am not so sure that megaprojects are not an answer to the question of permanent jobs.

Similarly, the Bishops scorn the conversion to high-tech industries. I think that we are moving into a whole new modern era in which high-tech industries will be extremely important, and that if Canada fails to move ahead in micro-electronics and petrochemicals, we will forfeit trading gains to the fierce international competition which we face here in this country.

I do not want to be too critical of the Bishops for putting out their ideas. However, I am a little bit nervous about the NDP taking those recommendations and making them their own or, vice versa, that we are confronted with a motion which urges the adoption of the specific recommendations of the Bishops. I have just cited three to which many Hon. Members of the House and I would be unable to give assent.

It is precisely because I want the Bishops' critique and their moral teaching to be heard, and I want it to be unfettered by argumentation over their specifics, that I wish the Bishops would continue to put out their teaching and their stand, but that they would do it in such a way that they challenge Hon. Members of the House from all sides to respond to the moral imperatives which the Bishops have a perfect right to be teaching. I rather think that if future statements of the Bishops followed the lead given by the "Constitution of the Chuch in the Modern World" and the encyclicals going back over the past 100 years, giving us pastoral teaching and allowing the specifics to be debated, determining, by a judgment of the political process, what is best at a given time in a given place, the universality and the timeless nature of the teachings of the church would then be enhanced and protected.

• (1600)

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I personally welcome the statement from the Bishops. In my opinion it was right and proper for them to make a comment to us in the Government. I thought they had that right as citizens and I believe they have that mandate as a church.

My personal tradition is in an activist Protestant Christian belief. I am from the United Church and at one time I thought seriously about becoming a clergyman in that church. I was drawn to the church, as I am to politics, by the opportunity to comment on my society and to work towards its improvement. I think that the same motives have clearly driven the Bishops in this instance. I suggest that it is the duty of the church to speak on the human condition. The Bishops have done so in this paper.

We clearly heard the statements from the Member for Edmonton South (Mr. Roche) when I believe he quite properly quoted from documents setting out the fundamental ideas on social justice that have spurred the Bishops to go on and talk about our economy and our experiences in Canada.

Last week I personally met with one of the Bishops on a panel discussion, which turned out to be a debate although I did not see it as one. However, the audience saw it as so and their questions were posed as if it were a debate. The Bishop on that panel spoke about the moral values reflected in this statement. I talked about the specific steps followed by the Government in our recent activities. This led the chairman of the panel, Professor Gilles Paquette, to say that we had followed a classic behaviour in which the clergyman had taken the highroad and the politician had looked at the short run. I think he was right. I do not see those two avenues as contradictory paths to follow.

In fact, when I looked at the Bishops' statement I also recognized its two distinct parts. I heard the moral message in the beginning and, as I have just said, I appalauded it. I also saw the recipes, as Professor Paquette described them last week, behind their proposed cures. Today we have seen that those specific recipes arising from the concern are legitimate topics for debate and discussion. The recipes are areas where people differ. They in fact reflect different points of view, different experiences and different ideologies on the world.

As always, some people will suggest that the recipe writers should get their facts straight or be ready for an argument and debate once they have given their recipes. But that does not detract from the importance of making the statement in the first place. It also does not detract from the importance of the moral message contained in the earlier part of the Bishops' document.

Generally speaking, I have found that the Bishops and politicians have agreed in their moral concerns. Politicians are also here because of their social conscience. I have discovered from working 20 years as an activist and now in the last couple of years as a Member of Parliament that my colleagues from all Parties are spurred by the highest of motives. It is my judgment that this could not be reflected any better than it was recently in Toronto when the church got together with the Government through its NEED Program with $11 million to provide hundreds of jobs for needy people. We witnessed the church dedicate more than $4.5 million and be matched with funds from political sources, the Ontario and Canadian Governments. It was an example of everyone coming together to try to create an answer to a very pressing problem. I believe this is the common ground between Government action and the Bishops' concern as indicated in their statement. We have

a common concern and we saw in that example a social program that attempted to cure a demonstrable social ill.

As I have said, I believe that my colleagues in the NDP and the Conservative Party as well as my colleagues in the Liberal Party are in the overwhelming majority spurred on by the same imperative to improve our country and follow our own conscience in serving our fellow citizens.

During this recession we have seen the Government act out of these concerns. We have seen four practical steps followed which reflect the moral concern about the recession felt by Members on this side. First, I think we have indicated quite rightly that there are fundamental illnesses in our economy which must be cured. We could not act without addressing those basic facts and saying to the people, for example, that inflation has weakened our country. We could either provide some rubber patches to a leaky tire and attempt to restore the economy in a haphazard fashion, or we could address the very illness itself. I think it is imperative that we address the illness and cure it. That is what we have said should be the first step.

Second, we have said that we all must bear the burden during difficult times. We have not attempted to hide the fact that there are no magic answers during tough times. There is only hard work to get out of it. We have said that those who have the capacity should help get all of society out of trouble. We have been very clear on that issue.

Third, we have said that we will take the limited resources which we do have and direct them to the people who are most in need. While the vast majority will be asked to use their own resources, those who are most in trouble will receive help where they most need it.

Finally, we have said that it is acceptable, especially during tough times, to use the communities' resources and the Government's spending power to pull the whole country and specific people out of trouble.

I think that these four principles recognize that our country is part of the world and cannot exist in isolation no matter how hard we may want to try. It is not reasonable to try to isolate ourselves from events happening around the world.

We have seen this in my own riding in which there is a company called McDonnell Douglas. I am told that they have one of the most sophisticated machine shops for making aircraft in the world. They make the wings for DC-9s and DC-10s. During the past couple of years airlines have not been purchasing DC-9s or DC-10s and the only choice for the company was to stockpile the wings, which would not be reasonable, or to seek out new orders and aggressively rebuild. The company chose the latter course and DC-9s and DC-10s are being built again today. It would not have been reasonable for the company to fill warehouses full of DC-9 wings out of some misguided principle that we are an isolated autonomy.

Some of our hon. friends from British Columbia are in the House. They have seen the same impact on the lumber industry as a result of the decline in the American housing market. Our colleagues in Ontario and Quebec know the same impact has hit the mining industry and they know of the experiences we have had in cities like Sudbury. We export and we trade abroad. We are open and subject to these forces that come in on us from the outside world. This is our greatest strength and it would be necessary for us to protect our trading openness, not to close it during times of economic difficulty. We do not want to close our borders. We do not want a magic solution that would tighten up our economy. We want to make sure that the whole world keeps trade as open as possible so that we can deal outward into that world for our own good.

• (1610)

I think the approach the Government is taking recognizes that our fundamental economic trouble can be solved by common effort. We can get our house in order and when the problems in the outside world are solved we will be ready to take advantage. That was the thrust of our six and five program.

Mr. Riis: And two million people out of work.

Mr. Fisher: The whole point in the six and five program was that the Government could provide an example, but that Government action alone would not be enough. We would need other Governments at the provincial level, businesses, labour and co-operatives to join in with us—

Mr. Riis: And the old and the sick and the young.

Mr. Fisher: —and they did. People across the country gave us support. That is why that effort has been a success. Just as we said to people that each person must try to make a contribution, in the same way we said that our economic woes could be solved to a great extent by pulling together. We did not leave the great majority of people abandoned. Instead we tried to provide a focus, a target, for some co-operative effort which the majority could undertake.

As I mentioned earlier, we did not walk away from the victims of the worst impact of the recession. We tried to zero in specific help for these people.

Mr. Riis: By reducing pensions.

Mr. Fisher: That is why this Government has never had an apology for short-term job creation. We have never apologized for that. In fact, we are proud of our record. People who have short-term difficulty need short-term help. We do not believe that is make-work. We believe that is legitimate economic assistance for people who need that help the most. I am proud of the record of short-term jobs for students in the summer time, a record reflected in the NEED Program—

Mr. Riis: What about full-time jobs?

Mr. Fisher: —and a record that is reflected in the Canada Community Development Program. All of these efforts are reaching out in a short-term way and extending financial assistance, and are a worthwhile effort for people who need both for a short while.

We can find other examples. We reached out to home owners in trouble through the mortgage renewal plan. We reached out to businesses in the worst circumstances—

Mr. Riis: How?

Mr. Fisher: —through the Small Business Development Bond.

Mr. Riis: That is not available.

Mr. Fisher: And we reached out to big businesses like Chrysler and Massey-Ferguson because their impact was so significant for the whole economy. We have no apologies for helping big or small business when the whole country prospers as a result. Not only do the workers prosper but so do small businesses, other businesses, individual operators and communities who rely on these large operations as well as small ones. We reached out to the farmers last June through the $400 million addition that we put into the Farm Credit Corporation.

We have seen this Government reach out to those most in need while we asked others to try to use their own resources to make do. This has been the area of the greatest dispute. Has the Government been able to do enough? Should the Government do more? Has the Government been spending too much? Should the Government spend less? These are the questions where the heart of the political debate on the recession has taken place. I welcome suggestions that would make us a more effective administrator of all of these programs.

Finally, as we have seen in this House, the Government has used communities' resources to stimulate the economy when no one else was prepared to do that. I am speaking about our spending. Can you imagine the situation, Mr. Speaker, if we had followed the advice from some quarters and cut back our spending?

Mr. Riis: What quarters?

Mr. Fisher: What quarters, our friend asks. I will keep the debate non-partisan.

Some Hon. Members: Oh, oh!

Mr. Fisher: I think if we had instead not increased our deficit, if we had not continued our spending and if we had not been concerned about our social programs, our economy would have been even flatter had we followed the advice of those who said our deficit was too high. Instead we used the deficit. The deficit, or Government spending, is a synonym for community resources and for Canada's resources. We used Canada's resources as a way to cushion those people about whom we have just spoken and who are most in need. We used those resources to spread out the hard times through time, to borrow against the time when the recovery comes and prosperity is returned. We borrowed from those more prosperous future times in order to give ourselves a bit of leeway and provide a bit of stimulus to our economy today.

Those are the actions the Government has taken in response to some pretty tough economic times. I think they arise out of the same sense of moral concern reflected in the early part of the Bishops' statement. I think we should welcome those statements. We need more of them, not only from the Bishops who have given us a moral imperative, but we also need lots of this kind of feedback from business people who can give us a very practical kind of recipe for our behaviour. We need to hear constantly and regularly from labour and co-operatives who can tell us very often, in as sophisticated a way as we can invent for ourselves, what we need to do to repair our economy.

Mr. Riis: But will you listen?

Mr. Fisher: I welcome these statements from the Bishops, Mr. Speaker. I hope the Bishops in turn will take the time to study what the Government has done. They will see that our focus has been, as they urge the creation of jobs and the opportunities for individuals, that we have tried to share our national wealth so as to create a safety net for those most in need. They will see if they look at what we have done over the past few years that we have tried to get to the basic motivators in our economy, to business and the private sector, and to give that part of our economy as much of a boost as we can.

Finally, they will see that we have tried constantly to bring our economy into our own hands and control so that it will indeed be our own national Canadian economy. Those are courses the Bishops urge us to follow. I think we have done much of that very, very proudly in very difficult times.

Mr. Deputy Speaker: Are there Hon. Members rising to ask questions?

Mr. Baker (Nepean-Carleton): Mr. Speaker, I have a question to put to the Hon. Member. I regret having to do it. He said that he was proud of the record in very difficult times. Is he telling the House that he is proud of the unemployment record in the country? Is he telling the country by his statement in the House today that he is proud of the fact that, notwithstanding the Government's efforts, there are still so many people unemployed and there is still such misery? Is he telling the House he is proud of the fact that a young person from my constituency who came to see me today said that she wanted her Member of Parliament to meet the most highly educated welfare recipient in the City of Nepean? Is he proud of that kind of situation? I would think the Hon. Member would regret saying that the Government has done its best. The Government has failed. Is that not a more honest face to put on the situation today?

Mr. Fisher: Mr. Speaker, our good friend from Nepean-Carleton (Mr. Baker) said at the beginning of his statement he regretted having to ask the question. After hearing his question, I can understand why. Of course not. I do not think there is a politician alive who would undertake any action which would deliberately lead to the kinds of conditions the Hon. Member has described.

• (1620)

Indeed, it has been the motive on this side of the House to attack those conditions in two ways, as I tried to point out in my comments: first, to create jobs, long-term or short-term, but to create jobs needed to satisfy those conditions; second, when that has not been possible, to provide to people through the Unemployment Insurance Commission, the NEED Program, the Canada Assistance Program and all the other efforts which we undertake some short-term financial relief, in the form of social payments for which people have the right, and job opportunities in the form of short-term efforts such as Summer Canada for students, the NEED Program for people whose Unemployment Insurance benefits have ended, or community development projects for targeted groups. I do not think our record is one to back away from. Those have been our efforts to provide support for people in greatest need and to provide cures immediately and in the long term. Equally, we are spurred into that because of our dislike of and horror at the circumstances of people who are unemployed.

Mr. Baker (Nepean-Carleton): Mr. Speaker, I just want to comment, as I may under the rules. The Member has really asked a question. I asked him whether or not he was proud of the results of the efforts and his answer was no. However, he said that he was proud of the efforts of the Government. I am not suggesting at all that the Government has made no effort. I am saying that the efforts have apparently been inadequate. I join with the Member in waiting until next Tuesday evening to see the adequacy of the measures brought forward by the Government in power to meet the very problems which he has outlined so eloquently. I believe there is a great responsibility on the Minister of Finance (Mr. Lalonde) to deal with those problems next week. I just wanted to ensure my hon. friend understood the thrust of my remarks.

Mr. Fisher: Mr. Speaker, about three-quarters of the way through my speech I said that the practical details of any Government program will be the ones that provoke debate. We have just seen an example of that. Again I underline that I am pleased to see that 50 years of effort to build up a safety net by all kinds of Government, Tory and Liberal, has in fact provided at least a very high floor for people to rely on.

It is not a satisfactory position to be collecting Unemployment Insurance or to be receiving social assistance payments, but equally those are payments and support to which people are entitled. It is their right as Canadians to know that bad economic times will not destroy them personally. They are entitled to that. I am only saying now that I am proud of our record as a Government in creating a safety net for those unemployed people to whom the Hon. Member referred.

I am equally proud of our short-term job creation record and of our efforts to cure the long-term problem. Those cures are not there yet, I agree. The recovery is still coming, I agree. But at the same time the Government has provided some leadership and has tried to provide those cures.

Mr. Riis: Mr. Speaker, I have a couple of short questions for the Hon. Member. He outlined a variety of reasons for being proud of the efforts of the Government to reduce the unemployment rate. If one looks at the record, month after month one finds that the figures keep rising and there are more and more unemployed. We are now up to the officially adjusted limit of 1.6 million and climbing. There will be 900,000 young people coming on to the job market in the next ten weeks, seeking work in a very competitive environment. Those figures will rise even higher.

Other countries have virtually declared states of emergency because their figures have increased to around the 3 per cent range. They considered it a calamity or an emergency requiring extraordinary measures, not little job creation programs. Why has his Government not taken the same position when our figures are four times higher than the figures of these countries?

Mr. Fisher: Which country is less than 3 per cent?

Mr. Riis: Japan, for example, with 2.7 per cent. They declared virtually a state of emergency. Why did not Canada?

Mr. Fisher: Mr. Speaker, I believe the efforts undertaken by the Government indicate very clearly that we consider it an emergency and that in fact we have tried to cure the problem of these people. The Hon. Member keeps referring to little work programs and so on. I am sorry to say that I object to that. I believe that when unemployment around the world is at the 35 million figure, when our economy, which is an open trading economy, is limited by the weakness of our trading partners, and when our own internal economic forces are on the mend, then we take short-term measures to help people through the worst of the trouble. I do not object to that process. In fact, it seems better to offer people worth-while program such as NEED jobs, as the Catholic church in Toronto and the Government of Canada together have done. That is better than just giving people income because they can be proud of the efforts they contributed to society in the short term. I do not think there is anything wrong with short-term jobs. When people need help, they will take it one day at a time. They will not, as the Hon. Member does, call it short-term, little programs and so on.

Mr. Thomson: Mr. Speaker, I have just a quick question concerning the pride of the Hon. Member in job creation. Could he explain how many jobs the National Energy Program created for Canadians and how many jobs were created by the acquisition by Petro-Canada of BP and Petrofina?

Mr. Fisher: I am sorry, Mr. Speaker, but I do not have specific figures to give the Hon. Member. At the same time let me indicate that I would not think either the National Energy Program or those two acquisitions weakened our economy, unlike the dogmatic response we always get from that Hon. Member.

Mr. Waddell: Mr. Speaker, do I have time to ask a question?

Mr. Deputy Speaker: The period provided for questions is within half a minute of expiring. The Hon. Member for Calgary South (Mr. Thomson) is seeking the floor to ask a supplementary question.

Mr. Thomson: I want to ask just a quick supplementary question. I did not ask in my question for the precise number of jobs created. I just thought the Hon. Member might have the courtesy to say that unfortunately the National Energy Program deprived 27,000 Canadians of jobs, which is the truth.

Mr. Fisher: Where did you get that figure?

Mr. Thomson: It is published information from the Independent Petroleum Association. It was independently arrived at. Surely to goodness the Hon. Member cannot stand in the House—

Mr. Deputy Speaker: I hesitate to interrupt the Hon. Member but the period of questions has expired. The Hon. Member for Vancouver-Kingsway (Mr. Waddell) on debate.

Mr. Fisher: Mr. Speaker, I rise on a point of order. Do I not have a chance to reply to that diatribe?

Mr. Deputy Speaker: The Chair has recognized the Hon. Member for Vancouver-Kingsway for the purpose of making a speech.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I must say that I have enjoyed this debate today. I hesitate to say this because I will restrict some speakers, but I especially enjoyed the comments of the Hon. Parliamentary Secretary to the Minister of Industry, Trade and Commerce (Mr. Maltais), the Liberal Member who last spoke, as well as those of Members on this side of the House, especially the Hon. Member for Peace River (Mr. Cooper) and the Hon. Member for Edmonton South (Mr. Roche) who I understand wrote a book with Bishop De Roo. I think they all made very good contributions. It was clear to me, as it was probably clear to people watching this debate, that the Government feels very uneasy with this resolution and with the statement of the Bishops.

When we look at their statement, the Bishops are really saying that Liberalism can no longer deliver for the Canadian people. I can understand how the Government would be upset about that. We must find a whole new system both of distributing wealth in the country and occupying idle hands, the great tragedy at present in Canada.

• (1630)

That is what the Bishops said. It is what the Bishops were really talking about. It is the same message that we as Members of Parliament are getting from this country. I see the kind, scholarly and professorial Minister who tells me that there are no answers and that no consistent industrial strategy is possible.

I agreed to a certain extent. It is like when George Bernard Shaw said the golden rule is that there are no golden rules. Maybe there are no final answers. However, you can give people hope. There is the possibility of getting on the new wave and giving the country some direction. That is why the Prime Minister (Mr. Trudeau) must go, and go soon. He is not prepared, nor is his Government, to give the country any solid direction. The country understands that and feels that way. We all get that message in our ridings.

The Government tell us to wait, the recovery is on the way, it is just around the corner. I ask the Government where that recovery is because there is no recovery in the life of this country. Maybe those playing the stock market, the bankers and the statisticians will barely notice it, but there is no recovery for the average man and woman in this country. I have just completed a tour of southern Ontario, the industrial heartland of this country. I asked the people whether the recovery was there. I kept getting the same answer: No, the recovery is not here. We have to pause and examine it.

What is the reaction of the Government to the Bishops? In one of my questions I stated that the Bishops' statement was inevitable. When you squeeze people out of work, including 25 per cent of our young people, you get some response. The Bishops' report is just the first response that this Government will get.

The first response of the Government was that the Bishops' report was tinged with Marxism. I believe that is what the Member said. You do not need to be a Marxist to have doubts about profits. Listen to this:

> Manufacturers complain much of the bad effects of high wages and raising the price and thereby lessening the sale of their goods both at home and abroad. They say nothing about the bad effects of high profits. They are silent with regard to the pernicious effects of their own games. They complain only of those of other people.

A Bishop? No. As a matter of fact, it was Adam Smith, the father of capitalist economics, who said that. You can be critical of a system and not necessarily be a Marxist. If the Government had any sense, it would understand that.

The second reaction from Government Members as reflected in one of their speeches was to tell the Bishops in essence to butt out, to leave politics to us and stick to religion. I sincerely hope, trust and believe the Bishops have had a lot more success with their religion than this Government has had with reference to its political economics.

The Bishops have struck a responsive chord in this country. They have told us that the Government is out of touch. The Minister spoke about not having a consistent industrial strategy. That is for sure. The Government has zigged and zagged all over the place. It told us it had an industrial strategy. It did not say it was a shifting one but a solid one, a job spin-off from megaprojects. That was the industrial strategy. When the megaprojects failed, the industrial strategy failed and there has been nothing to replace it.

Even future Liberal leaders are not giving us any hope. I refer to John Turner and Donald Macdonald. When John Turner left this Government, he quickly aligned himself with

the people who control our economy. He is or was on the board of the Canadian Fund, the Canadian Investment Fund, Canadian Pacific, Credit Foncier, MacMillan Bloedel, Marathon Realties, Bechtel and so on. What is he offering the country? It seems there is nothing there in the new Liberalism.

Donald Macdonald, who is or was on the board of McDonnell Douglas, Shell and Dupont, is getting $800 a day to bribe the economy. The people in Vancouver-Kingsway are damn mad about that. They see this big shot getting all this money while they have to suffer and bear the burden of unemployment—and there is a lot of unemployment in British Columbia, especially in the forest industry.

What are we getting from the Government? We are not getting any policy. We do not seem to have any true direction. We are asked to wait and see and hope that we will get out of the recession. It is the Tinker Bell mentality. Like Tinker Bell, if you wish hard enough, you will fly and you can then fly out of the recession.

The Bishops raised another point that I want to touch upon, and that is distribution of income. The Economic Council of Canada said the gap between the most and least affluent is growing. Between 1970 and 1977 the wealthiest Canadians saw their wealth increase by 3.5 per cent and their debts go down by 6 per cent. The neediest, on the other hand, saw their wealth shrink by 13 per cent and their debt jump by 32 per cent. The combination of high interest rates and high unemployment that has marked the 1980s threatens to accentuate that disparity. In other words, the situation will get worse. There will be a further distribution of income. That is what the Bishops were talking about.

Other people in response to the Bishops, notably Canada's most powerful lobby, the Business Council on National Interest, simply avoided the fact that the Bishops pointed out that 20 per cent of Canadians are getting 42.5 per cent of the income. The Business Council and the Conservative Party have taken a rather simple world view, and it is this. They see the world as still a simple place where inflation is the main cause of unemployment. To cure the recession, inflation must fall. Then interest rates will follow and people will spend and business will invest. Growth will return and jobs will be created. In a nutshell, that is basically the Conservative policy.

It would be nice to have a world so easily manipulated, but there are real concerns that we are losing jobs that will never return. The Bishops spoke about the rapid movement of capital from one country to another. They said, and I quote:

> —the tendency to treat people as an impersonal force having little or no significance beyond their economic purpose in the system.

You may not want to accept what the Bishops say, Mr. Speaker, but it is clear that the Bishops are right on. Canada's economy is in a crisis. You see evidence of that crisis when you talk to people across this country.

I want to talk a bit about my trip to the industrial heartland of Ontario. I think it focuses some of the issues. I want to predict what we will see in the future as a result of some of the things I have learned. I met with a group of unemployed workers in Welland. With a little help from the union but not much help from anybody else, they formed their own group. This was the first of seven of those groups that I met. It was, if you like, organically formed. I want to tell what they said to me, and I will use their words. They said: "Mr. Waddell, at first we felt being unemployed was like a cancer. You do not want to say that you have the cancer. You do not want to say that you are a bum. We are not bums. We are well educated." I met people in unemployment groups who had finished high school, gone to community college and been retrained. I actually met a fellow who had been retrained twice.

When I attended university in the early sixties, I had Professor Marshall McLuhan, a notable professor. I remember him telling the class that people will have to be retrained three, four, five or six times in their life. I never believed that, but I saw it with my own eyes in Welland and St. Catharines. Can you believe that in modern Canada I saw a soup kitchen in a church in Welland? I met with the Welland Council and the Thorold Council and the Hamilton Council, the St. Catharines group, the Niagara group, the Windsor group, and I will tell you what they told me about the Government's economic program. They told me these NEED Programs do not work, that they are temporary programs, that they make no sense. In Windsor they were counting dogs: that was one of the programs. In another case they were cleaning brush in St. Catharines. They said that there are jobs to be done, there are bridges to be built, there are sewers to construct, there are traffic lights to be fixed, and so on. Forget this bureaucracy and give the money to the municipalities to hire contractors and pay decent wages to create proper jobs.

• (1640)

NEED has created 60,000 jobs. We are going to have a million people go off the Unemployment Insurance rolls in the next year. With 13 or 14 per cent unemployment I have my doubts whether our UIC and welfare systems can survive in the next year. It is that much of a crisis in the country.

I met with the municipal Councils of Welland and Thorold and I asked their civil servants and staff if they could provide me a list of the industries in their area. They provided a list of all the little manufacturing plants. I found that they all had dropped about 20 to 25 per cent in the last year, that many of them are foreign owned and the money is being drained out of the country. I will give an example of a company in Thorold, Ontario Paper, that had closed down and was re-tooling. When they finished re-tooling, getting into high-tech, they did not bring back their full shift, so people were laid off. Consistently in every company as you go through the list there is a 20 to 25 per cent reduction.

I met with some fruit growers there, a small business. They said: "We are no longer canning things here; we used to can fruits, ands so on, but we no longer do that". I had breakfast in the Holiday Inn and I had some apricot jam as I looked out at

the apricot trees. The jam I had was canned in Salinas, California, and it was labelled in Spanish and Japanese. Industries are moving rapidly out of Canada. We have a crisis here.

I met with the Unemployed Action Alliance in Niagara Falls, and I predict that we are going to see a much more militant group. I will tell you how bad it is. I met with a minister in Windsor and he said that the teacher told his eldest son: "It's too bad, boy, that you were born when you were born". And the boy came home and said to his father: "My young brother, was he born at a better time?" I mean, that is a real tragedy. We have youths sitting at home because they cannot get a job. They cannot get Unemployment Insurance. They cannot get welfare. They are at the charity of their families. You know what it is like if you have a post-teenager, early twenties, sitting around home. He or she should not be sitting around home but should be out on their own.

I kept running into all those difficulties. I cannot go into the full details but maybe I can summarize a little. The Mayor's committee on unemployment in Hamilton has good people, Liberals, Conservatives, New Democrats, people of all stripes trying to face this thing. They are telling us that we have got to have co-operation, and I agree with some of the Members who said that. When I met with the Mayor's committee, we had delegations there. Again they told me there is no economic upturn. They told me they were losing jobs. They asked about "Buy Canadian" policies, and what can we do about that. They asked about dumping of foreign goods and so on, and that is only natural.

They talked about some other things, too. They talked about a shorter work week. We have got to face that. We faced it before when we went from a 60-hour week to a 40-hour week. We have to face it in terms of perhaps getting more money to the people if they are only going to work three days a week. They talked about early retirement and maybe we have to go into that in a much bigger way. After all, there are some people that have their houses paid for while there are young families who have a house and a mortgage and the breadwinner is unemployed.

Let me tell the Liberal Government that this is not just the bottom of society, what Marx would call the *lumpen-proletariat*; this is the middle class now that is unemployed. This is going to have serious political repercussions for the Government.

We talked about retraining. We have to look at our retraining system again. We have to look at our Government sourcing systems again. In short, we have a national work crisis in Canada. It is there and we have to deal with it. It is hurting labour.

In Windsor, after the settlement with the auto workers, Chrysler has literally been taking all the jobs out of Windsor and sending them back to the United States. They are going to devastate Windsor. They are taking away all the parts jobs and now all we do is construct cars in Canada. We have to face that.

We have to face technological change. It is going to affect women in the workplace, women in offices. We are going to have the new technological office. Instead of hiring another secretary, my former law partners are probably going to have a machine when they expand. What are we going to do with these people? This is the kind of thing that the Catholic Bishops were getting at.

The Catholic Bishops talked about a different society and perhaps I can conclude by saying something about that. I want to refer to some remarks the Hon. Member for Peace River (Mr. Cooper) made, and I am speaking for myself here. I do not believe in big Government either. I think unions have their role in Government but we do not have to be totally subservient to the big unions either. We need economic democracy in this country. We need to focus, I might say with respect to the Hon. Member for Edmonton South, not on the megaprojects. We have $1 billion spent on northeast coal in British Columbia. It is costing about $1 million per job. We should be looking at a community model, at a local model which people can relate to. The Hon. Member can understand that.

For example, co-ops can be producing food locally. There are local energy producers; there are all kinds of things we have not thought of. We should be looking at the "small is beautiful" philosophy. We should be trying to give people power. Crown corporations are the reason I raised the question today in the House of Commons about the Challenger matter.

I started my political career by challenging B.C. Hydro in Vancouver to try to give people some power in running that vast corporation. We should be speaking about decentralizing the Government, not centralist economic issues. We should be getting into health issues. We should be dealing with co-ops and housing. We can do much more in housing. There is a position for unions. Unions should co-operate with Government and with business. These are all the things that we are saying.

What the Bishops are getting at, as I said, is that Liberalism in the sense of large Ottawa Liberalism—I do not use that for the riding or the area, I use it in terms of the kind of zigzagging economic planning that we have had—is dead. It is finished. Whether you are on the right or whether you are on the left, as I am, you have to look at a whole new society.

Let me conclude by saying that what the Bishops said is really not new. Canadian poets and writers have said it. F. R. Scott is a good example. We as a Party in the NDP have said this for years. Frank Scott wrote a poem entitled "Laurentide". He said that Canada is a large country, silent, awaiting the struggle. Well, the struggle has come. The new era in economics has come and if we do not grasp it with an industrial strategy, then we are going to have a permanent unemployment rate of 15 or 20 per cent. As the bishops have said that will be a human tragedy.

In conclusion, last December the Bishops called high unemployment in a country of Canada's wealth immoral. We in the NDP agree with that. That is why we brought this resolution forward. What the Bishops have said and what I think we should be thinking of putting into practice is that a right to labour and to economic well-being is just as much a

right as the right to freedom in our Constitution and in our great Charter of Rights—the right to personal, civil, political and legal freedoms. We should also be talking about economic rights.

I want to end my speech on that note and urge Members and the public to look at what the Bishops have said to us as Canadians.

Mr. Roche: Mr. Speaker, I would like to put a question to the Hon. Member. In the final section of his speech, I think he was really getting down to the issue of how to repair damage that has been done. Let us agree that the Bishops are quite right to deplore the immorality of unemployment. But the Hon. Member is advancing the "small is beautiful" thesis as the answer to this immorality.

I want to ask him if he will consider and then agree with me that the world today needs such a tremendous amount of production to meet human need all over the world, such as housing, water, food production, that Canada has a role to play in increasing our productive capacity through mega-systems, high-tech and all the modern industrial processes. Indeed, we have an opportunity to increase productive capacity, to increase the size of the economic pie, if you will, and then to apply more fairly the system of distributive justice. But without a huge increase in the world economic pie, there is not going to be the opportunity to put in distributive justice. There is the argument.

• (1650)

Mr. Waddell: Mr. Speaker, I would caution the Hon. Member not to get carried away, with respect, by the notion of high-tech. He could sound like an Atari Liberal. The present Minister of State for Economic Development (Mr. Johnston) sometimes gets carried away with that. We have a lot of high-tech. Our auto industry is a pretty high-tech industry. I am not sure how we are going to face high-tech. We are facing robotics already. Certainly we should have high-tech. But it is not the full answer. It only employs a small group of people.

A study was done by the Canadian Labour Congress recently of one of the first high-tech communities near the Boston area. It used to be a traditional community and salaries were pretty close together. After the high-tech boom had begun there were a few people who made a lot of money and a heck of a lot of people in the service industries making not as much. And it was not the same community working together with these very different wage levels. So I do not believe that high-tech is the main answer.

I do not believe that megaprojects are the main answer, either. There is an industrial strategy which we put forward based on trying to manufacture some of the raw materials we send out of Canada, working with our strengths—for example, our forestry and mining industry. That is obviously an answer, but it is not the complete answer. I was trying to open up an economic position which would fall in with the Bishops' statement because, to me, their statement really focuses on people. What will make people feel good living in the 1980s and 1990s in Canada? It has to do with some sort of work, but it has to be creative work, and they must have control over their lives in much more of a way than they have now.

Mr. Jack Masters (Thunder Bay-Nipigon): Mr. Speaker, I did not know for certain if I would have the opportunity to speak in this debate this afternoon but I am pleased to do so for a number of reasons, one of which is that one of the authors of the Bishops' statement happens to be my Bishop and I had the opportunity to meet with him for a very meaningful discussion on this subject.

One of the first points His Excellency made is, where did the idea come from in the first place to issue this kind of statement? He said that the Prime Minister (Mr. Trudeau) has asked in these difficult times for more dialogue from all quarters, because from dialogue comes understanding and the opportunity for debate on the way one may proceed in these complicated times. These have been adverse times for many Canadians, but not all. I believe we must keep our perspective on that because, Mr. Speaker, I am sure we all recognize that there are many of us in this country who enjoy a lifestyle that would be the envy of anyone in any other country in the world. However, for some, and for far too many, these are difficult times.

The Bishops are saying, along with the Prime Minister and his Government, that there is now the opportunity not only to look at the short term and to ask how do we get out of current problems—which we all recognize are part of a worldwide dilemma—but how do we, in seeking solutions to the present miseries of the country and of the world, find fundamental changes which will affect the future?

In our conversation, His Excellency and I discussed first of all where some of the problems lie. We are in a very rapidly evolving society. Much has been said about the unemployment figures in Canada and they are deplorable at this point in time. We can explain why this is; it is because of worldwide conditions, lack of consumer confidence, and so on. We forget to remind ourselves that many more jobs have been produced, but at the same time our society has changed dramatically in the past few years. While we were producing more jobs, more people were going into the workplace, and this is part of the fundamental problem at the moment. In the past there was one member of a household earning a living. In that same family group now we have two, three and four members in the workplace. That is wonderful. I do not deny them their right to work, Mr. Speaker. It does mean, however, that these people are now in the work force where ten or 15 years ago they were not, and that produces another dilemma.

His Excellency and I also discussed the fact that we are living in an era where we must have a change of attitude in the business community. It must have a great social conscience. It must think not only in terms of profit, which is the fundamental reason for being in business, the theory being that the profits then serve the rest of society and create more jobs, but also goodwill should not be forgotten.

We also talked about the need for those of us who are earning salaries to be a little more understanding of current

situations. We have the NEED Program and job sharing programs in place, Mr. Speaker, which is part of the short-term solution and part of the bridge to better economic times. They are working but, unfortunately, there are those in society who say: "Wait a minute; I want more money to go into this area to create more jobs. I do not want to share my job ten years from now." We have that kind of thinking to deal with.

I would like to sum up the afternoon's debate by saying it must make the Bishops, and all of us in the country, feel very good to know we can have this kind of dialogue and that it is successful, because the main point of the Bishops' statement was to place on the table for Canadians the opportunity to take a look through fresh eyes at the dilemma we find ourselves in today in this country and around the world. Hopefully, through dialogue, understanding and above all goodwill and honest effort by all of us in society, we will find not only solutions but will set a trend which will carry us into the future with confidence and perhaps help us to evolve into a new society which will serve Canada well.

Mr. Deputy Speaker: Order. It being five o'clock p.m., it is my duty to inform the House that, pursuant to Section (11) of Standing Order 62, proceedings on the motion have expired.

This House stands adjourned until Monday next at 11 o'clock a.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, April 18, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 62—GOVERNMENT COMMITMENTS

Mr. Doug Lewis (Simcoe North) moved:

That this House condemns the Government for its failure to live up to the commitments made in the Speech from the Throne on April 14, 1980, and for its conscious disregard for the practices of Parliament and the Constitution of Canada, and urges the Government to prorogue the current, unconstitutional Session of Parliament, convene a new Session, and outline its policies before Parliament in a Speech from the Throne.

He said: Mr. Speaker, this motion was moved by myself on behalf of the Progressive Conservative Party for the following reasons: first, to point out the Government's abject failure to carry out the program of policies enunciated in the Speech from the Throne; second, to bring before this House a serious question relating to the actions of the Government and its constitutional obligations; third, to point out the importance of the Speech from the Throne in the legislative process; and fourth, to sound a warning as to the dangerous precedents which are being set by this Government.

My colleagues following in the debate will examine the sorry record of the Liberal Government. I wish to begin the debate by examining the circumstances which have brought about our argument that this is an unconstitutional session of Parliament. I would also point out that this is the longest session of Parliament since Parliament began is 1867.

Mr. Smith: The most productive, too.

Mr. Lewis: I then wish to deal with the reasons we feel there should be a new session of Parliament and a new Speech from the Throne.

We have brought this matter to Parliament by way of debate rather than a point of order on the basis that the Speaker would refuse to deal with it because it is a point of law rather than procedure. My procedural argument relates specifically to Section 20 of the British North America Act, which states:

There shall be a session of the Parliament of Canada once at least in every year, so that twelve months shall not intervene between the last sitting of Parliament in one session and its first sitting in the next session.

If my interpretation of that Section is correct, it would appear that this sitting of the House was improperly convened and, indeed, all of the sittings which have been held since the end of 1981 have been unconstitutional. If the sittings of the House have been contrary to the provisions of the Constitution, it follows that the business dealt with by the House during this period is invalid. Section 20 is quite clear. It states that there shall be a session of Parliament at least once in every year.

• (1110)

The term "session" is defined at page 259 of the Nineteenth Edition of Erskine May's Parliamentary Practice as follows:

A session is a period of time between the meeting of a Parliament, whether after a prorogation or a dissolution, and its prorogation.

It is further stated at page 278 that the usual practice in the United Kingdom is for a session to run from October to October.

In Beauchesne's Fifth Edition, Citation 162, a session is defined as follows:

A session is a period of time between the meeting of a Parliament and its prorogation. There are a number of sessions within a Parliament, each lasting approximately one year.

In stipulating that there must be a session of the Parliament of Canada at least once in each year, Section 20 of the BNA Act requires that a new session be entered into each year. There is no stated upper limit on the number of sessions that can take place in a given year, but there is a provision that there must be at least one session of Parliament each year.

If there could be any doubt about the intent of Section 20, it is removed when one considers the second part of the Section which reads:

So that 12 months shall not intervene between the last sitting of Parliament in one session and its first sitting in the next session.

The effect of this portion is to ensure that Parliament will meet at least once every 12 months in a new session. Some may argue that that could be taken to mean that there must be a sitting of the House in each year and that there is no requirement for a new session. If one follows this line of reasoning, it would be argued that the requirements of Section 20 would be met, and that appears to be the line of reasoning that the Government is following in extending the first session of Parliament from April 14, 1980 to the present. We must ask ourselves if this is what was intended when the British North America Act was written.

We researched some of the precedents and writings about that period. We specifically looked at a book written by Joseph Pope entitled "A Series of Hitherto Unpublished Documents Bearing on the British North America Act (1885)". There is a

reference in that book to a motion moved on Thursday, October 20, 1864, by the Hon. Sir John A. Macdonald to establish an annual session, and that motion was passed unanimously. There were certain changes made when it was translated into Section 20 of the British North America Act but there was no doubt, if one reviews the precedents, that the wording of Section 20 was intended to mean that there will be a new session of Parliament each year.

There is no confusion because Section 20 distinguishes between the words "session" and "sitting". By referring to the last sitting of one session and the first sitting of the next session, it is clear that Section 20 did not refer to continual sittings of the same session but that there should be a new session in each year.

If we proceed from there to Section 5 of the Canada Act of 1982, that Section reads as follows:

> There shall be a sitting of Parliament and of each legislature at least once in every 12 months.

I would point out to the House that the Provinces have and are following as closely as possible the practice of having a Speech from the Throne and new sessions on almost an annual basis. In fact, the Province of Ontario will begin a new session today under the Government that was elected in 1982.

Mr. McGrath: Some of them occur twice a year.

Mr. Lewis: As my colleague says, some Provinces have new sessions at least twice a year. Therefore the Provinces are following the intention of the Fathers of Confederation that there shall be annual sessions.

If Section 5 of the Canada Act had applied throughout the first session of this Parliament, there would be no question as to the constitutionality of the present sitting. But we argue that the Canada Act was proclaimed in 1982 and its effect began as at that time. Until the Canada Act was proclaimed Section 20 of the BNA Act was the precedent that should be looked to. Because the first session of the Thirty-Second Parliament lapsed at the end of 1981, this current session is unconstitutional.

• (1115)

Therefore Paliament should be properly summoned to begin a second session because the first session lapsed on December 31, 1981. We are not suggesting that all of that legislation be thrown out. We are suggesting the matter could be referred to a special or a standing joint committee for urgent study, that omnibus legislation giving retroactive effect to the proceedings of Parliament that have occurred since December 31, 1981, could be passed quickly in a new session.

I want now to shift to the reasons we believe it is important for the Government to lay out its policies in a Speech from the Throne. In part, the answer to that question is that it is the most fundamental right of Parliament to insist upon knowing how the public resources ought to be used before granting authority to the Government to tax, to borrow or to spend. It has been the practice of Parliament in the past to require the Government to come before Parliament on an annual basis to lay out its broad program in a Speech from the Throne and, following this, to lay a budget before Parliament as an outline of the Government's specific plans. It should then place legislation before Parliament requesting Parliament to grant its authority to carry out the plans which Parliament has approved.

This Government has continually attempted to erode the rights of Parliament, our rights as Members on behalf of our constituents. Its refusal to begin another session is one more example of that attitude. For the moment, the Government wishes to dispense with Speeches from the Throne and debates in reply to those Speeches.

The next logical step in this assault on Parliament's rights would be to abandon the traditional budget presentation and the debate on the budget. Just as with the Speech from the Throne, the Government could argue that there is no constitutional or legal necessity to have a budget presentation and debate. Indeed, the 1968 rules changes together with the increasing tendency of the Government to rely on what are called economic or financial statements, as it did on October 20, 1977, April 21, 1980 and October 27, 1982, rather than on full-fledged budgets, is an indication that the Government has considered this possibility. We suggest this is a dangerous precedent that should now be laid to rest.

It is important for the Government to lay its programs before Parliament because there is an effort required to compose and debate those policies as part of an overall program which bring consistency and direction to Government policy making. The lack of regular sessions and Speeches from the Throne coincide with an ad hoc system of decision making under which this Government has operated over the past few years. What about its mounting deficits? The Government has failed to come to terms with the broad social and economic problems facing us as a nation. We have to insist on our traditional rights so that those rights of the Canadian people are not lost as this Government totters along.

Last week the Premier of Ontario, Premier William Davis, stated there would be a Speech from the Throne to outline his Government's plans and directions for the next fiscal year. He said, as reported in the *Toronto Star* for April 17, 1983 in an article written by Robert Duffy:

> Preparing this document is something that we look forward to because it gives us an opportunity to step back from the hurly-burly of daily Government and take a longer view of how we can help make Ontario a better place to live.

Mr. Duffy makes the point that the simple truth is that all of the issues facing Queen's Park are immediate, that there is not much room left for long-term planning. We suggest that although that may be the case in Ontario, in Canada there are immediate problems which were not faced in the original three-year-old Speech from the Throne that quite frankly is out of date. The author goes on to say:

• (1120)

> —the ancient parliamentary tradition that lies behind the Speech from the Throne is something that ought to be preserved—if possible. In Britain, which is

where our tradition comes from, it carries some weight as a Government statement by the sovereign.

If the Government were to take that concept and bring in a new Speech from the Throne addressing the problems of today, it would be welcomed by all Canadians.

On Tuesday, April 12, *The Citizen* of Ottawa made the point that Parliament has been sitting since April 14, 1980 without the benefit of a Throne Speech, a sense of Government direction or even a hint that the Government knows what it is doing. It went on to suggest that the nation was ill-served by the Government's unwillingness to clean things up and start with a more or less clean slate.

On Wednesday, April 13, *The Toronto Sun* made the following point again:

Traditionally, each session of Parliament begins with a Throne Speech outlining policies. Throne Speeches are usually made once a year because circumstances change and policies have to adapt them.

On April 14, 1980 the Liberal Government brought down a Speech from the Throne. On that day or in or about that time, unemployment was 7.5 per cent. Today it is running at 12.5 per cent and over two million Canadians are out of work or have simply given up looking for work because the Government has not addressed the problem. Back in 1980 the deficit was $12.7 billion. It is now at $27.2 billion with estimates changing daily. Personal bankruptcies have risen substantially, over 50 per cent in the first two months of 1983 as opposed to the first two months of 1980. Interest rates were at 13.5 per cent in 1980. They rose to an horrendous, crippling mortgage interest rate of 22 per cent. They are now down to 12 per cent and 13 per cent, but the Government has done nothing to ensure on a long-range basis that there will be mortgage interest deductibility or mortgage interest rate protection.

There is no protection at all for business people who suffered the same horrendous climbs in prime interest rates from 10 per cent in 1980 to as high as 21 per cent in 1981. It is down now but there should be a Speech from the Throne to address the current problems facing Canadians. We suggest that we should not be operating on a three-year-old Speech from the Throne.

In conclusion, I reiterate our position with respect to the legality of this session of Parliament. I reiterate our solutions, which are not designed to tie up time but to make everything legal. I urge the Government to reconsider its refusal to prorogue, and to bring in a new Speech from the Throne so that we can take time as representatives of the people to assess Canada's opportunities and problems and come up with new approaches. Also I urge the Government to give the country a new sense of direction and to indicate to the people that it is addressing the problems of the day, not running from hole to hole in the dike plugging a finger in here and a finger in there without any overall plan.

Mr. Nielsen: The Prime Minister has got the finger.

Mr. Lewis: The Government should be like a business reporting to its shareholders, or like an organization reporting to its Members. There should be annual reports and financial statements. The Government should review what happened in the past year. Then, as in every shareholders' meeting or every meeting of members of any organization, it should look forward and state new policies. I urge the Government to stop drifting on old policies and old theories which may have been applicable in 1980 but are certainly not applicable today, and to do that by proroguing and bringing in a new Speech from the Throne to give the country some sense of direction.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: Are Hon. Members rising to ask questions of the Hon. Member for Simcoe North (Mr. Lewis)? If not, the Chair will recognize the President of the Privy Council (Mr. Pinard).

• (1125)

Hon. Yvon Pinard (President of the Privy Council): Mr. Speaker, I first want to comment on the implicit misrepresentation of the constitutional requirement that a session of Parliament be called less than 12 months after the previous session is prorogued. That is included in the motion of my colleague, the spokesman for the Official Opposition on House business. He has quoted from the Constitution Act of 1867, I hope, and not from the British North America Act as he said. The quote is:

There shall be a session of the Parliament of Canada once at least in every year, so that twelve months shall not intervene between the last sitting day of the Parliament in one session and its first sitting day in the next session.

That is what is included in the Constitution Act of 1867 and not in the Canada Act, which was a British Bill. The Section states that there shall be a session in every year without 12 months lapsing in between. That is all it says. It does not say that there shall be a new session ever year without 12 months in between. That is the essence of the argument.

This is the point that has to be made. Nothing in our Constitution says that there must be a new session in every year. That is exactly the point. I submit very respectfully that my hon. friend failed in making the point that we have breached the Constitution of Canada. The fact is that there was a session in 1980, there was a session in 1981, there was a session in 1982 and there is a session in 1983. Even if it is the same session, the law has been fulfilled.

On the occasions when sessions have gone more than one year, there have been good reasons for the Government to prolong the session. Legislative catch-up was a factor in 1966-1967. It was also a factor in 1974, 1975, 1976 and in the present session. Massive legislative reform was a factor in 1970, 1971, 1972 and in the present session. Blind obstruction was a factor in 1964, 1965, 1966, 1967 and in the present session.

It is most interesting that in those previous sessions the Official Opposition had in its ranks such legal and parliamentary giants as John Diefenbaker and Ged Baldwin, and they did not object on constitutional grounds. The fact is that only once in recent years has a Government unnecessarily, albeit constitutionally, delayed meeting Parliament. The head of that

Government was Joe Clark. The delay in 1979 was longer than any since Diefenbaker in 1962.

• (1130)

[*Translation*]

Mr. Speaker, when I heard about the motion moved by the Progressive Conservative Party's official spokesman for the Business of the House, I must admit I was very surprised to find it contained allegations that we not only disregarded the Constitution—which is not the case, as I indicated earlier—but also that we disregarded the practices of Parliament. Coming from a Party that literally laid siege to Parliament for sixteen days by preventing it from operating, this is surprising, to say the least, and I think it does not say much for that Party's credibility.

I would like to use the few moments I am allowed to mention and briefly explain the reasons why this particular session, as many others in the past, as I indicated earlier, has been going on for such a long time for three years, in fact. I think there are three main reasons for this situation. First of all, we must remember that this session followed a period during which we were faced with two elections in less than one year, and during that time, a backlog of legislation had accumulated. To deal with this backlog, it was necessary to use the first several months of this 32nd Parliament to pass the legislation. You will remember that as a result of the two elections in less than a year, a host of procedural problems had to be resolved by the present Government. The House will also remember that the estimates for two fiscal years, almost three, had not been adopted, that the rules regarding the business of supply were no longer being applied, that time allocation provided by the Standing Orders was no longer effective, and that as a result, as Leader of the Government, I had to negotiate with representatives of the Opposition in order to reach a substantial and major agreement by which we could approve the estimates for two fiscal years, straighten out the business of supply and dispose of our legislative backlog. All this has taken a great deal of time, and that is one of the reasons why this session has been unusually long.

A second reason is the nature of the Throne Speech of April 1980. This Throne Speech was so substantial, in that it contained such major reforms in various areas, that it is now quite understandable why it took so long to deal with certain parts of the Throne Speech, and why this has been such a long session. My colleagues will recall the debate on constitutional reform, patriation of the Constitution, the Charter of Rights and Freedoms, the new amending formula that will enable us to amend our own Constitution without asking another country's permission, and the fourth element of our constitutional reform, which enshrines the principle of sharing and equalization, of sharing wealth among the richest and the most deprived regions of our country. Constitutional reform has therefore made demands on the time of the House. It was an unusual proposal that no other Party had ever had the courage to make.

Following the constitutional reform, another major reform, also announced in the same Throne Speech and which concerned the energy problem, was on the agenda. We introduced a National Energy Policy, which also made demands on the time of the House, as Hon. Members will recall, although the Progressive Conservative Party showed a blatant lack of concern on this occasion, when instead of having a sensible debate on this Bill, they prevented Parliament from sitting by letting the bells ring for sixteen days, a childish and irresponsible act. Nevertheless, it was a major reform in the energy field and was also part of the list announced in April 1980.

Another major reform and other measures that were necessary in the circumstances were adopted with respect to the economy. Up to now, we have had three budgets, and all the measures arising from those budgets have of course put demands on the time of the House of Commons, and in view of the urgency of the situation and the specific characteristics of the recession we have been experiencing during the last few months, we are preparing to bring down a fourth budget tomorrow evening. My learned colleague is therefore unrealistic in moving that Parliament be prorogued in order to have a Throne Speech in which the Government would state its major priorities and to have eight days of debate on the Throne Speech, before allowing the Minister of Finance (Mr. Lalonde) to bring down his budget and propose measures to deal with the economic situation, which, in my opinion, requires urgent action.

Thus, Mr. Speaker, during the last three years we have seen major reforms which were announced, with considerable courage, in the same Throne Speech, I am proud to say, which for once in the history of Canada, proposed a host of unprecedented measures which quite naturally met with opposition and placed considerable demands on the time of the House of Commons.

Throughout these major achievements which made history and of which we should all be extremely proud, we managed to have 162 Bills passed by this Parliament. This is above average, considering that in sessions lasting one year, Parliament normally produces about 48 or 50 legislative measures. So in three years, as I just pointed out, 162 Bills were passed, which is above average. When we complain that Parliament is not producing enough, the Opposition retorts: but having said that Parliament has produced more than usual how can you say that Parliament is not producing enough? My answer to that is that Parliament must evolve, and that in a modern society, the demands being made on Parliament are increasing, and that if Parliament is to respond to those demands, it must be flexible enough to adopt the measures that are necessary to cope with the demands on our times. What was an acceptable average ten years ago is no longer acceptable today, so that although compared to previous sessions, we are above average, much

progress remains to be made, if this institution is to reflect the reality of our times, to respond to the demands of modern society, to take on its responsibilities and to govern a State as important and as vast as Canada.

Mr. Speaker, the third reason, after the first and the second—these were the backlog of legislation as a result of two elections in less than a year and the major reforms contained in the speech from the Throne in April 1980 and started and completed by this Government—the third reason, as I said, is the systematic obstruction by a Party that is in the Opposition and that constitutes the official Opposition, a Party that unfortunately has never been able to accept its defeat in the February 1980 election, a fact that, as I said before, has affected its conduct in the House, a Party that, unfortunately, has a shortage of ideas and has no specific, concrete policies to offer the Canadian public, contrary to those proposed by the Government.

I do not think I have to dwell on this aspect of my speech, since Hon. Members may wish to refer to a statement made by the former Leader of the Progressive Conservative Party when before Christmas, in Quebec, and this was quoted in a number of newspapers, he gave a very straightforward answer to a very straightforward question. He was asked: Considering the present recession, what would you do, as Leader of the Progressive Conservative Party and if you were in power, to remedy the situation? What would you do that would be different from what the Liberal Government is doing now? The then leader of the Progressive Conservative Party answered as follows: We would not do anything different. We have no miracle solution. We would not do anything different from what the present Government is doing.

That is one of the reasons why the Official Opposition has no alternative solutions, is not proposing policies and has no ideas. This is not new. It was the same during the debate on the Constitution and on energy legislation. I also recall that during the debate on the Constitution in the House, the Official Opposition was very active, and by active I mean it engaged in dilatory tactics and actions aimed at insulting the Chair and at quite simply delaying the passage of Government proposals. The changes that were made to the Constitution were not proposed by the Progressive Conservative Party. Those amendments were the result of negotiations with the Provincial Premiers and of a ruling made by the Supreme Court of Canada. The only thing Members opposite can say in reply to that argument is: yes, but it was thanks to us if you had discussions with the Premiers, and we kept the House at a standstill for a while to give the Supreme Court an opportunity to render its decision. Well, that is precisely the point I am making: the arguments of the Opposition were strictly technical and it was only by accident that the Progressive Conservatives did contribute quite involuntarily to improve the resolution we had introduced for debate. That is a fact, Mr. Speaker, a fact which proves that the Progressive Conservative Party is a party without new ideas, a party without any policy. The people of Canada know that, and it explains why they chose to filibuster our constructive proposals—they have no alternatives to bring forward.

In the energy policy debate, Mr. Speaker, we introduced a hefty Bill, I agree, but instead of coming up with solutions of their own—

An Hon. Member: It was the Hon. Member for Peterborough (Mr. Domm)—

Mr. Pinard: —no, that proposal did not come from the Hon. Member for Peterborough, it came from the Government. They asked that the Bill be split. We agreed to that, saying that we would sit down, debate the Bill and negotiate, but instead of proposing measures likely to improve our national energy policy, the Opposition was content with hijacking Parliament, assaulting the House and preventing its elected representatives from expressing their views. What a stupid way of voicing objections! In my opinion, an intelligent opposition means speaking, arguing, debating, advocating new ideas. But no, short of ideas the Opposition chose to keep the bells ringing for 16 days. It may be a coincidence, Mr. Speaker, but 16 days is the time it takes to have two throne speech debates. Unfortunately, Members opposite decided to ring the bells, bring Parliament to a standstill, prevent Members from speaking, and particularly free the Official Opposition from its responsibility to make constructive suggestions to improve the energy policy.

That is the second example of the kind of filibuster which the Official Opposition has resorted to so far in this session. This is why I said earlier that I had to smile at the motion by my colleague opposite alleging that we have no regard for the parliamentary institution. How ridiculous! I have just given two major examples of the Official Opposition's action to sabotage systematically the work of the Canadian Parliament and in spite of it, of the government's ability and responsibility in implementing the major reforms it had promised in its throne speech of April 1980, with due regards for Parliament and after intelligent debates.

In addition to what I have already mentioned and all we have accomplished during this historical and important session following the very substantial throne speech of 1980, with the cooperation of all Members of Parliament, admittedly including those on the other side, we have been able to try something new to improve our parliamentary procedure. This experiment is going well and I believe that it is a positive step and something which had to be mentioned during this debate because, in spite of the tense atmosphere in this House, of the controversial nature of the issues being debated, and of the conflicting attitudes and outlooks of the various parties, we have achieved a consensus and agreed to put to the test a long awaited reform which would be very beneficial to this institution. I believe that there is not a single Member who does not want Parliament to

become more modern, more realistic and better adjusted to the Canadian reality, as well as more human and more productive. As we have seen in its most recent report, the committee itself is looking for more ways to enable Parliament to be more productive so that, as I mentioned earlier, we may pass the legislation required at a time when our society has been changing and expects more from us, and on the other hand, to allow a healthy opposition and comprehensive but not obstructive debates on the various measures submitted to Parliament. In addition, I hope that the present experiment will lead towards the improvement of our institution, and at the same time, I repeat that it is not contradictory—

• (1140)

[*English*]

—it is absolutely not contradictory to say that as Parliament becomes more efficient it would mean that we do not want any opposition to be able to debate fully but not in a dilatory fashion.

In conclusion, I want to say that I have great hopes for this experiment. I hope that in the future Parliament will be able to cope with reality through new measures and new attitudes that will make it possible for this institution to become more human, more modern and productive and at the same time preserve the right of the Opposition to debate.

Mr. Deputy Speaker: Do any Hon. Members rise to ask questions of the President of the Privy Council?

Mr. Lewis: Mr. Speaker, I have two questions for the Government House Leader. The first refers to the quotation from the Constitution Act, 1867. He made reference to the term "next session". Would he not agree that the term "next session" infers a new session of Parliament?

Mr. Pinard: Mr. Speaker, that is what I have argued. If we are talking law, I submit the burden would be on the one alleging that the next session should be a new session. The essence of the debate is whether there is a requirement for a new session or not. My hon. colleague referred to the Constitution Act, 1867 and seems to conclude that because there is an expression "next session" in the old Constitution, it would necessarily require a new session.

I do not want to repeat myself but I have given examples of occasions in the past when a session of Parliament lasted more than one year. Very good parliamentary minds like those of the Right Hon. John G. Diefenbaker, Ged Baldwin and others never argued that those sessions were unconstitutional.

In the context of the old Constitution it is not said that there must be a new session. In taking into consideration those precedents and the letter of the Constitution, it does not speak of a new session; and the burden of demonstrating that there must be a new session every year is on those alleging that there must be a new session every year. That burden has not been met. It is my submission that it is absolutely unacceptable to conclude that this session is unconstitutional at this time.

Mr. Deputy Speaker: The Hon. Member for Simcoe North on a supplementary question.

Mr. Lewis: Mr. Speaker, moving from the legal or technical interpretation of why we need a new session, I have another question for the Government House Leader. I suggest to him that, in words of Lester Pearson as he spoke to the Empire Club in 1959, there is no obligation on the Opposition to bring forward legislative programs while they are in Opposition; that could be done during an election campaign. I throw those words back at the Government House Leader because they come from the Right Hon. Lester Pearson, a leader of his Party.

Since we are dealing with a three-year-old Throne Speech, let us get away from the legal and technical interpretation. What is there in that Throne Speech that he has not brought forward, and which he wants to, which would do something about jobs? We on this side of the House are concerned that unemployment over the course of that three-year-old Throne Speech has gone from 7.5 per cent to 12.5 per cent, and I can tell the Hon. Member that for my purposes, not as Party policy, I would be very pleased if he would prorogue and bring in a Throne Speech which dealt only with that one issue, jobs. I say that not as policy, but for my purposes he could bring in a Throne Speech and just talk about jobs and how the Government is going to get this country back to work, and what it is going to do for the over two million Canadians out of work.

• (1150)

Mr. Pinard: Mr. Speaker, first the Hon. Member referred to the obligation or non-obligation of an Opposition Party to propose legislative changes or policies. I do not think anyone on our side ever said that debate, to be efficient or responsible, should always be negative. I believe there is room in an institution like ours for constructive debate, and sometimes constructive debate means alternatives and different proposals which are weighed against those proposals of the Government. That is exactly what I was deploring, that during the last three years I have not witnessed very often new proposals, ideas and policies proposed by the Official Opposition. On the contrary, because of the lack of ideas, the Official Opposition had to obstruct, and this is the kind of position I have denounced very often in the past and which I keep denouncing. I think it is childish, irresponsible and absolutely unacceptable from the Loyal Opposition of Her Majesty the Queen.

I see my good colleague for Victoria (Mr. McKinnon) seems to be very happy I said that. I have a lot of respect for him. The sovereign of other countries and our country—

Miss MacDonald: She happens to be the sovereign of our country.

Mr. Pinard: Yes, I agree, and I would like to complete my sentence. I am sorry that the Hon. Member for—

Mr. Deputy Speaker: I hesitate to interrupt the Minister, but there are other Members seeking to ask questions and the

ten-minute period is brief. I wonder if he would perhaps allow other Members to ask a question at this point.

Mr. Pinard: I do not intend to speak until Canada Day, Mr. Speaker; I will be more brief than that. I just mention to my hon. colleague that if he is concerned about jobs, he should not seek that the Government move into a Speech from the Throne and a lengthy debate before we have a budget. Everyone knows that the budget speech which will be made tomorrow night will deal with the economy and with jobs. Under the circumstances, for the Hon. Member to ask that at this time we prorogue, that we have a Speech from the Throne in order to say we want to create jobs, that we have a lengthy debate on the Speech from the Throne, and then must report a budget anyway in order to be able to take care of jobs, I believe would create undue delay. I do not understand why my hon. colleague is asking for that delay if he is sincere in wanting the Government to cope with the realities of the economy of this country and have this Parliament adopt measures which will make it possible for the recovery to take place in a very orderly fashion.

Mr. Deputy Speaker: The Hon. Member for Esquimalt-Saanich (Mr. Munro) on a short question, bearing in mind that there are a number of Members seeking to ask questions.

[*Translation*]

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I would like to come back to the question of the Hon. Member for Simcoe North (Mr. Lewis) about the words "session" and "sitting". Can the Hon. Minister explain why the notion of session has been completely eliminated from the Canada Act and replaced simply by the word "sitting" in English and "séance" in French? Can he explain this?

Mr. Pinard: Mr. Speaker, I am not sure that I understand the Hon. Member's question. He suggested, and I did not understand this very well, that the words had been changed in the Constitution. What I said earlier, and I would like to repeat it very briefly, is that the provision in the Constitutional Act of 1867, that is in our Canadian Constitution, provides that there must be a session each month and that a period of twelve months must not elapse between two sessions. The Constitution does not stipulate that this must be a new session. In my argument, I pointed out that sessions have lasted longer than one year in the past. Some former Progressive Conservative Members were procedural and constitutional experts. I have already mentioned the Right Hon. John Diefenbaker and Jed Baldwin. They never referred to the constitutional aspect of this question and it was not that long ago that they sat in this House. This is why I consider that there are precedents that show that sessions of over one year are not unconstitutional—

Mr. Munro (Esquimalt-Saanich): There is a difference between the words "session" and "sitting"!

Mr. Pinard: —and second, I say that the text of the Constitution itself does not require that there be a new session each year, and if anyone disagrees, it is up to him to show that the provisions in the Constitution have a different meaning. On the contrary, it seems to me that the wording of the Constitution clearly shows that a new session is not required each year and that the only obligation is to guarantee that twelve months do not elapse between two sessions or two periods when the House is sitting. Moreover, it seems to me that the argument of the Hon. Member is not very serious in view of the precedents, the text of the Constitution and the attitude of the Members opposite themselves. Come on! We have been going on for three years and this is the first time this argument has been raised. I cannot believe that the Members opposite are being serious.

[*English*]

Mr. Lambert: Mr. Speaker, the President of the Privy Council (Mr. Pinard), of course, forgets two prime points. There have been a good number of protests about extensive sessions in so far as the opportunity of putting forward business on behalf of Private Members was seriously hampered prior to the introduction of the amendments. Even now they may be subject to pre-emption because the Minister proposes to have a budget debate start on a Private Members' day.

Mr. Deputy Speaker: I hesitate to interrupt the Hon. Member for Edmonton West but he will have the opportunity to speak. The ten-minute period of questions and answers has expired.

Mr. Pinard: May I answer that?

Mr. Lambert: My question, sir, if I might put it to him—

Mr. Deputy Speaker: May we have the unanimous consent of the house for an extension of the question period?

An Hon. Member: No.

Mr. Deputy Speaker: There is not unanimous consent. The Hon. Member for Hamilton Mountain (Mr. Deans).

Mr. Ian Deans (Hamilton Mountain): Mr. Speaker, I normally would not object, but if you will recall, a week ago during Private Members' day I begged of the Hon. Member who asked for unanimous consent that he consider unanimous consent for one of my colleagues and he steadfastly refused. I want him to understand the problem. In any event, that is in the past.

I would like to spend a few moments dealing with the issue which is before us. I listened with interest to the position put forward by the Hon. Member for Simcoe North (Mr. Lewis). I found it interesting. I thought his references deserve further consideration, although I wonder, if the matter were to be taken to a court of law on the basis of the evidence presented thus far, whether it would go any great distance. I suspect it would not.

I believe that his arguments from a political point of view were good arguments. I feel there is every reason to believe that it would be in the best interest of the country, in fact, in the best interest of Parliament, if there was a clear starting point for debate and a clear finishing point in which we have dealt with a series of proposals, cleared the decks and can go on to a second series of proposals. I believe that in the interest of Parliament that would be useful. However, I am not going to join the argument that there is in fact a legal requirement to do that. I would have to be persuaded with far more evidence than I have heard to this point that that is so.

I was interested in the reference to the later Lester B. Pearson and his comment that there is no obligation on the part of the Opposition to present alternatives by way of policy to what the Government is doing during sessions of Parliament. I do not happen to agree with it, but if it is true, then there is no doubt in my mind that the Official Opposition has certainly lived up to that. On balance, I think that Parliament would be better if we were to debate both proposals and alternate proposals rather than debating the sorrowful record of the Government on a regular basis.

• (1200)

Let us suppose that there had been Throne Speeches every year since 1980, that in 1981 the Government had come forward with its proposals for 1981, that in 1982 it had come forward with its proposals for 1982 and that this year it had brought forward its proposals for 1983. Is there anyone in the House who believes that it would have told us that it intended to bring forward measures which would have created two million people unemployed? Is there anyone who thinks that it would have told us that it was prepared to bring forward proposals, the result of which would be the highest record of bankruptcy in modern history?

Is there anyone who believes that the Government would have told us, in any of those Throne Speeches, that it was its intention to allow energy prices, oil prices in particular, to rise to a level above the world level? Is there anyone who thinks for a moment that the Government would have proposed in a Throne Speech that its policy objectives in 1980, 1981 or 1982 would have been to allow the process to develop which drove interest rates to usurious levels? Does anyone think for a moment that either this Government or any other Government would have brought forward in a Throne Speech its intention to allow the economy to deteriorate to such a level that we would have plant closings the likes of which we have not seen since the 1930s, probably the likes of which we have not seen in the history of the country?

Would it have told us that the Minister in charge of the Wheat Board would propose cutbacks in the growing of grain, of wheat in particular, at a time when it was about to impose upon the farmers of western Canada the additional burden of the Crow rate changes? Would it have come forward and said to us in a Throne Speech that in its plans for the future it would give Donald Macdonald a royal commission, Peter Stollery a seat in the Senate and Pitfield a seat beside Stollery?

What I am asking Your Honour is whether, considering all of the very relevant things which have happened to Canadians over the course of the last three years, you think that if the Government had had a Throne Speech every year it would have told us those things? Does Your Honour think it would have said: "This is what we have in mind for the country; we therefore want you to debate the merits of it".

Does anyone think the Government would have asked us to debate the merits of the Sydney coal liquefaction plant and the payments to Mr. Gillespie? Does anyone think it would have asked us for concurrence in the House of Commons to allow Canadair to act in the way in which it has in fact acted over the course of the last year? Let us face it, what would the Throne Speech have told us? There is no point in our crying for a Throne Speech on the basis that the Government's obligation to inform the public of its programs is one which we in the House of Commons believe it should live up to if, with the benefit of both hindsight and knowledge, we are convinced that the Government would never have told us what it would do anyway. We must consider all of the major events which have occurred in the course of the last three years which have been so devastating to large numbers of Canadians in every part of the country.

I ask the Government Whip, who is watching me with interest, does he think that if there had been Throne Speeches the Government would have told us that those were things it intended to do? I suspect not. I wonder if the Government would have been prepared to come into my community and say to the people who live there that one of its plans was to create a situation within the economy which would cause the Steel Company of Canada to lay workers off by the thousands, with Dofasco similarly laying workers off by the thousands, the International Harvester Company on the verge of closing, with any number of other plants faced with the same kind of non-future, with all of the people affected facing the same kinds of problems. I do not think so. Therefore, while I would argue that it would be nice to know what the Government intends for the country, it would also be nice to feel that what it would tell us would bear some semblance of truth and accuracy.

I suspect, looking back over many Throne Speeches, that we in the House of Commons and the Canadian public do not have much chance of being told, by way of a Throne Speech every year, of the disastrous policy which the Government proposes to thrust upon us. I think anyone who believes that that would happen is obviously not in tune with the political realities of Canada and certainly not in tune with the political realities of the House of Commons. I admit that there is merit in requesting that the Government tell us in advance what it will be doing, but I think that more important than that is to consider whether, when it does bring forward its proposals, they are of value, whether they work, and whether they address the real problems of Canada.

I suggest to the House, through Your Honour, that one need only consider the documents brought forward by the Government since I have been here. There have been three or perhaps four budgets, some of them couched in the term "financial statement", but nevertheless economic statements. These statements were supposed to indicate to Canadians, through the House of Commons, how the Government would meet the economic problems of the land, and in so doing meet the social problems which are naturally related to the downturn of the economy.

We had an opportunity to debate those matters but no one paid any attention. We had an opportunity to put forward our alternatives. No one paid any attention. In 1981 we were saying that the high interest policy of the Bank of Canada, together with the concurrence in that policy by the Government of Canada, was driving people off the land, was requiring those with small businesses to close up and move, was driving people out of their homes because they could not afford to pay the mortgage and that the Government should therefore adopt a new posture, a new direction. The Government ignored us. To have had yet another debate during a Throne Speech would not have made any difference, would not have made it any better. There is no point debating if one is talking to oneself or if the Government is not prepared to listen. I say, sadly, that it is my view that the Government failed to listen anyway. To say it one more time would not alter that fact.

I recall when unemployment was at 940,000. We were saying that with the direction the Government was taking, unemployment would no doubt be at 1.5 million within a year, and then over two million. It would continue to grow with a snowballing effect. We said that there had to be Government intervention and a change in direction but no one believed it, least of all the Government of Canada. Therefore it did not introduce the types of policies necessary to meet those crises.

• (1210)

A Throne Speech debate would not have altered that situation. The Government did not care and was not going to listen to us. I did not even listen to those who were supposedly their supporters throughout the country. The direction in which the country was headed would hardly have been altered if the Government had another chance to tell us. Did the Government ever attempt to ameliorate or respond to the problems which we spoke about that directly related to the upward spiral in the price of energy or to the fact that we had to come to grips with the difficulties facing not only families in meeting energy and transportation costs but the many businesses that were being adversely affected by ever-increasing energy prices in almost every community in the country? Not at all. The Government continued in its direction of ever-increasing energy cost notwithstanding the fact that this is Canadian energy that could and should be used for the development of this country.

You will recall, Mr. Speaker, the discussions that took place in the House week after week about bankruptcy levels. It is no longer news to raise the issue that bankruptcy levels this year are considerably higher than last year and that those levels last year are higher than the year before. The news is that the Government has failed to bring forward policies, in spite of that fact, which would enable the recovery of businesses which were unable to manage in the marketplace as a result of the rise in the cost of money.

We said that this is the serious problem in the country which should be addressed. My colleague, the Hon. Member for Brant (Mr. Blackburn), rose time after time in the House to point out the difficulties that high interest rates, given their effect on small businesses, were creating for the Brantford and Brant countries. Every other Member of the House on the opposition side raised similar concerns for their respective constituency.

Did the Government change its direction? Not at all. Day after day, the untold misery being heaped upon misery in every community was raised in the House. The academic argument about whether we should have a Throne Speech, interesting though it is, pales into insignificance when measured against the fact that the Government's policies, without the benefit of a Throne Speech, have been ruinous, unresponsive and have flown in the face of most, if not all, advice given to it not only from this side of the House but I suspect by its own backbenchers. There has even been evidence that during the course of the last three years a number of Government backbenchers were dissatisfied with how the Government was reacting to the problems.

As I study this question I suggest that if Hon. Members wish to argue for Throne Speeches, it is fair enough. If they believe that it is valuable to have the Government announce proposals that it does not intend to act upon, while it does not tell us what it intends to do, I suppose we can go through the exercise. If it is of any value to have the Governor General sit in the Senate and read a statement prepared by the Government about all the beneficial things it proposes to do but does not intend to proceed with, then let us do it.

However, the real measure of the worth of Parliament will be whether we are able to solicit some concrete action from the Government that will be of benefit to Canadians in every walk of life and primarily to those who are suffering the most. Will this institution meet the expectations of those who are unemployed and cannot find employment, those coming out of the schools system in the country unable to anticipate any degree of assurance of an opportunity to provide an economic well-being for themselves and their families, those who are disillusioned and disappointed and those who believed that Parliament was truly representative and that Government did, in fact, care about what happened to them? As a result of the Government's three years of total mismanagement and neglect, those Canadians have now reached the point of throwing up their hands in increasingly large numbers and asking "What is the use?".

I think that is what is most disturbing. I was in Prairie Canada recently speaking in Brandon, Manitoba about Canada's problems. More than half of those who spoke to me—they were not all New Democrats by any means—were

very disappointed in the Conservatives' record. They thought that the Conservatives could have done more on behalf of their interests. I was fair, as I always am, in saying that they were doing their best.

In conclusion, while I agree Throne Speeches are good, I find the legal arguments somewhat lacking and would suggest that those arguments be enhanced for future discussion. More importantly, it is time that we demand that the Government begin addressing the real problems, because that is what the people of Canada care about.

Mr. Deputy Speaker: Questions, comments and answers.

Mr. Hnatyshyn: Mr. Speaker, I listened with some interest to the remarks of the Hon. Member for Hamilton Mountain (Mr. Deans). Before I pose my question I must say that I find the attitude taken by the Acting House Leader for the New Democratic Party quite incredible. He apparently talks on one hand about the necessity of having constructive proposals brought before Parliament so that Members of Parliament can truly represent their constituents and reflect their sensitivities, hopes and aspirations, while on the other hand not understanding the value, purpose and the necessity of requiring the Government to bring forward from time to time, preferably annually, a rethinking of its priorities with respect to the economy, social issues and the unemployed in our country.

Does the Hon. Member for Hamilton Mountain not understand that the major importance of having a Speech from the Throne on an annual basis is to force the Government to reflect upon its priorities and come forward with a new set of legislative proposals? Instead, we are faced with carrying on for an unlimited time, in excess of three years, endless debates about policies from a Speech from the Throne which has caused nothing but a sense of despair, as the Hon. Member referred to it, and has brought acrimony to this Chamber since there are no new items of debate or direction from the Government.

As the Acting House Leader of his Party, how can he condone and in fact endorse the concept of not having an annual Speech from the Throne?

Mr. Deans: I am glad the Hon. Member prefaced his question by saying that he listened to my comments at least in part. Quite obviously, the part he did not listen to was the part that would have answered his question.

I did not say that I did not see the necessity of a Throne Speech. I said that in effect it was an academic question which would not result in the kind of changes that are necessary to meet the economic problems of the day. I pointed out, for example, all of the things that have happened to this country. Does the Hon. Member think for one moment that the Government would have told us that it intended to do those things, to drive up interest rates, to drive people out of their homes or off their farms? Does the Hon. Member think that the Government would have come forward and told us that the Government was going to push up oil prices?

• (1220)

What I am saying is that you have to have a Government that will come forward in both an objective and an honest way with what it proposes to do. I am just not convinced that it be the case. We could have taken the time to debate whatever the Government brought forward, but I do not think it would have altered what happened one single bit. That is my worry.

Mark you, Mr. Speaker, and I must say this quickly to the Hon. Member, one of the things that could have helped would have been some degree of consistency on the part of the Hon. Member's colleagues. It was awfully difficult when we in this Party were arguing against high interest rates to have the then finance critic for the Government arguing that they were necessary and for the then labour critic arguing that they were not. It was awfully difficult when we were arguing about the impact of oil prices on the country as a whole to have their colleagues divided, some in favour and some against high oil prices.

Mr. Kaplan: You were divided too.

Mr. Deans: It was awfully difficult, I might say—

An Hon. Member: Tell us about the Constitution.

Mr. Deputy Speaker: Order, please. With all due respect to the Hon. Member, he seems to be straying a little far from the resolution before the House.

Mr. Lewis: Mr. Speaker, it was interesting to hear those allegations of differences of opinion within one Party from the Hon. Member for Hamilton Mountain. In the Hon. Member's opening remarks he quickly dismissed the argument that there should be a new session. Is the Hon. Member in disagreement with the following comments from *Hansard:*

> The idea of the Speech from the Throne is that once in a while the Government has to set down its program for the year.

In the same speech we find the following:

> If the British tradition is worth anything, it is a fact that we should get a new session of Parliament at least once every year. In our own case it is dealt with in an oblique way in the Constitution. Section 20 of the British North America Act provides:
>
> "There shall be a session of the Parliament of Canada once at least in every Year"—

I draw to the attention of the Hon. Member for Hamilton Mountain that that quotation was from a speech made by his predecessor, the Hon. Member for Winnipeg North Centre (Mr. Knowles). Is the Hon. Member for Hamilton Mountain in disagreement with his predecessor or does he agree with those remarks from *Hansard* for February 27, 1976?

Mr. Deans: Mr. Speaker, that is a relevant question. I do not disagree with that, neither have I suggested that I did. I said I thought that was desirable, that it would be useful. I also said, however, that I thought we would not be told the truth anyway. Therefore, to go through the exercise, I do not believe it is legally imperative, at least not on the basis of the argument I have heard so far. I said I believe it would be desirable if I thought the Government would tell the truth. I find from

my view of politics it is not what you say you are going to do that matters, it is what you do.

Hon. Don Mazankowski (Vegreville): Mr. Speaker, at the outset I want to compliment my colleague the Hon. Member for Simcoe North (Mr. Lewis) for bringing forth a very timely motion. I endorse the content of the motion and the Hon. Member's comments condemning the Government for prolonging the session beyond all reason and challenging it to bring on a new session of Parliament, a new Speech from the Throne, to provide, hopefully, for some new direction and responsible leadership.

I must say that the rather hollow defence of the Government House Leader leads one to conclude that the Government has not only lost control of the economic affairs of this country, but it has clearly lost control of the orderly conduct of parliamentary business as well.

I intend to comment briefly on the remarks of my friend the Acting House Leader for the New Democratic Party because I was rather surprised at his rather frivolous and superficial approach to the thrust of the motion.

Mr. Deans: Tell the unemployed.

Mr. Mazankowski: Clearly I think it is a responsibility of the Government from time to time to come forth with its policies, its new directions and its thrust in dealing with the day to day issues of the country. The Government should be held accountable for its action or inaction. We are now dealing with a set of thrusts and programs that go back to 1980, many of which are now out of date. I think it is incumbent upon the Government from time to time to set out its priorities and programs and to indicate to Parliament and the Canadian people how it intends to deal with the issues at hand. Parliament can then be the judge. Parliament can judge the record of the Government's performance, both its action and its inaction. Today we are really floundering because the Speech from the Throne introduced back in 1980 is largely outdated.

I want to deal with the section of the motion which states as follows:

> That this House condemns the Government for its failure to live up to the commitments made in the Speech from the Throne on April 14, 1980—

One would need more than 20 minutes to enunciate all the failures of this Government to live up to its promises. When one examines this Government's record of performance, one can only conclude that Canada and Canadians have been cheated. They have been cleated by a Liberal Party that has misled and tricked the Canadian electorate. This is reflected not only in its dismal record of managing the economy but also in unfulfilled promises. There are many and I can certainly highlight one, the promise of cheap gasoline. Today we find our gasoline is worth about 30 cents or 40 cents a gallon more than gasoline sold in the United States. We have a 69-cent series of federal taxes. It is a far cry from the 18-cent tax we proposed and the expectation of cheap gasoline on which the Liberals compaigned.

There is a feeling of mistrust among the people created by the Government. The Government was deviously silent on a number of issues, such as the dismantling of the Crow and the 20 per cent dismantling of the rail passenger service in this country. Most people would call that sleazy politics or refer to it as intellectual dishonesty.

Let us look at the Speech from the Throne last April 14, 1980, Mr. Speaker, and at the Government's undertaking to achieve energy self-security at a fair price for all Canadians. Instead of that what we got was the infamous ad which cost $1 million suggesting that energy security was that far away. No progress has been made in the direction of energy security. Clearly as far as prices are concerned, we have not taken the opportunity our energy advantage gives us in this country to turn it to our economic advantage, neither to that of the industry nor that of the consumer.

The Speech from the Throne set out to promote a national development policy that would provide jobs, stimulate growth, build upon regional strengths and increase Canadian ownership and control of the economy. Those promises in the Speech from the Throne have been total failures. We have 1.8 million people unemployed and numerous business going under. The Government's policy has not provided a business climate in any one region of Canada let alone where regional disparities still exist.

The Government set out to strengthen national institutions. The political imbalance that existed before 1980 still exists today. The Government also undertook to ensure that Canada plays a vigorous part in the world beyond its borders. We are almost the laughing stock of the industrialized world, given our record and the fact that our relationships with the United States have never been at a lower ebb.

• (1230)

Let us look at the rhetoric with respect to national unity. The Speech from the Throne went on at great length about the difficulties in each region and the fact that there was bitterness and concern about the economic welfare of various regions. In part the Speech from the Throne stated:

> To all these forces of discontent my Government has one clear response. Canada will endure, grow and prosper.

It went on:

> The renewed federalism, to which my Government makes a fundamental and all-embracing commitment, will not only strengthen individual and collective rights and freedoms, it will also ensure that Canada remains:
>
> —a strong country ...
>
> —a country that regards diversity as an asset ...
>
> —a country whose people share their wealth first with those who need it most;
>
> —a country that encourages initiative, welcomes daring, and promotes enterprise; —

When we look at what the Government has done in terms of its approach to the constitutional changes and to the National Energy Program, we all know the dismal record of disharmony, discord and bitterness which has penetrated the country from coast to coast. In many cases it has resulted in outright anger. What bothers Canadians most is that during the course

of this bitter debate they were throwing away a golden opportunity. In so far as the enterprise spirit is concerned, we all know that that spirit has been crushed and buried as a result of the burden of the state. The result has been fear, despair and lack of confidence.

My hon. friend who spoke previously talked about bankruptcy. It is interesting to put those statistics on the record because since 1980 there has been an assortment of foreclosures, bankruptcies, liquidation sales, sheriff and judicial sales. As a result we have seen homes and businesses lost, dreams shattered and a lifetime of work go down the drain. Undoubtedly the statistical evidence is the worst we have ever experienced in Canadian history.

For example, personal bankruptcies in 1980 amounted to 21,025. In 1981 there were 23,036 and in 1982 there were 30,643, for a total of 75,000 personal bankruptcies since the Government returned to office. Farm bankruptcies in 1980 totalled 222. In 1981 there were 261 and in 1982 there were 410, for a total of 900 farm bankruptcies since 1980. That tells only part of the story because it does not refer to those people who liquidated voluntarily. If we look at total business bankruptcies in Canada, we see that in 1980 there were 6,595. In 1981 there were 8,055 and in 1982 10,765, for a total of 25,000-plus business bankruptcies occurring since the Government returned to office in 1980. These statistics merely represent the hollowness of the words in the April 14, 1980 Speech from the Throne. In part it continued:

> In particular, my Government recognizes the need to protect those Canadians most affected by unacceptably high interest rates. My Government will act to assist those unable to bear the burden of renegotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided.

It continued:

> Farmers and small-businessmen are also hit especially hard by rising costs, and my Government is sensitive to their plight.

Sensitive my foot. The record clearly speaks for itself. It has been a dismal failure and clearly an example of where the Government has again tricked the Canadian people into believing that it would look after their welfare; but they were left to shoulder the burden alone.

Now I would like to turn to the national energy policy which perhaps could be more appropriately named the national extinguisher plan. When we look at the grim record, we find that in the period following the introduction of the National Energy Program, geophysical activity was reduced by 45 per cent, exploration and development budgets were cut by 40 per cent and 20,000 jobs were lost, primarily in the drilling and service sector. Many of the businesses which failed and are part of the statistics I just outlined were businesses involved in the energy sector. For every job created in the oil industry in western Canada, two jobs are generated elsewhere in the country.

Mr. Hnatyshyn: Mainly in Ontario and central Canada.

Mr. Mazankowski: That is true. As for the drilling sector, we saw an exodus of drilling rigs south to the United States of something in the order of 250 and valued at $1 billion. Today our oil drilling fleet has been reduced from 650 to something just over 400. As of today, in February, March and April there are less than 200 rigs working in western Canada.

This is what the National Energy Program has done for Canada. It has driven away investment and an opportunity to cash in on an industry which could create jobs and be a very important and integral part of the Canadian economy. The Government failed to turn Canada's energy advantage into an economic advantage.

Petro-Canada is the only one that escaped the scalpel. With its 3,000 plus string of service stations, it is the only component of the oil industry that has experienced any growth, largely due to the generosity of taxpayers. It accumulated its assets at inflated prices. The money which has been plowed into Petro-Canada now exceeds $5 billion.

Let us look at the grandiose scheme of economic development which was a spin-off from the Speech from the Throne, the document entitled, "Economic Development for Canada in the 1980s". It has pretty well been scrapped and replaced with a $10 million Macdonald Royal Commission. What has happened in the course of all this? The megaprojects have been killed, such as Alsands, Cold Lake, the Alaska Highway pipeline, Judy Creek and the Syncrude expansion. During the period of time immediately following the introduction of the National Energy Program, we have witnessed something in the order of $10.5 billion of investment capital fleeing the country—$5.9 billion in Canadian investment capital and $4.6 billion in foreign capital.

The big issue today is jobs. If Alsands had gone ahead, it would have created some 4,800 permanent jobs, 7,000 in the construction end of it and indirectly—here again we get into the very important component of the energy industry—it would have created some 14,000 jobs in central Canada. Of every dollar spent in the oil industry in western Canada, 42 cents is spent in Ontario, roughly 15 cents in the Province of Quebec, some 25 cents or 27 cents in the Province of Alberta, and the other Provinces pick up the balance. Surely these projects are still needed or some scaled-down version is needed if we are to achieve the kind of oil self-sufficiency we all hope to achieve.

Now the Minister of Industry, Trade and Commerce (Mr. Lumley) on his trips to Alberta suggests that the scaled-down oil plans could become a reality in 1983. I encourage the Government to get on with the job. We cannot live any longer on the basis of a policy based upon imagery and rhetoric. We could have a heavy oil plant in Lloydminster. It should be in place today and it would have been had it not been for the actions of the Government. In 1975 Husky Oil was ready to move on an upgrader. In a speech the Executive Vice-President of Husky Oil outlined the kind of climate that would be necessary to allow an upgrader in the Lloydminster area to become a reality. He pointed out that many of the undesirable characteristics of heavy oil in the current economic climate are now desirable characteristics. When we look at the short and medium-term outlook, we all know that we need jobs in both the primary and manufacturing sectors, and this venture would

provide a tremendous boom to the manufacturing sector and alleviate some of the problems of unemployment.

• (1240)

The $3.5 billion plan would generate $36 billion worth of economic activity, an estimated 93,000 man-years of work, and the ongoing production and operation manpower requirements from 1988 to 2011 would be an additional 330,000 man-years of work. Of these, 205,000 would be regionally based, direct on-site employment, and economists' estimates of the indirect and induced employment required to manufacture the goods consumed by the project are included in these figures.

Another spin-off benefit would be that 1,700 new wells would be required. These wells would require servicing and infrastructure to maintain their operation.

I do not know why this Government refuses to act and create the positive climate necessary to allow these projects to go ahead. It has certainly failed to exercise economic leadership and to turn a natural advantage in this country into an economic advantage.

I turn now to the petrochemical industry. Two years ago it was recognized that by 1990 Canada would be a world leader in the petrochemical industry. What do we have today? In western Canada we have between $6 billion and $8 billion worth of petrochemical projects on hold. In central Canada the petrochemical industry is floundering. It has had to have a Government bail-out. The reason is primarily because of the heavy upfront taxes. This is a product of the National Energy Program. This has forced up the feedstock prices, which in the case of western Canada is natural gas and in central Canada is oil. The heavy upfront taxes as a result of the National Energy Program has put Canada's petrochemical industry into an uncompetitive position. We have the potential of 50,000 jobs and $3 billion in trade, and it is all out the window. In the meantime, this Government flounders around, trying to create make-work projects to meet the needs of the unemployed. These are two examples where meaningful, long-term jobs could be created which would bring new wealth and new opportunity to this country.

In my opening comments I said that there were promises unfulfilled and things that were done that were not mentioned. I am sorry my time has run out.

In conclusion, I want to say that the Government's action in dismantling the Crow rate and the reduction by 20 per cent of the VIA passenger service are clear examples of the contempt which this Government has for Parliament and the Canadian people. It has generated further a mood of mistrust, disharmony and discord.

Mr. Deputy Speaker: Are Hon. Members rising to ask questions? If not, the Chair will recognize the Parliamentary Secretary to the President of the Privy Council.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, this Tory motion implies Government inactivity, Government inaction and Government delay. In this motion, methinks the Opposition doth protest too much. Let us take a look at the actions. Let us take a look at Opposition intransigence. Let us take a look at the Government's sensitivity to needs.

First let us look at this session of Parliament. This session has been one of the longest in Canadian history. In fact, it has been the longest. It has also been the most productive. Over 160 Bills have been introduced into Parliament and, of those, 129 have been passed. These Bills range from patriation of the Constitution and freedom of information to a new National Training Act and National Energy Program legislation. The Opposition may disagree with some or even most of this legislation. The Opposition may have opposed many of these 129 Bills that have passed. But surely it cannot accuse this Government during this session of being inactive, not when we have put through 129 Bills.

It is a little hard to take when this accusation comes from the Party that gave us 15 days of bell ringing, countless lost days because of questions of privilege, all of which were spurious, during the Constitution debate and over 70 speakers on each of the Income Tax Act and borrowing authority Bill at second reading alone.

Let us get back to reality and talk about Government action on some of the commitments in the Throne Speech. In the Throne Speech it was stated that this Government would assist "those unable to bear the burden of renegotiating their home mortgages in the present abnormal situation". That was the commitment. Let us look at the action.

In the November, 1981 budget, this Government announced a relief program whereby the Government would pay up to $3,000 per year to home owners paying more than 30 per cent of their income on a mortgage. I admit this was not the same as the much touted mortgage deductibility scheme of the Tories. It benefited those in need, not those with big incomes and big houses. It moderately increased Government spending instead of increasing the deficit by billions of dollars, as the Tory promise would have done.

We went even further on our commitment. We realized that the current recession and high interest rates led to less construction and fewer units to live in. Therefore the November budget announced an incentive program, the Canadian rental supply plan, which provides interest-free loans for up to 30,000 units. We also allocated $60 million to the Canadian home renovation plan to encourage Canadians to renovate and use existing housing. This $60 million will likely result in almost $200 million additional renovation work when the private sector contribution is added in.

Lastly, in the June, 1982 budget we introduced a $3,000 cash grant for new purchasers or new home owners. The idea was to get home construction moving to provide for Canadians' shelter needs. The other idea was to provide jobs, between 75,000 and 100,000 of them in the construction industry from

our various programs. Let us ask if we have met our commitments. I think we did. The record is clear and the record is favourable. Let us look at another commitment in the Throne Speech. The Government stated:

> Farmers and small businessmen are also hit especially hard by rising costs and my Government is sensitive to their plight. To assist the individual entrepreneur, the ceiling for loans under the Small Businesses Loans Act and the Farm Improvement Loans Act will be raised to $100,000. Other measures of assistance will also be introduced.

Is this an area where we have done nothing? Obviously not. On June 27, 1980 we obtained Royal Assent for amendments to the Farm Improvement Loans Act and the Small Businesses Loans Act to increase the loan maximum to $100,000. I saw some figures today which indicate that loans totalling $208,605,679, over $208 million, were made in 1980 under the Farm Improvement Loans Act. This action took us a little over two months from the reading of the Throne Speech. Is that inaction? Obviously not.

Some Members opposite may try to say that we have not done anything and may try to convince the public that we took no other action in support of the small businessman, even when the severe recession struck, but let us look at the facts. In the November, 1981 budget we redirected funds to the Small Business Development Bond to enable small businesses in severe financial difficulty to reduce their interest expenses by up to 50 per cent. I have frequently heard Members opposite say: "Yes, but nobody ever uses that program, it's not available to them". Well, as of January, 1983 nearly 16,000 "nobodies"—if nobody ever uses this program—with nearly $2.4 billion in loans were using this program. Anyone who is suggesting that that program is not effective does not know the facts and is not telling it like it is.

• (1250)

In the June, 1982 budget we went a step further and introduced the small business investment grant. This program provides an interest grant equal to 4 per cent for small business borrowing for new machinery. This program has not been used either. To the end of March, 1983 about 2,800 business persons have applied for grants of nearly $150 million. Well, I think that explodes that myth. Again, people who claim that that program is not effective simply do not have the facts.

Is that all? Hang on, folks, there is even more. Let us look at a tax initiative designed to assist the small business person, lower corporate tax rates. The recently passed Income Tax Amendment Act increased the small business deduction limits from $150,000 to $200,000 and the cumulative limit from $750,000 to $1 million. At present the tax rate on the first $200,000 of income of a Canadian controlled private corporation is some 20 to 21 percentage points less than that of larger businesses.

This type of measure is in addition to ones already brought forward, measures which include: preferential tax treatment of certain stock options issued to employees of private corporations; full offset of capital losses on private company shares and debt obligations; special investment tax credit on research and development expenditures; sales tax exemption on up to $50,000; guaranteed capital gains for venture capital companies; spousal deduction for owners of unincorporated businesses; deferral of up to $200,000 on capital gains on intergenerational transfers. In the last year these kinds of measures, measures put forward or maintained by a Liberal Government, add up to close to $2 billion in tax breaks for small business people.

Well, it seems pretty clear to me that this Government has kept its commitment to the small-businessman as stated in that Throne Speech.

Let us look at another area dealt with by the Throne Speech, and I am again quoting:

> Young people, women and the handicapped face special problems in finding jobs. To meet the needs of these groups, my Government will expand its employment program while using its resources more efficiently.
>
> There will be an increased effort to develop critical trade skills so as to better prepare today's labour force for tomorrow's jobs.

Were we slow in our actions towards this commitment? Well, two months after the Throne Speech a special parliamentary task force on employment opportunities was commissioned. In addition, two ministerial task forces were organized, one to review the operation of the Unemployment Insurance program and one to examine the infuence of federal policies on the labour market.

What about action? Well, in addition to that, of course, there was the Special Committee on the Disabled and Handicapped which I had the pleasure of chairing. I think the work of that Committee is well known. That was not a partisan Committee; all Parties co-operated. I think that to suggest that this House, under this Government, is not sensitive to those needs as spelled out in the Throne Speech is not being fair and not telling it like it is.

Starting in the summer of 1980, the Government first launched the Canada Community Services Project and later the Canada Community Development Programs. These programs were to minimize the impact of lay-offs and to help workers find alternate private sector employment.

In the same year the Government began its work sharing program. Under this program the Government, the private sector and labour are able to work together to maintain thousands of jobs during temporary economic downturns.

In January, 1981 the Government introduced the Industry and Labour Assistance Program. This program provides coordinated assistance to communities affected by declines in key industries. To date, $450 million has been committed under this program. This program is designed to help communities with serious industrial dislocations and is a very important component in increasing national productivity.

In March, 1982 this House passed the Labour Adjustment Benefits Act to provide special assistance to older workers laid off in designated industries. This program was in addition to the Portable Wage Subsidy Program organized under ILAP which provided wage subsidies for older workers.

Last, this House passed the National Training Program Act. This program was designed to provide Canada with the skilled work force required for the 1990s by strengthening, expanding and modernizing existing training programs, facilitating

worker adjustment to technical change and expanding apprenticeship training.

In addition to the National Training Program, there have been efforts to handle disadvantaged groups. Time prohibits me from discussing each and every one of these initiatives but I would like to mention the name of a few: the Affirmative Action Program; special training incentives for Natives; women in non-traditional occupations; women's employment program; and a program for the employment disadvantaged.

As the motion reads, it is absolutely clear that we did not keep our commitment in the Throne Speech in regard to employment. I think it is absolute nonsense, Mr. Speaker.

Let us take the bull by the tail and examine one commitment that we have certainly been unable to keep. I would like to talk about the deficit. The Throne Speech stated:

> It is the intention of my Ministers to continue the policies of expenditure restraint and improved Government administration . . .
>
> My Government will reduce the federal deficit in a planned and orderly manner, but not to the exclusion of other objectives—

Now, Mr. Speaker, you may wonder why I raise the question of the deficit. I raise it because I want to deal with this motion and this issue in a fair and objective way.

What has the Government done to restrain spending and improve administration? Restraint and administrative reform are not new buzz words to this Government. To begin with, the Government has implemented and expanded the policy and expenditure management system. Under this system, expenditures are broken down by envelopes. The envelope system helps to ensure that Ministers will trade off one priority over another and will be continually re-evaluating existing programs to find funds for new initiatives.

Second, it was a Liberal Government that established a Comptroller General's Office to act as the Government's internal watchdog on spending. In 1975 the Government announced that it would hold Government expenditures to the growth in the GNP. Over the period between 1975 and 1980, the Government was successful in meeting this goal and federal expenditures as a percentage of GNP actually fell.

Let us examine more recent history. In 1982 the Government was faced with the most serious recession since the great Depression. At this time we are forced to look into our hearts and ask what are fundamental Liberal goals and beliefs. Were we to use the approach used in so many other nations—withstand the recession on the backs of the poor? Would we allow our newspapers to have headlines of increasing infant mortality due to maternal malnutrition? There were stories to that effect in the United States. No, we would not do that. This may be a philosophically Conservative option, this may be supply side politics, but this is not a Liberal approach. So in 1982 we broke our commitment to lower the deficit.

Does this mean we forgot about the deficit? No. The Government recognized that there was a lack of funds. In a recession, people lack funds to pay taxes; people need help to survive. Therefore we developed a policy of helping those most in need and maintaining the social net of medicare, social assistance and Unemployment Insurance. More money was needed for social assistance and more money was needed for job creation. A greater effort was needed to get industry back on track in the international marketplace. How was Government to respond? We believe that Government should respond by leading, so we introduced the six and five program.

Mr. Speaker, if you now call it one o'clock, I will talk about the six and five program at two o'clock.

[*Translation*]

Mr. Deputy Speaker: Order, please. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

AIR CANADA

RESERVATION OF SMOKING AND NON-SMOKING SECTIONS IN AIRPLANES

Mr. Henri Tousignant (Témiscamingue): Madam Speaker, we ought to rejoice and take great pride in the considerable progress we have made recently in the fields of science and technology. Having invested time and money, Air Canada has just made a discovery which will cause a great stir or which, at least, should ensure the unrivalled comfort of its non-smoking passengers.

As a result of that discovery, Madam Speaker, non-smokers are assigned seats in two groups in the front and rear of the aircraft, the middle section being reserved for smokers, namely those who have maintained their inalienable right to asphyxiate their neighbours with impunity. This is done by placing a small sign at each end of the section assigned to that unscrupulous group. As if by magic, the smoke stops right there and people in the next row can breathe fresh air. It is an inspired idea, as if smoke should be more intelligent than human beings.

In primitive times, cannibalism was a way of life and many people, quite unwillingly, turned out to be the main course during festivities and social dos. Contemporary cannibalism has nothing to do with the fear of being eaten, but rather—

Madam Speaker: Order, please.

S.O. 21

[*English*]

PENITENTIARIES

DRUMHELLER INSTITUTION—IMPOSITION OF DUTY ROSTER SYSTEM

Mr. Gordon Taylor (Bow River): Madam Speaker, the duty roster system imposed on the staff in the Drumheller Institution breaks the agreement with the staff, and the Solicitor General (Mr. Kaplan) stated on Friday last that the new system would decrease the overtime and that it would save money for the taxpayers. The Solicitor General did not mention why he had unilaterally broken the agreement, nor did he indicate why, at meetings between the staff and regional officers, the Drumheller Institution was not once named for too much overtime—other institutions were, but not Drumheller. Why is the Minister now bringing up overtime as a red herring when it was not a factor at all until now? Under the new system it may well be that overtime will become an issue.

The Minister's statement about wanting to save money for the taxpayer is a laugh; that is, unless this extravagant Government has adopted a new policy. If it now has a policy to save the taxpayers' money, why not eliminate or at least drastically reduce the regional office? Last year this duplicating unnecessary office cost the taxpayers $5,902,485. A warden worth his salt should be capable, and able to manage his institution, and one headquarter, the one in Ottawa, should be enough.

The truth of the matter is that the squad system and the old rotation were working to the satisfaction of the Drumheller Institution. The Minister can make all the excuses he likes, but each excuse he gives is reducing his credibility among his own staff, not only in Drumheller but throughout Canada.

* * *

[*Translation*]

FISHERIES

PROPOSED JOINT COMPENSATION PROGRAM FOR EEL FISHERMEN

Mr. Gaston Gourde (Lévis): Madam Speaker, eel fishermen in Quebec are now faced with bankruptcy. Hon. Members are certainly aware that in early 1982, our eel exports to Germany were banned because they contained Mirex, an insecticide dumped in Lake Ontario and which is now spreading into the St. Lawrence River. The Hooker Chemicals Company, from Niagara Falls, has been reportedly identified as the source of contamination. The Federal Republic of Germany, which until then had been our best customer, will no longer accept our eel. The best officials of the Department of Fisheries and Oceans could do under these circumstances was to suggest suing the American firm. Any settlement, however, which would come only after years and years of legal proceedings would be meaningless to fishermen long gone bankrupt.

We believe that the Government of Canada has some responsibility with regard to catches prior February 4, 1982. We believe also there is a joint responsibility of the Government of Canada and the Government of Quebec with regard to catches after that date. As a matter of fact, in spite of the current ban imposed on these exports, the Quebec Department of Agriculture, Fisheries and Foodstuffs still continues to issue licences to eel fishermen. An adequate joint compensation program, therefore, should be set up immediately to compensate all fishermen and all exporters, especially Les Pêcheries Gingras, in Saint-Nicolas.

* * *

[*English*]

NATIONAL ENERGY PROGRAM

EFFECT ON OIL PRODUCTION

Mr. Harvie Andre (Calgary Centre): Madam Speaker, the wreckage caused by Canada's National Energy Program has been well documented and is well known to Canadians from coast to coast. This ill conceived program caused damage not just to oil and gas companies or those areas most dependent upon the activity of these companies for employment, but to virtually every other sector and area of Canada.

At present the oil and gas industry is operating at a small fraction of its previous level and of its potential. Thousands of people have been laid off. Billions of dollars of spending has been postponed and cancelled. Companies from coast to coast which traditionally supplied this industry are suffering similar problems.

Perhaps one could partially forgive the injury inflicted on the oil and gas industry by the federal Government if there were some people or some sectors of Canadian society that benefited. But nobody has, not the consumer, whose potential benefits were taxed away, not employees in the energy sector or sectors which supply the energy industry whose jobs have disappeared, and not even governments, since the revenues they sought to gain have diminished significantly because money losing enterprises do not pay taxes, nor do the unemployed.

There are many problems caused by the National Energy Program that need to be rectified, but perhaps the one which is most aggravating and frustrating is the problem of Canada's shut-in oil capacity. In April there are over 200,000 barrels a day of production shut in and, while that will go down in May, for the first six months of 1984 it is expected that the average will be well over 100,000 barrels a day. That means that well over $3 million a day of revenue which would be available for the federal Government, provincial Governments and the industry, will not be there.

Madam Speaker: Order.

CHARTER OF RIGHTS

PROVISIONS RESPECTING EQUALITY OF WOMEN

Ms. Lynn McDonald (Broadview-Greenwood): Madam Speaker, with only two years remaining before the equality sections of the Charter of Rights and Freedoms come into force, we are concerned with lack of action on the part of the Government in introducing amendments to bring statutes into line with equality provisions. There should be no further delay in repealing the infamous Section 12(I)(b) of the Indian Act, and reinstating the women who lost their status with their children.

The increased importance of the judiciary in our national life makes reform of the judicial appointment process ever more necessary. Qualifications apart from political connections should be the criteria, so that the bench would include members of all political Parties, and none.

The flagrant inability of Canadian courts to understand discrimination cases when the victims are women is unlikely to change while women are still passed over for judicial appointments. In the year since the Charter was signed, only 3.7 per cent of federal judicial appointments were of women, despite the very adequate numbers of qualified women available. With the increased power of the judiciary, greater public criticism and scrutiny are called for. Contempt of court legislation is needed that will ensure full public criticism.

This is the time also for Parliament to consider the reform or repeal of such reactionary, anachronistic statutes as the Official Secrets Act and the War Measures Act, in light of the principles of the Charter.

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[*Translation*]

CROWN CORPORATIONS

CANADAIR—FUNDS FOR RESEARCH—GOVERNMENT SUPPORT

Mr. André Maltais (Manicouagan): Madam Speaker, I would like to draw to the attention of this House the situation of Canadair. There is a tendency to speak out against Crown Corporations when they have financial or other problems. However, since the situation of Canadair has implications in both fundamental and applied research, I would like the government and the House to support any action that will be taken in order to give some aid to Canadair, because this corporation operates in a field which involves very advanced technology and because there is still a good future in this high technology sector.

I would greatly appreciate, Madam Speaker, if this House could show full responsibility in this matter, given that it involves numerous jobs in the Montreal area and that the aircraft industry must stay in the area and must continue to be a leading industry in Canada. Even the Department of Employment and Immigration has put enormous emphasis on training in the high technology sector. I ask that this House, when a request for additional funding or other measures are put forward, give its fullest support to these initiatives.

* * *

[*English*]

FINANCE

CALL FOR NEW INDUSTRIAL TAX CREDIT

Hon. J. Robert Howie (York-Sunbury): Madam Speaker, in preparation for the budget I would urge the Government to consider a 150 per cent tax credit for firms establishing new production facilities and employing people in areas suffering from regional disparities. This would not be a grant. It would, rather, allow deferral of taxes until the investment in facilities and labour for the first three years of operation, plus 50 per cent, is recovered.

• (1410)

I urge the Government to establish a series of duty-free ports in Saint John, Halifax, and Vancouver, where Canadian export firms can import components and, with Canadian workers using Canadian technology and materials, can assemble products for export to world markets. This has been done successfully in Singapore, Amsterdam, and 18 ports in the United States, among other areas.

I urge the Government to abolish the capital gains tax and encourage investment in the development of Canadian resources in order to create more jobs and taxpayers. I urge the Government to beef up the internship program, examine the 300 applications in New Brunswick now awaiting action, and extend to all Canadian universities the student employment assistance program which is operating successfully, but only at the universities of Winnipeg and Manitoba, in the Minister's riding.

* * *

RAILWAYS

CROWSNEST PASS RATE—DEPICTION OF NARROW GAUGE LOCOMOTIVE IN ADVERTISEMENTS

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, on Saturday last, a four-page tabloid appeared in most of the daily newspapers advertising the Government's position to abolish the Crow rate. This four-page tabloid was a waste of the taxpayers' money and took a position against the Prairie farmers' interests. Not only was it a waste of the taxpayers' money and not only was it against the interests of the Prairie farmers, but I believe the advertisement itself showed how out of touch is this federal Government across the way.

For example, the locomotive shown on the front page of this tabloid is a locomotive from the White Pass and Yukon Railway, and it is one which has never hauled grain. It is a locomotive from a narrow gauge railway which could not even fit on a Prairie railway if they wanted to haul grain. Also, Madam Speaker, this railway was closed down last fall. It was

the first time this railway has been closed down since the great gold rush of the 1890s.

The Government has for this advertisement chosen a locomotive which cannot haul grain, and has chosen a railway which has already been closed down. I believe that shows the Government across the way is out of touch and should resign.

Some Hon. Members: Hear, hear!

* * *

PETRO-CANADA
RESULTS OF POLL ON GASOLINE PURCHASES

Mr. Hal Herbert (Vaudreuil): Madam Speaker, media coverage of a Gallup poll on the weekend stressed that "only 8 per cent" of Canadians go out of their way to buy gasoline from a Petro-Canada station. This type of reporting may be technically accurate but is nonetheless misleading. The "only 8 per cent" who make a special effort are persons who make the positive and more difficult decision not to buy from the most convenient foreign owned outlet.

The figure of only 8 per cent is also negatively distorted because 23 per cent of those polled do not buy gasoline, and amongst those who do buy gasoline are many persons who buy from Petro-Canada without making some special effort. The "only 8 per cent" is, therefore, a significant percentage in light of our general lethargy to inconvenience ourselves.

This should remind us that the interpretation of figures is of considerably greater importance than the numbers themselves.

* * *

RAILWAYS

CROWSNEST PASS RATE—CONDEMNATION OF GOVERNMENT ADVERTISING CAMPAIGN

Mr. Albert Cooper (Peace River): Madam Speaker, I would like to make a statement today concerning the advertising the Government has just done concerning the Crow rate. I believe this advertising is an abuse of the power and position of the Government. I believe it has a number of implications which pose a serious threat in a free and democratic state.

The first threat is that the federal Government has by far the greatest source of funds to draw on for this type of advocacy advertising. Advocacy advertising by Government is nothing less than propaganda. The result is the tyranny of the misinformed opinion, which isolates those affected directly by the programs promoted by Government. The second threat is that Parliament ceases to have a free opportunity to debate the issue as we are not yet in possession of the draft legislation, thus reducing the effectiveness and opportunity of legitimately elected representatives of the people. Because the Government has not finalized its proposals, it can claim to be all things to all those concerned which, in effect, robs Canadians of objective debate about the issue.

Finally, Madam Speaker, people who do not support the Government's ideas on this particular issue are forced to pay for this ad out of their own pockets, and are forced into a position of having to do their own advertising to inform the general public properly. It is unfair, it is arrogant, and it is an embarrassment to all concerned Canadians.

ORAL QUESTION PERIOD

[*English*]

CHARTER OF RIGHTS

ANNIVERSARY OF PROCLAMATION—AMENDMENT OF LEGISLATION CONTRAVENING PROVISIONS

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, I would like to direct my question to the Prime Minister. Yesterday marked the first anniversary of the proclamation of the new Constitution Act and the Charter of Rights.

Some Hon. Members: Hear, hear!

Mr. Hnatyshyn: That proclamation took place after some very considerable expenditure of funds on the part of the Government by way of advocacy advertising. Expectations were heightened that, following the proclamation, the rights and freedoms of Canadian citizens would be substantially enhanced and looked after by the federal Government. Since the time of the proclamation, however, the record has shown quite the contrary. Time has stood still as far as the people of Canada are concerned, as well as this Government, with respect to the promotion of the individual rights and freedoms which are apparently protected under the Charter.

Specifically with respect to legislation and federal laws, would the Prime Minister tell the House when we might expect legislation to be introduced in this House which will in effect change the laws which are clearly in contravention of the provisions of the Charter of Rights—by way of example, writs of assistance which give arbitrary powers of search and seizure contrary to the provisions of the Charter of Rights, and many other pieces of legislation? When is the federal Government going to accept its responsibility and give effect to the Charter of Rights as it affects its own legislation?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would take the judgment of the Hon. Member in the examples such as he gives, that the Charter is contravened. It is a recognized fact, however, that the Charter of Rights as we proposed it and what was imbedded in the new Constitution, does render certain provisions of our existing law unconstitutional. That is why a section of the Constitution, particularly as regards equality rights, was introduced with a delay as to their taking effect. That delay is being used by the federal Government, as the Minister of Justice has reported at least twice in this House, so that we can find ways to amend all these bits of legislation through an omnibus piece of legisla-

tion. It is our intention—well within the delays provided for in the Constitution—to bring in an omnibus law which will erase those aspects of the current laws which are contravening the Bill of Rights.

APPLICATION OF CHARTER TO STATUS OF WOMEN

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, it is quite one thing to talk about equality rights, and I want to ask the Prime Minister about that because I believe the record of the Government is abysmal in that respect as well. But I am talking about acts on the statute books right now which are in clear contravention of the Charter of Rights. I want to know when the Prime Minister and the Government are going to bring forward legislation to rectify that situation.

With respect to equality rights, is the Prime Minister saying to the People of Canada that the Government is going to stand by the letter of the law and wait until 1985 before bringing in amendments to the Indian Act, to the unemployment insurance provisions, and to other pieces of federal legislation under the control of the Government and this Parliament? Is he saying to the women of Canada that the Charter of Rights has no application in terms of equality rights until 1985?

Right Hon. P. E. Trudeau (Prime Minister): Of course I am not saying that, Madam Speaker. I do not understand the meaning of the Hon. Member's preamble. I am talking about legislation which is on the statute books now and which has to be changed, either in the equality sections or in other sections. I said that the Minister of Justice is bringing in an omnibus piece of legislation in order to set as many things as possible right in that legislation. I can only hope that we do not have, from the Opposition, as we did with the Bill of Rights itself, the kind of systematic and mindless opposition which we had when this legislation was before the House, and when that Party over there prevented us from making it into law for a period of many months.

Some Hon. Members: Hear, hear!

Mr. Hnatyshyn: Madam Speaker, if it was not for the Opposition, the Constitution Act and the Charter of Rights would have been a far more inferior product than that which was finally passed by the Government.

Some Hon. Members: Hear, hear!

POSITION OF LITIGANTS SEEKING PROTECTION OF CHARTER

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, the Prime Minister is saying to the people of Canada that the Government is playing no role, it is going to sit back and, some day in the future, it is going to bring in some omnibus Bill which might change the offending provisions of the current law so they will not offend the Charter of Rights. What he is saying to the people of Canada is that they must go to the courts at their own expense. The little man has to fight in the courts in order to protect his own rights. In only one instance is there any assistance by the federal Government to litigants and that is in the case of language rights.

Will the Prime Minister not consider making provision within the bureaucracy to assist legitimate Charter cases? In the alternative, possibly by way of supplemental assistance, will the Government create an independent institution which would fund legitimate Charter cases and support individual litigants who might not otherwise be able to afford their defence in court?

• (1420)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member seems determined to set up strawmen and then knock them down. He says that we are leaving it to the litigants to set their record, to fight for their rights under the Charter. I have just finished telling him in two answers that, no, we will change the laws so that the litigants do not have to go through that process of fighting.

An Hon. Member: When?

Mr. Trudeau: Madam Speaker, I find it difficult that the Opposition asks, "When?", when we have constant reports from our House Leader trying to get legislation which is obsolete now, almost, and the Opposition does not want to pass it. Perhaps Hon. Members opposite can give us some kind of a meaningful timetable to pass the urgent legislation, the legislation that was put before them at the beginning of the Fall, and they were unable to give us a timetable. I find it a bit hilarious that they are suggesting new legislation, new expenditures, and new advertising campaigns, if I understood the Hon. Member's first suggestion.

Mr. Baker (Nepean-Carleton): Truth in advertising is all we want.

[*Translation*]

Mr. Trudeau: As to the statement that the product is flawed, I am prepared to agree. For instance, the product is flawed with respect to the constitutional amending formula. Had it not been for the filibuster of that Party, we would have had a constitutional amending formula which would have given a right of veto to the four Canadian regions, the Province of Quebec included. It is rather paradoxical to hear the former Leader of the Progressive Conservative Party advocate more power for that Province, when it was his own Party which prevented us from implementing a constitutional reform which indeed would have had such a result.

[*English*]

REQUEST FOR INCLUSION OF PROPERTY RIGHTS

Hon. James A. McGrath (St. John's East): Madam Speaker, I want to make a suggestion to the Prime Minister as to how he can perfect the Charter in a very fundamental way. The Prime Minister will know that Section 7 of the Charter contains only three of the four fundamental democratic rights, notwithstanding the fact that on January 22, 1981, before the

Special Committee on the Constitution, the Solicitor General made a commitment on behalf of the Government that he would include property rights in Section 7 of the Charter, a commitment which was subsequently reneged upon because of opposition from the then NDP Government of Saskatchewan, a Government which has changed since that time.

Is the Government now prepared to recognize the heritage of those Canadians who carved homes and farms out of the wilderness, and put property rights in the Charter of Rights?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): The historic recollection of the Hon. Member is partially correct, Madam Speaker. It is true that we did not include property rights in Section 3—

Mr. Epp: You reneged.

Mr. Trudeau: —although they are included in the Canadian Bill of Rights, which applies to all federal areas of jurisdiction. We did not impose it on the Provinces, partly because of the opposition of the Government of Saskatchewan, but only partly, because there were at least five other Conservative Provinces which did not want that provision to be in the Bill of Rights.

However, to show that I am not always in disagreement with the Hon. Member, I will make an offer now which I hope that the Acting Leader of the Opposition will accept on behalf of his Party. If we can have all-Party agreement—I would not even say "all Party agreement"—I would say that if we can have agreement of the Conservative Party to introduce an amendment on property rights and to pass it in 24 hours, I will undertake to do that, to convince the Minister of Justice that it would be done. We have not been doing it, not so much for fear of the ex-Government of Saskatchewan but, rather, because we were afraid it might so discord with the Tory leaders of Tory Governments in the Provinces.

I make my offer on behalf of this Party. If the Conservative Party wants to undertake to pass it in all stages in one day, we will pass it before the end of June.

Some Hon. Members: Hear, hear!

POSITION OF PROVINCES

Hon. James A. McGrath (St. John's East): Madam Speaker, the Prime Minister should follow his own advice and not attempt to negotiate on the floor of the House of Commons.

Some Hon. Members: Oh, oh!

Mr. McGrath: However, I will say this to him, that he will find that there will be a very reasonable disposition on the part of Her Majesty's Loyal Opposition to do anything which would protect the right of Canadians to hold property under the Charter of Rights.

Some Hon. Members: Hear, hear!

Mr. McGrath: Madam Speaker, the Prime Minister will know that the legislature of British Columbia, by unanimous resolution on September 21, passed just such a resolution. There are also such indications from the Province of Ontario. Indeed, if such a resolution is passed by the Parliament of Canada, I think the Prime Minister will find the necessary seven Provinces in agreement so that the heritage and the right of Canadians to hold property can be protected, because, as the Prime Minister knows, this protection in the Diefenbaker Bill of Rights does not apply to the provincial jurisdiction.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member has reinforced my point. It applies to the federal jurisdiction. Therefore, insofar as this Government and this Parliament are concerned, Canadians are completely protected as to their property rights. The reason they are not protected in the Provinces is because there has been provincial opposition. The Hon. Member predicts that we will have seven Provinces joining. Let us put them to the test. Let us get agreement from that Party to support this Party, to do it all in one day and to pass a House order, and then it will be done. Madam Speaker, we are waiting for confirmation of that from the House Leader on the other side.

Some Hon. Members: Hear, hear!

Mr. Riis: So much for provincial rights, Mr. Prime Minister.

Miss MacDonald: You're just a year late, as usual.

* * *

FINANCE

MINISTER'S APPROACH TO PREPARATION OF BUDGET

Mr. Nelson A. Riis (Kamloops-Shuswap): On this budget eve, I suspect that many Canadians are feeling very edgy, wondering what the Minister of Finance has in store for them or what he plans to do to them. The last budget blamed the people of Canada for a large part of our problem by saying they were too hopeful, too optimistic, that they were spending too much, that their expectations were too high. More recently, we have seen a complete flip-flop, saying that it is time to get confidence going up once again, that our expectations are not too high, that the Government wants people to be spending more of their money on goods and services.

Will the Minister of Finance agree to stop this flip-flopping, this dancing around, and assure the House that the budget shoes he purchased are not dancing slippers—

Mr. Baker (Nepean-Carleton): They're Gucci boots.

Mr. Riis: —but in fact are good, sound, strong, Canadian made work boots, so that he can stand in his place and start providing some direction for the people of Canada, as opposed to this contradictory advice?

Mr. Baker (Nepean-Carleton): They're Hush Puppies.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I do not think that the Hon. Member needs to go back to November of 1981 to find flip-flops. There was a much more recent one, as a matter of fact, and that was the one by Hon. Members of the NDP who, last Fall, were advocating reducing the deficit and, in the last few weeks, have been advocating a larger deficit. Therefore one does not have to go that far and must only look at one's own conscience. I would invite Hon. Members of the NDP, as a matter of fact, not even to look at their consciences, but simply to look at press clippings of what they were saying as recently as six months ago.

As far as the question of the Hon. Member is concerned, I want to assure him that the budget which I will be introducing tomorrow will be good for Canada.

Some Hon. Members: Hear, hear!

REPORTED REALLOCATION OF DEPARTMENTS' FUNDS

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, we learned in the last number of hours that Treasury Board has been asking each Department to cut spending to provide money for a slickly designed budget package and for funding the promotion of a publicity blitz by the Minister of Finance and his cabinet colleagues.

Could the Minister tell us whether it would not be more appropriate to use some of these reallocated funds for much needed job creation rather than another promotional campaign like the six and five program or, more recently, like the Crow campaign?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I will only tell my hon. friend that, if the Treasury Board has been issuing such instructions recently, it is probably too late for my budget, because my budget is now decided, and I do not think that such reallocation would be of any help at this particular time. Therefore, I suspect that my hon. friend is referring to another speculative story, which probably does not have foundation.

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RAILWAYS

CROWSNEST PASS RATE—EXPENDITURE ON ADVERTISING CAMPAIGN

Mr. Laverne Lewycky (Dauphin): Madam Speaker, my supplementary question is directed to the Minister of Finance and arises out of the Government's four-page supplement with regard to the Pepin proposal which appeared in the Winnipeg *Free Press* and the Brandon *Sun* on the weekend and, today, in the Winnipeg *Sun*.

• (1430)

Does the Minister consider it appropriate for Ministers such as the Minister of Transport to waste money on advertisements which, like Dracula, suck money from the western farmers? Will he be issuing some sort of guidelines to prevent the Government's waste of taxpayers' dollars when there is not even legislation before the House? If the Pepin proposals are so beneficial to western farmers, surely they can stand on their own merits?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Minister of Transport answered this question quite appropriately and adequately last Friday. I totally support what the Minister of Transport has said. I think it is an excellent initiative and should be applauded.

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THE CHARTER OF RIGHTS

REQUEST FOR TEXT OF PROPOSED PROPERTY RIGHTS AMENDMENT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question for the Prime Minister follows the exchange between himself and the Hon. Member for St. John's East with respect to property rights in the Charter of Rights. He will know that, historically, this Party moved a property rights amendment in the committee, which was defeated by the combined forces of the Liberal Party and the New Democratic Party at that time. He will know that that same amendment was moved by this Party in the House of Commons during the debate on the measure, and again defeated by the Government. We still have that draft ready.

Will the Prime Minister consider providing us with a copy of his proposed draft by tomorrow, so that we might consider it in our usual regular caucus on Wednesday?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member goes a little back into history. This is recent history. If he has forgotten, I will report to him that in the summer of the constitutional meetings with the Provinces we had a Section in the Charter of Rights entrenching the rights of property.

Mr. Epp: You never moved it.

Mr. Trudeau: It was removed at the request of the Provinces. I am prepared to reintroduce that. I am certainly prepared to make sure that the Hon. Leader of the Opposition has a copy of our draft. It is ready and it can be moved at any time.

I would have wished that the Leader of the Opposition had been a little less conditional when he says if we do that he will examine it and discuss it through the usual channels. Why does he not say now that, if we can get a draft on which we both agree, he will answer my challenge to get it done and to ask for a House order of one day?

Mr. Nielsen: That is a new version of the twist. I think if the Prime Minister examines the report of my question, he will see that I never used the word "if". All I did was draw his attention to the fact that we twice introduced a property rights

amendment, once in the committee and once again in the House. On both these occasions the Prime Minister's Party and the NDP rejected that amendment.

PROGRESSIVE CONSERVATIVE PARTY AMENDMENT

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, if the Prime Minister is not prepared to provide us with a draft tomorrow—that is an "if"—for discussion at our regular caucus, will he accept the amendment that we introduced both in committee and in the House of Commons?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I will provide the Hon. Member with a draft by tomorrow. I will try to make sure that he gets it by tonight. I wish I would also hear the Leader of the Opposition say that if that draft is in the spirit of the 1960 Charter of Rights he will undertake, on behalf of his Party, to join us to seek a House order to have that resolution passed in one day.

That is what is always lacking in the question of the Hon. Member—any undertaking by his party to do anything except try to push the Government, but it never sticks its own commitment out. I would like to see it.

DRAFT OF TEXT PRESENTED TO PREMIERS

Hon. Erik Nielsen (Leader of the Opposition): This smacks a little like the Minister of Justice wanting us to pass a Human Rights Act without even reading it and then, once having read it, without debating it.

The Prime Minister has undertaken to provide us with that draft. For that I thank him. Once we have looked at that draft and confirmed that it is indeed the same as the one that was presented to the Premiers, we will then bring him our decision.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, we will expect to hear that decision tomorrow during Question Period.

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PETRO-CANADA

ACQUISITION OF BRITISH PETROLEUM COMPANY—INVESTIGATION OF TAKEOVER

Mr. Harvie Andre (Calgary Centre): Madam Speaker, in the absence of the Minister of Energy, Mines and Resources I will direct my question to the Acting Minister who, I presume, is the Minister of State for Mines. Last fall, prior to Petro-Canada's takeover of BP Canada Limited, there was evidence of prior knowledge by a person or persons because of the exceptional interest in BP Canada's stock which moved from $26 to $36 in the few weeks prior to the takeover by Petro-Canada.

In response, the Ontario Securities Commission froze the funds and accounts of brokers who had traded in BP stock. As of April 7 of this year, some six months after the fact, approximately $1 million has not been claimed even though all that is required for people to do so is to come forward and identify that the money belongs to them. This seems to indicate that somebody has something to hide.

Considering the fact that Petro-Canada, a Crown corporation with a federal charter, is involved in this, and that the possibility exists that someone associated with Petro-Canada, or their friends or relatives, may have leaked information or benefited from it, has the federal Government instituted an investigation of its own into this situation?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, in the absence of the Minister of Energy, Mines and Resources, I must confess that I know nothing of the matter, but I shall take the question under advisement and get back to the Hon. Member.

OTTAWA BROKERAGE HOUSE ORDERS FOR CALL OPTIONS

Mr. Harvie Andre (Calgary Centre): Madam Speaker, perhaps the Acting Minister of Energy, Mines and Resources might also bear in mind and investigate the situation where one of the largest trades was in the form of call options through a brokerage house here in Ottawa. In advance of the BP takeover, someone here in Ottawa placed an exceptionally large order for call options which have the largest leverage for the potential investor. That would indicate that someone was very lucky or had prior knowledge. Would the Minister commit that that specific situation will be investigated by the Government?

Hon. Judy Erola (Minister of State (Mines)): Madam Speaker, I can assure the Hon. Member that I shall bring the matter to the attention of the Minister of Energy, Mines and Resources.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF THE PREMIER OF BERMUDA, MR. JOHN SWAN

Madam Speaker: I have the honour of drawing the attention of the House to the distinguished presence in our gallery of the Premier of Bermuda, Mr. John Swan.

Some Hon. Members: Hear, hear!

[*Translation*]

PRESENCE IN GALLERY OF ZAIRE COMMISSIONER OF STATE FOR THE ECONOMY, FOR INDUSTRY, AND FOR EXTERNAL COMMERCE

Madam Speaker: I would also like to draw the attention of Hon. Members to the presence in our gallery of Mr. Nyembo

Shabami, the Commissioner of State for the Economy, for Industry and for External Commerce of Zaire.

Some Hon. Members: Hear, hear!

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[*English*]

CROWN CORPORATIONS

CANADAIR—REQUEST FOR RELEASE OF TASK FORCE REPORT

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, my question is directed to the Prime Minister. It follows a question that I asked the Minister of Supply and Services last week concerning the Canadair matter and the Task Force Report. I had asked the Minister of Supply and Services whether he would make a copy of the Task Force Report available so that the committee could deal with the matter. He indicated that he would not. I asked him if he would not mind thinking about that over the weekend, and in his answer he seemed to say that he did not believe he should think on the weekend since he did not think at all during the week anyway.

Would the Government release that Task Force Report that was referred to in those questions so that, when the matter comes before the committee of the House, as the Prime Minister indicated it would, all the information would be available for the parliamentary examination which even independent observers of this institution are saying should take place with respect to Canadair?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I did look fully into the question asked by the Hon. Member last Friday as well as the excellent answer given by the Minister of Supply and Services. I should like to confirm to the Hon. Member that the practice concerning Cabinet documents remains unchanged and the answer given law last Friday was excellent.

[*English*]

REQUEST THAT GOVERNMENT RECONSIDER POSITION

Hon. Walter Baker (Nepean-Carleton): Madam Speaker, I know that the Government is fully aware that it has removed from the ambit of the Freedom of Information Act the ability of the special commissioner, whenever he is appointed, or of the courts, to examine the question of the release of Cabinet documents. I am aware of that. That seems to be the substance of the answer. But there is no reason, no law, that prohibits the Government when it wishes to do so, and when it is proper and right that it do so from the point of view of Parliament getting to the truth of the issue, from releasing those documents. I ask the Prime Minister once more whether, in the true spirit of The Freedom of Information Act, through which all the information would be open, the Government would once again reconsider that answer?

• (1440)

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if the Hon. Member casts his mind to the Freedom of Information Act, he will recall there are certain exceptions, exceptions that are practised in all democratic countries. They have to do with documents that might be deleterious to foreign relations, to personal privacy, or to the cabinet system of Government. That is the exception I ask the Hon. Member to reflect upon when he is asking for the tabling and the making public of cabinet documents.

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ENERGY CONSERVATION

DELAY IN ISSUANCE OF CHIP PROGRAM CHEQUES

Mr. Derek Blackburn (Brant): Madam Speaker, in the absence of the Minister of Energy, Mines and Resources I have a question for the President of the Treasury Board. In view of the fact that most of the CHIP grant cheques are being delayed inordinately and, because of this, insulation companies are having to lay off literally hundreds, if not a few thousand employees across Canada, what is the Minister prepared to do to make sure that these CHIP grant cheques get out to the applicants so these lay-offs do not have to take place? We are suffering from a situation in the country today with over two million unemployed and, through Government incompetence, we do not need even a few hundred more.

Hon. Herb Gray (President of Treasury Board): Madam Speaker, I already have had a similar inquiry. I would be delighted to look into the reasons for the delay in consultation with the Ministers responsible, to see what might be done to speed up delivery of the cheques.

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CANADA MORTGAGE AND HOUSING CORPORATION

FUNDS FOR CANADIAN HOME OWNERSHIP STIMULATION PROGRAM

Mr. Derek Blackburn (Brant): Madam Speaker, in the absence of yet another Minister, the Minister responsible for Canada Mortgage and Housing, I would like to put a question to the Minister of Finance. It has become apparent that the Canadian Home Ownership Stimulation Program has run out of money in many regions. As a meeting was held this morning in the CMHC offices to discuss this appalling situation, I would like the Minister to inform Canadians whether there will be moneys to cover the applications now being held by CMHC offices across Canada. As well, I would like to know whether there will be moneys to cover the applications that will continue to come in until the end of the program deadline of April 30, 1983, and whether the Minister knows that this housing stimulation program is a first rate way of stimulating the over-all economy?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I am very happy to learn about the support, although belated support, from the NDP for this Program because I remember Members of the New Democratic Party voted against this program when we put it forward. I must say to my friend, however, that unfortunately I did not attend that CMHC meeting this morning. The Hon. Member may have had friends there or he may have been present himself, but I was not there, and I cannot therefore, comment on that particular meeting.

As far as the budget is concerned, the Hon. Member will have to show patience for another 36 hours.

* * *

[*Translation*]

EMPLOYMENT

WITHDRAWAL OF QUEBEC FROM NEED PROGRAM—STATUS OF MUNICIPAL PROJECTS

M. René Gingras (Abitibi): Madam Speaker, my question is directed to the Minister of Employment and Immigration and concerns the NEED Program. We know that the PQ Government has withdrawn from the Canada-Québec Agreement on the NEED Program. I should like to know whether there have been any new developments regarding projects by municipalities, and whether those projects have been considered by the PQ Government. We know that some excellent projects were submitted by the municipalities and I would therefore like to know what is happening to these projects.

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Madam Speaker, I would like to inform the Member for Abitibi that since March 23, when the Quebec Government sent an ultimatum to the Federal Government on the NEED Program, indicating that it did not intend to meet its December 23 commitment regarding this program—since then, the Minister of Employment and Immigration has approved 683 projects that will create 6,722 jobs, which represents $36.6 million.

As far as the municipal level is concerned, the Quebec Minister indicated at the time that the $50 million that were available for job creation would be spent on municipal projects. Madam Speaker, by the time the agreement was broken by the Quebec Government, we had received 400 projects from various Quebec municipalities, and as far as I know, none of the projects have been approved by the Quebec Government, and we, and especially Quebec municipalities, are still waiting for approval of these projects.

Finally, Madam Speaker, I may point out that in the private sector, we have approved 56 projects that will create 485 jobs, which demonstrates the effectiveness of this program, and especially, the interest shown by private companies in a program aimed at creating often permanent jobs.

[*English*]

GRAINS

STATEMENTS BY TWO MINISTERS

Hon. Don Mazankowski (Vegreville): Madam Speaker, I would like to direct my question to the Prime Minister. Could he clarify two conflicting statements of policy, emanating on the one hand from the Minister of Agriculture and from the Minister of State in charge of the Canadian Wheat Board on the other hand. The Minister of State in charge of the Canadian Wheat Board called upon the grain producers of Canada to reduce their acreage by 5 per cent in the case of wheat and 15 per cent in the case of barley, while at the same time the Minister of Agriculture has been quoted as saying that it would be unprincipled and unchristian for the federal Government to tell farmers to cut grain production. Could the Prime Minister advise the House which Minister is accurately reflecting Government policy?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I have not had occasion to see either of those statements, but I will undertake to look into them and give the Hon. Member an answer.

Miss MacDonald: A house divided.

REQUEST FOR RESIGNATION OF MINISTER OF AGRICULTURE

Hon. Don Mazankowski (Vegreville): Madam Speaker, if in the event the Minister of Agriculture seems to conflict with the stated policy of the Minister in charge of the Canadian Wheat Board, and if in fact the Minister of Agriculture is in violent disagreement with the Minister in charge of the Canadian Wheat Board, would the Prime Minister be asking the Minister of Agriculture to do the honourable thing and resign?

Mr. Hnatyshyn: Farmers are on and off their tractors. They do not know what to do.

Right Hon. P. E. Trudeau (Prime Minister): That is clearly hypothetical, Madam Speaker, including the suggestion.

* * *

RAILWAYS

OILSEED FREIGHT RATE POLICY—EXCLUSION OF SUNFLOWER SEED

Mr. Jack Murta (Lisgar): Madam Speaker, my question is for the Minister of Transport. The Minister knows that the oilseed crushing industry is a very important industry, not only to Canada as a whole but specifically to western Canada. It is important in terms of being an economic generator and also interns of jobs. In the Western Transportation Initiatives that have now been brought down and are called the Pepin proposal, included is the long sought after freight rate parity for

Canola, which is rapeseed, and for linseed oil, which is flax. However, the proposal leaves out totally the question of sunflower seed. The sunflower seed industry is about a $35 million a year industry to Manitoba. It is a substantial industry also for Saskatchewan and Alberta. Is the Government looking at including sunflower into the total package so that we do have a true national oilseed crushing policy in this area? If so, in what manner, and what form will it take?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, that would require a long explanation. We have looked at this question and for three reasons we have not accepted the inclusion of other crops and other products, as suggested by Professor Gilson for Canola and linseed oil and meal. The first reason is the limitation of money. The second is, where do we stop, because there would be a great number of other products that people would want included. The third reason may be a bit philosophical, that it may not be the best way to start by making too many exceptions when you want to establish a new system.

PLEA FOR SUNFLOWER INDUSTRY

Mr. Jack Murta (Lisgar): Madam Speaker, the Minister of Transport will know that the first crop to be crushed on the Prairies in the 1940s was the sunflower crop. A brief presented to the Minister by the industry in Manitoba reports:

> If in the final resolution to this transportation issue sunflower seed and its products are excluded, there is no question the sunflower crop is in danger of extinction.

Excluding a crop such as this means a substantial loss to the Prairie economy in all three Prairie Provinces. Surely the Minister of Transport can give the industry a more satisfactory answer, especially in view of the fact that the industry has given him figures to indicate that about $750,000 is what it would take to bring the industry basically up to parity with the rapeseed or the Canola industry and the linseed oil industry on the Prairies? The sunflower industry cannot be allowed to die. It is as simple as that.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I have had a similar representation from another group. The alfalfa people, for example, presented the same case to me. Needless to say, my hon. friend is aware that if payments were made to producers, there would be a correction of that over a period of time.

* * *

• (1450)

CROWN CORPORATIONS

CANADAIR—INVESTIGATION OF MARKETING PRACTICES

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is directed to the Prime Minister. Has the Cabinet, any Committee of Cabinet, any group directed by Cabinet, or any Minister of the Crown, investigated the marketing practices of Canadair? In particular, have they investigated its marketing practices in relationship to the Challenger and in relationship to Canadair's firefighting aircraft?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I expect it would be the business of the board of CDIC, which now holds the shares the Government had in Canadair, to look at past and present practices to see if they can be improved in any way. Therefore I assume they will know what has been going on and what is going on. I do not know if the Hon. Member would call that an investigation in the parliamentary sense, but it is certain that when they appear before Parliament to ask for greater funds the Hon. Member will be in a position to ask them what they have found out about those practices.

BRIBERY CONVICTION OF UNITED STATES SENATOR

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, is the Prime Minister aware of a conviction registered against United States Senator Hohman of Alaska in which he was convicted on December 24, 1981, of accepting a bribe and offering to share a $20,000 bribe from a Canadian Government-owned firm, Canadair Services Limited? If so, has he had that matter and other related matters investigated? If not, why not?

Right Hon. P. E. Trudeau (Prime Minister): No, Madam Speaker. That is the first time I heard of this matter. Certainly, if it were a verifiable allegation practised by a Government Department or a Crown corporation, it would be falling under guidelines that we issued some years ago against bribes. Indeed it might even come, depending on the circumstances, abreast of the Criminal Code. I have not heard of this. I suppose it would depend on the veracity of the facts, and I will have it looked into.

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FINANCE

INQUIRY RESPECTING POSSIBLE INCLUSION OF MORTGAGE INTEREST INSURANCE PLAN IN BUDGET

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, my question is directed to the Minister of Finance. In view of the fact that we have had some very erratic fluctuations in the interest rate in the last year or so, has the Minister responsible for CMHC discussed with him at any time, and laid before him, a plan which might be included in any budget?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, in the last year there has not been what the Hon. Member calls fluctuations. Fundamentally in the last year there has been a steady decline in interest rates. Today all major banks have announced that they are cutting down their prime rate again by half a point to about 11 per cent.

Some Hon. Members: Hear, hear!

Mr. McDermid: Tell that to people with 19 per cent mortgages.

Mr. Lalonde: In effect, the rate today at 11 per cent is the lowest it has been since November, 1978. Frankly I hope this downward trend will be maintained in the months to come because it is a very encouraging sign for home owners, businesses, and everyone in the economy.

ROLE OF PRIVATE SECTOR

Mr. S. J. Korchinski (Mackenzie): Madam Speaker, in view of the fact the Minister cannot guarantee anybody that we will not be playing renewable roulette within the next ten months or so, would he reconsider his answer and, at the same time, at least go to private lenders and discuss with them whether they can come up with a plan if the Government cannot?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the suggestion of a plan which would provide some insurance is one that has been made by the Minister responsible for CMHC. As a matter of fact, he has worked on the subject with people in the private sector and examined the implications of such a proposal. We have been informed both from the private sector and experts in the field that there are a number of difficulties and that more studies are required. This is what the Minister has said outside the House quite frequently.

The private sector has been extensively involved, but I want to remind my hon. friend again that, if he is not satisfied with an 11 per cent prime rate, he can get today from one bank a 10.75 per cent mortgage for one year, and if he wants to have it a little longer he can go to a five-year rate at 13.25 per cent. Five-year mortgage rates are back on the market.

Again I hope, through the continuation of the monetary policy we have in Canada at the present time, and with the measures which will be contained in the budget, we will see a continuation of the decline in interest rates. Already our measures have been very successful in the last year in bringing down interest rates very significantly; as a matter of fact, cutting them from 19 per cent and 20 per cent down to 11 per cent and 10.75 per cent. It is pretty good in the space of nine months.

* * *

ADMINISTRATION OF JUSTICE

REPORTED TRANSFER OF IMMIGRATION DETAINEES IN LEG-IRONS AND HANDCUFFS

Hon. Marcel Lambert (Edmonton West): Madam Speaker, in the absence of the Minister of Employment and Immigration may I direct my question to the Acting Minister and also to the Solicitor General, if part of it should apply to him. Would the Hon. Minister confirm whether on April 10 or 11 there was a transfer from Toronto to the Ottawa-Carleton Detention Centre of 11 detainees under the Immigration Act, most of whom, if not all were of East Indian origin? What was the purpose of the move from Toronto to Ottawa? If there was to be a hearing in Ottawa, why was it not ascertained that such a hearing would not be held and then decided that the said detainees were to be returned to Toronto for a hearing on April 25? It this applies to the Solicitor General, but in any event to the Minister, would he explain to the House why those detainees were moved in leg-irons and handcuffs since they were only guilty of statutory law transgressions, if at all? If they were refugees coming up for hearings in Ottawa, why were they transferred in leg-irons and handcuffs?

Mr. Pinard: Order Paper.

Mr. Hnatyshyn: We know how long it takes to answer questions on the Order Paper.

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I have had no notice of this question. I have no knowledge of the alleged transfer of refugees, or alleged transfer of detainees. I will look into it immediately. If the Hon. Member has any more information about it, I would be glad to have it from him.

COST OF TRANSFER

Hon. Marcel Lambert (Edmonton West): Madam Speaker, might I ask either of the Ministers also to supply the approximate cost of this exercise in futility?

Hon. Bob Kaplan (Solicitor General of Canada): Madam Speaker, I will look into that as well.

* * *

CROWN CORPORATIONS

CANADAIR—FINANCIAL BENEFITS ACCRUING TO UNITED STATES

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, speaking of Order Paper questions, and since I cannot get any information there about Canadair, I would like to elicit, if I could, just one answer from either the Prime Minister, the Minister of Supply and Services, or the Acting Minister of Industry, Trade and Commerce, concerning the proportion of financial benefits from this massively funded Crown corporation that have gone to the United States. I am thinking of Bill Lear's company, also Federal Express, and so on. Can someone over there tell me just what percentage of the industrial, monetary or other benefits have gone to the United States—

Mr. Pinard: Order Paper.

Mr. MacKay: —rather than to Quebec and Canada, which was the whole purpose of setting up this company and subsidizing it so massively?

[*Translation*]

Hon. Pierre Bussières (Minister of National Revenue): Madam Speaker, I believe this question could usefully be considered by a Standing Committee of the House, if additional funds were to be granted to Canadair.

* * *

[*English*]

HOUSING

REQUEST FOR EXTENSION OF $3,000 GRANT PROGRAM

Mr. John McDermid (Brampton-Georgetown): Madam Speaker, my question is directed to the Minister of Finance. Is he giving serious consideration to extending the $3,000 grant for first-time home buyers to stimulate the very important housing industry which is just beginning to roll now, in order to keep that momentum going?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, that is another interesting suggestion from a Party that throughout the debate on this subject had claimed that this was a program it did not believe in, a program which according to the Party, would never work and which was contested as soon as it was presented in the House. I am very happy that on his deathbed, as it were, my Hon. colleague is now supporting this program. I am also very happy to receive his suggestion.

* * *

[*English*]

PETITION

MR. TAYLOR—CONSIDERATION OF BILL C-671

Madam Speaker: I have the honour to inform the House that the petition presented by the Hon. Member for Bow River (Mr. Taylor) on Friday, April 15, meets the requirements of the Standing Order as to form.

• (1500)

ROUTINE PROCEEDINGS

[*English*]

PETITION

MR. FULTON—NORTH SLOPE DEVELOPMENT

Mr. Jim Fulton (Skeena): Madam Speaker, I have the honour today to present a petition prepared by the Mackenzie Delta Dene Regional Council. It has over 500 signatures, primarily from Aklavik, Arctic Red River and Fort McPherson. The petition opposes development on the north slope, in particular Gulf's application for a port at Stokes Point. It supports the Berger recommendations and the National Energy Board decision for withdrawal of the area for a national park and conservation.

I am sure the Members of the House will be interested to know that in Aklavik, with about 360 voters, over 183 people signed, in Arctic Red River, with only 52 voters, over 50 people signed, and in Fort McPherson, with 432 voters, 293 people signed the petition.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 4,624.

[*Text*]

SALES TAX ON PUBLICATIONS OF CHARITABLE ORGANIZATIONS

Question No. 4,624—**Mr. Hawkes:**

1. Is the Minister of National Revenue aware that charitable organizations must pay sales tax on their own publications and (a) if so, is he planning to rescind this sales tax (b) if not, what measures is he planning to help the approximately 57,000 charities affected by this tax?

2. How much revenue does the Minister expect to raise by taxing public education material?

3. Was the Minister contacted by the Canadian Cancer Society regarding this matter and, if so, what was the Minister's response to their concerns?

Hon. Pierre Bussières (Minister of National Revenue): 1. Yes, since January 1, 1981, the sales tax exemption formerly provided in the Excise Tax Act for goods enumerated under tariff item 69605-1 has been repealed. A study is being conducted by the Department of Finance.

2. Revenue figures are not maintained on a product by product basis. It is therefore impracticable to reasonably estimate the amount of revenue raised by taxing public education material.

3. Yes, and the Minister informed the Society that the sales tax exemption formerly provided in the Excise Tax Act for the goods enumerated in Customs Tariff item 69605-1 was repealed effective January 1, 1981. Prior to that date several social service organizations including the Canadian Cancer Society were extended the duty and tax free benefits relating to this tariff item. The replacement provisions, i.e., Sections 12 and 13 of Part III of Schedule III to the Excise Tax Act, for many of the goods previously allowed sales tax exemption under tariff item 69605-1 are not available to social service organizations because such organizations are not among the institutions specifically named in the new exempting provisions as being entitled to the benefits. As a result, the Canadian Cancer Society was informed it was required to purchase or import such taxable printed matter tax paid.

[*English*]

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

[*Translation*]

Madam Speaker: The question enumerated by the Parliamentary Secretary have been answered. Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S.O. 62—GOVERNMENT COMMITMENTS

The House resumed consideration of the motion of Mr. Lewis:

That this House condemns the Government for its failure to live up to the commitments made in the Speech from the Throne on April 14, 1980, and for its conscious disregard for the practices of Parliament and the Constitution of Canada, and urges the government to prorogue the current, unconstitutional Session of Parliament, convene a new Session, and outline its policies before Parliament in a Speech from the Throne.

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, before the House recessed for the luncheon break I was talking about the leadership that this Government has shown in fulfilling its commitments under the Throne Speech. I was, quite frankly, addressing one area where we have not been able to live up to our promise. That has to do with reducing the deficit and I was explaining why.

I was explaining that during tough times more money is needed for social assistance, more money is needed for job creation, and we were trying to make the effort to get industry back on track in the international marketplace. I was putting in perspective the reasons for the six and five program. I want to spend a few minutes talking about that program.

The first move under the six and five program was to limit federal employees—and this was done as an example—to wage increases of 6 per cent and 5 per cent over the next two years. When we brought this program in, it was not a popular move. When it was first introduced we heard howls of indignation from Members opposite.

Then we limited pension and Family Allowance increases to 6 and 5 per cent, although we did take care of the increase in the supplementary pension payments and the child tax credit so that those with the greatest need would not be subject to these constraints.

What we did basically was to call on all Canadians to help those most in need. What happened? We had many hoots and howls of indignation. We went one step further. The Government said that increased funding for new job creating programs would have to come from cutbacks in other Government programs. Therefore, we find increased job creation expenditures in the June, 1982 budget and the October statement which were funded by cutbacks in defence, foreign aid and energy programs. We heard even more howls from Members opposite when those events occurred.

Now the Opposition appears to have changed its tune to some extent. The Provinces apparently believe in the six and five program because virtually every Province has put in place a similar form of restraint program. The private sector obviously believes in the six and five program because over 200 companies and 40 national associations have expressed support and introduced some form of restraint in their respective industries. It is well known that the public believes in the six and five program, as recent public opinion polls have shown. It goes without saying that now that the Opposition claims it has always believed in the six and five program, its statements have a bit of a hollow ring.

So much for the deficit issue. I would like to close by saying a few words about why this session has gone on for so long. I say this quite apart from the reasons I referred to this morning, namely the bells, the constitutional stalemate and the 70 to 80 speakers at second reading stage of a couple of Bills.

The answer is pretty simple when you consider that the equivalent of 25 days were spent in discussion of the income tax amendments, a debate that stretched from November, 1981 to March, 1983. The answer is pretty simple when you consider that we spent weeks and weeks discussing changes to the National Housing Act, changes that included the mortgage assistance program for home owners in need.

Some Hon. Members: Oh, oh!

Mr. Smith: You can tell I am getting close to the bone, Mr. Speaker, when they start to howl on the other side. The answer is pretty simple when you realize that time and again we had to introduce time allocation motions to limit debate on the Small Business Investments Grants Act, the supplementary borrowing authority and a host of other Bills, yet we frequently hear the question asked about what we are doing for small business.

The answer becomes pretty serious when you consider the consequences. Home owners who were at the point of being evicted had assistance delayed because Members opposite wanted debate, headlines and political points rather than action, getting this legislation into place, legislation that was needed. Preferential loans to small businesses and social and Unemployment Insurance payments were put at risk because those opposite wanted to play politics. Pensioners with life savings were denied interest income because Members opposite were too busy playing games.

The answers for delays, the answers for long sessions are pretty simple and pretty serious. I hope when Members opposite meet someone in the situations I just referred to—distressed home owners, Unemployment Insurance recipients, small-businessmen who needed those programs to be put in place—they are prepared to explain their obstruction and insensitivity.

I think it is fair to say that this Government has been hit, unfortunately, with the worst recession since the great Depression. Notwithstanding that, we have shown leadership, stability and sensitivity. If that means a long session because of this obstruction, then that is what it means; but that is what strong leadership is all about.

Mr. Deputy Speaker: Is the Hon. Member rising to ask a question?

Mr. Mazankowski: Mr. Speaker, the Parliamentary Secretary read very diligently from a prepared statement. I know he was somewhat forced into reading it, but I am sure he has some opinions of his own. He made a fairly great issue over the fact that the Government had provided assistance to farmers, small-businessmen and so on. How can he commend the action of the Government in the face of a very dramatic rash of bankruptcies in the farm community and business community as well as the personal bankruptcies that have occurred in this country? The Hon. Member was in the House this morning when I spoke and I read the statistics.

What are we to tell these people who have faced the severity of bankruptcy? Over 400 farmers declared bankruptcy in 1982. There is a suggestion to the effect that for every one who declares bankruptcy, there are probably ten others who go out of business voluntarily. Since the Parliamentary Secretary so vigorously defended the policies of his Government, can he give us some idea what we on this side should tell those who have faced such a disastrous calamity?

• (1510)

Mr. Smith: Mr. Speaker, I am always glad to hear from the Hon. Member for Vegreville (Mr. Mazankowski). I, like many on this side of the House, regret that he is not a candidate for the leadership of his Party. I know he would be a strong candidate and one whose candidacy we would all welcome.

I come from Toronto. I am not an expert on farming, but I do note by looking at—

Miss MacDonald: You are not an expert on much.

Mr. Smith: Well, my father came from the Ottawa Valley and his family were farmers. I do note that in 1982 there was over $208 million loaned out under the Farm Improvement Loans Act.

There is no easy answer to the question of bankruptcy. The answer obviously is that when you believe in a free market society, and we in this House do, the simple fact is that business goes in cycles. The entire Western world has been hit with a recession. Regrettably, bankruptcies accompany every recession. I suppose those Members on the other side of the House who do not particularly have the commitment to the private sector that we on this side of the House have would feel that Government should intervene more in society and bail everybody out all the time. We do not happen to believe in that kind of intervention. We have tried to provide programs that are available to some people who will, by virtue of them, perhaps be able to keep their heads above water during tough times. That is a fact of life you are faced with when you have a free market society, and it is regrettable. But we have tried to create programs that will in fact provide some reasonable amount of relief, though it is not possible to bail everybody out all the time.

Mr. Mazankowski: Mr. Speaker, since the Parliamentary Secretary to the President of the Privy Council is such a proponent of the free market economy, and I to take it that he is in opposition to the Canagrex Bill which his colleague the Minister of Agriculture (Mr. Whelan) is proposing, which is really a massive intervention in the free market economy? Is the Parliamentary Secretary in opposition to that particular proposal?

Mr. Smith: Mr. Speaker, I have always felt that Liberals are people who believe in social justice within a free enterprise fabric. What we try to do is strike a balance. I think that a program such as Canagrex, which is a combination of having Government help sell abroad the products that the private sector in Canada's agricultural community can produce, is an ideal combination that puts big Government to work on behalf of little guys who have initiative, who believe in the work ethic, and who want to have their products sold abroad, but because they are not big enough they are not really able to do so. I think that type of program is quite consistent with belief in the free enterprise system.

Some Hon. Members: Hear, hear!

Mr. McGrath: Mr. Speaker, I would like to ask the Parliamentary Secretary if he can define for us what in his estimation is a session and what in his estimation is a sitting, since this debate is all about the length of the session and the failure of the Government to bring in a new Speech from the Throne. There is a bit of confusion in my mind about that. As Parliamentary Secretary to the President of the Privy Council, how would he define a session or a sitting?

Mr. Smith: Well, I think historically a sitting basically means a day. As I understand it, the reason for "sitting" becoming "session" from John Macdonald's motion in the Colonial Assembly in 1865 to the Act of Parliament in 1867 was that the Act was drafted by a professional draftsman who used the same words as used in the Bill of Rights in 1688 and 1699. I know my Hon. friend is quite familiar with that Act. I think if he traces the history of those two words, he will find that in fact there is a bit of inconsistency there.

A sitting as we now use it means a single day. A session more often than not has been equated to mean on a yearly basis. But I do not believe there is any hide-bound convention that suggests that it has to be that way.

Mr. MacKay: Mr. Speaker, following up on my colleague for St. John's East (Mr. McGrath), I put it to my colleague across the aisle that surely he is not prepared to dismiss lightly, as indeed the Government Leader in the Senate was not prepared to dismiss lightly, the very strong objection that Senate McIlraith, a former Liberal Cabinet Minister, raised to

the unprecedented length of this session. I want to ask the Parliamentary Secretary now if in all honesty he can justify the failure to bring in a Speech from the Throne in view of the unprecedented changes that have taken place since the last one in 1980, changes that have changed fundamentally the conditions with which the Government has to grapple. I would like to hear him justify very concisely, if he can, what appears to Senator McIlraith to be an unforgivable breach of parliamentary custom and tradition going back to Confederation.

Mr. Smith: Mr. Speaker, if my Hon. friend is suggesting that it is not desirable that three-year sessions become the norm, I fully agree with him. I think that that would not be a good practice were it to be turned into convention.

I think there are in fact very extenuating and unusual circumstances as to why this session has gone on for so long. These circumstances include the Constitution deadlock, the ringing of the bells incident, and a lengthy debate with 70 or 80 speakers from the Official Opposition alone on the borrowing authority Bill and the Income Tax Act, Acts which, to keep our financial House in order, simply had to be passed. We could not afford to prorogue and then start a new session and be obliged under the orders to have a lengthy debate on the Throne Speech when we had to get those financial Bills through.

So yes, it should not become a practice, but yes, there were extenuating circumstances in this particular instance.

Mr. Taylor: Mr. Speaker, the Hon. Member for Don Valley East (Mr. Smith) made much this morning and this afternoon of the Liberal Government keeping its promises and its commitments. I would like to deal with two such items.

First, I heard the Prime Minister (Mr. Trudeau) during the election campaign say very clearly that the increase in the price of gasoline at the pumps would not be as high as he said the Tories would charge, namely, less than 18 cents a gallon. Well, the increase in the price of gasoline is not 18 cents a gallon. Most people in Canada would have welcomed an 18 cents a gallon increase today. It has increased well over 90 cents a gallon and more than that in federal taxes.

Second, I heard both the Prime Minister and the Minister of Agriculture (Mr. Whelan) during the election campaign say with reference to capital gains that V-day would be moved from December 31, 1971 to December 31, 1973 at least. The Minister has made similar statements since. That promise has not been kept either. The Speech from the Throne said—

Mr. Deputy Speaker: I must call to the Hon. Member's attention the limit on question period. If he hopes to get a response, the time period has now expired for questions.

Mr. Taylor: I was just finishing off my question. That is why I was asking both questions at once. This is what it says: "All of these commitments will be kept, these pledges redeemed. the mandate fulfilled".

Mr. Deputy Speaker: The time for questions and answers has expired. May we continue with unanimous consent? Is there unanimous consent?

Some Hon. Members: Yes.

Mr. Deputy Speaker: There appears to be.

Mr. Smith: Mr. Speaker, very briefly on the question of the price of gasoline, we can trot out figures and the other side can trot out figures and you can usually prove whatever you want to prove with statistics. I think in the final analysis whose figures you are going to believe really depends on trust. I happen to think that this side can point quite clearly to having negotiated the best possible deal with the Premier of Alberta. We heard so much about the Tories having a deal with the Premier of Alberta but we never heard the terms of it. If those terms existed, I would like to know what they were.

Mr. Taylor: Answer the question. What did Trudeau say?

Mr. Smith: Read the Halifax speech.

Mr. Taylor: I heard him myself. Pretty hollow.

Hon. James A. McGrath (St. John's East): Mr. Speaker, I listened with a great deal of interest to the reply to my question by the Parliamentary Secretary to the President of the Privy Council (Mr. Smith). I was not surprised that he defined a sitting of the House as a day's sitting. The period in which the House would sit for one day would be defined in terms of parliamentary jargon or parliamentary language as a sitting. A session of the House would mean that period during which the House would sit for a year, commencing with a Speech from the Throne and closing with a short Speech from the Throne and prorogation or closing with dissolution resulting in a new election. That is traditional. It is basic to our concept of the Constitution as it applies to Parliament and I submit that it is rather important.

• (1520)

Mr. Philip Laundy, the distinguished parliamentary author who sits at our Table, defined the words "sittings of the House" in his book "Encyclopedia of Parliament", and he defined a session of the House in that same treatise. I commend it to all Hon. Members. However, notwithstanding the assurances of the Parliamentary Secretary, I have some problem because Section 20 of the British North America Act states as follows:

> There shall be a Session of the Parliament of Canada once at least in every Year, so that Twelve Months shall not intervene between the last Sitting of the Parliament in one Session and its first sitting in the next Session.

That is the Constitution as it was. Now we have the Constitution as it is, the Canadian Constitution Act of 1981. We see that there has been a change in Section 5, one which was flagged in Committee by several Members on this side of the House including the Hon. Member for Wellington-Dufferin-Simcoe (Mr. Beatty). He expressed concern on behalf of this

Party at that time and that concern was pushed aside by the then Minister of Justice, now the Minister of Energy, Mines and Resources (Mr. Chrétien). Section 5 of the Canadian Constitution Act, 1981 states as follows:

There shall be a sitting of Parliament and of each legislature at least once every twelve months.

If that means that under the Constitution the House has to sit only one day a year, we are in deep trouble, Mr. Speaker. As the Hon. Member for Victoria (Mr. McKinnon) suggested, that would virtually destroy our concept of parliamentary democracy and responsible government. We would virtually be relegated to the status of a Supreme Soviet.

This speaks to our concern over omnibus Bills, Mr. Speaker. The Parliamentary Secretary referred to the ringing of the bells as one of the reasons for the unprecedented length of this session. He forgot to add the reason the bells rang for so long was that it was the only way this Party had to protect the right of Parliament to deal with specific items of legislation and not in an omnibus fashion. If that practice were not arrested the result could be that Parliament would be convened for one day to deal with a "welfare of Canada act" which would cover everything. We would pass that great omnibus Bill and ajourn to the next year. I believe that that is the way some so-called Parliaments function in totalitarian states. I do not believe that is the interpretation placed on this by the Government of Canada which framed the wording of the present Constitution. I believe that the wording, the thrust and the spirit of Section 20 of the old British North America Act is as valid today as it was when introduced.

We now have a session of unprecedented length, a session that is going into its fourth year. That has never happened before. If you examine the record of Parliament over the last 100 years or so, Mr. Speaker, you will find it has only been in times of minority Government that a session would extend a short time beyond a year. The situation we find ourselves in today is virtually without precedent.

It is interesting that this Parliament and this unprecedented session has had to sit by while the Government acted in an extra-legal fashion, in my humble opinion, in bringing in the VIA Rail integration of major rail passenger services in this country without an Act of Parliament. There still has been no legislation establishing VIA Rail. I suppose the Government will get around to dealing with that when it gets around to proroguing the session and bringing in a new Speech from the Throne.

It is not without interest either that, even though we find ourselves with the highest unemployment rate since the great Depression, there has been no legislation dealing with unemployment. We have the NEED Program, we have the Canada Community Development Program, we have the Student Employment Program, but it is interesting to note that even though the nomenclature of these programs changes every year, they all stem from the same program that was started without legislation at the commencement of the session. I refer to the Local Initiatives Program. The rules change every year because there is no statute law governing these make-work programs.

I could go on and on, Mr. Speaker, but the fact is the arguments we have heard today from the Government House Leader and his Parliamentary Secretary are spurious, self-serving and cannot in any way justify the situation that exists.

I am a Member of the Special Committee on Standing Orders and Procedure which was set up to try to do something about our rules which have not been changed in any way since 1969 when the provisional rules that we are operating under became permanent with the invocation of closure. There is a substantial amount of goodwill within this Committee, Mr. Speaker. There is a degree of collegiality and non-partisanship that I have never witnessed in my 22 years in the House. Notwithstanding the work of the Committee—and we are now operating under recommendations from that Committee on a provisional, temporary basis and we have two or three reports before the House setting out further changes in the rules which have not been acted upon—it is my view that one of the reasons this Parliament has become the most angry, raucous Parliament in our history is that the Government has failed to bring in a new program to prorogue the session which, in fact, is Parliament's way of renewing itself. In other words, we start off the session with the Speech from the Throne. Some of the things in its are dropped along the way, somethings merge in legislative form which were not in the Speech from the Throne, but the Speech itself and the accompanying ceremony is Parliament's wway of getting its act together. It is an ongoing process of Parliament renewing itself with a new sense of priorities, because priorities change. Obviously the priorities of the country change, the priorities of the economy change and naturally the priorities of the Government have to change. The manifestation of this change in priorities is the Speech from the Throne opening a new session.

I think it is a valid theory that one of the reasons we find ourselves in the mess we are in today is the failure of the Government to prorogue Parliament, to bring in a new Speech with a new program outlining the Government's priorities, to deal with unemployment, with the housing crisis and the things we have had to deal with, many of them in an ad hoc way. I hope, and I say this in all sincerity, that the Government will take this argument seriously, because I do not believe we are going to accomplish very much in this session.

• (1530)

I do not believe there is a great deal more to be said for this session unless the Government is prepared to make a new start and, indeed, I believe it is too late for that, because a Government which has lost the confidence of the people of Canada, as this Government has, cannot really expect to regain the confidence of the House. Even though it may hold numerical strength, in terms of confidence votes, the fact of the matter is it does not enjoy the goodwill of the House, if you can express confidence in that way. Of course, that speaks to its inability to get its legislative program through.

Be that as it may, however, I still believe that the Government has a clear responsibility to prorogue this session, start a new session and outline its priorities, the budget coming

tomorrow notwithstanding. It should then outline its legislative program with respect to inflation, and with respect to some of the things relating to unemployment which have been dealt with in an ad hoc way.

I would like to go back, Mr. Speaker, to the one Throne Speech we have had during this session of Parliament. I go back, incidentally, to April 14, 1980, over three years ago. That speech dealt with a number of issues. It dealt with housing and, peripherally, problems with the fishing industry. We know of course what is happening in the fishing industry today. The Atlantic fishing industry is in a state of collapse, virtual bankrupt, waiting for the Government to act on the recommendation of the Kirby task force which was established over a year ago, and waiting for the Government to get on with the business of trying to restructure the industry to make it viable.

One of the issues dealt with in the Speech from the Throne three years ago was the issue of unemployment. I would like to read briefly from page 5 of *Hansard* for April 14, 1980, as follows:

> One of the essential objectives of this Government is to put more people to work.

Halleluia!

> Young people, women, natives, and the handicapped face special problems in finding jobs. To meet the needs of these groups, my Government will expand its employment program while using its resources more efficiently. There will be an increased effort to develop critical trade skills so as to better prepare today's labour force for tomorrow's jobs.

What is the record; what does it show? We had the promise, let us look at the performance. In a word, the performance is "dismal".

Since this recession started a year and a half or two years ago we have seen a direct loss of 550,000 jobs in this country. During the recession before that, back in the 1970s, we lost 500,000 jobs. It took us three or four years to regain those lost jobs. Regardless of what the Minister of Finance (Mr. Lalonde) promises tomorrow night, we can anticipate that the rate of recovery will be such that it will take at least that amount of time, if not longer, to recover these lost jobs. That does not say much for the prospects of the 1.6 million Canadians who are officially unemployed.

In addition to the 1.6 million people unemployed, of course, we have the discouraged workers, those who have given up looking for jobs and are not longer counted as unemployed. They are the so-called hidden unemployed. There is also the under-employed, those who are satisfied to get over the present crisis with part-time jobs. If you add all these numbers you have an unemployment rate of approximately 18.3 per cent, or over two million people. That is the performance following the promise made in the Speech from the Throne three years ago.

Surely, the failure of the Government to discharge that commitment it made three years ago would have at least been manifested in a new Speech from the Throne, a new beginning, a new sense of commitment. Even if the Government continues to fail in discharging that commitment, we would at least have the feeling here in the House and in the country that the Government was trying. We have not and do not have that feeling during this session. We have the uneasy feeling that the Government is not trying.

In the year 1982 the level of employment in Canada was 359,000 below that of 1981. That was the first such year-over-year decline in a quarter of a century. In the previous six years, growth in employment averaged 275,000 jobs per year. On a sectoral basis, the one area which really offends and disturbs me as a Canadian is youth unemployment. I suppose it offends and disturbs all of us, especially at this particular time of year when young people are graduating from our universities and post-secondary institutions, coming onto the job market looking for summer in order to continue their education, with no prospects. Since the beginning of this session the level of employment among young people has dropped 401,000 or 14.8 per cent. We are now looking at a current unemployment rate among young people in the age group of 15 to 24 of 21.3 per cent.

In March of 1982 there were 492,000 unemployed young people. In March of this year the number of unemployed young people had risen to 621,000. All we have to do is look at the calendar, when we talk about 621,000 young people being unemployed, to know that that 600,000 will be joined by another half a million within a very short time, many of them coming into the permanent job market. Equally as important, many will be coming into the job market looking for work to help finance and sustain them as they continue their education.

I submit to you, Mr. Speaker, that this is a situation which should be addressed by this Government, not in terms of ad hoc programs—and they have their place—but in terms of programs which have some validity in law and which are above suspicion in terms of their application with no suggestion of pork-barrelling. We could all have faith, therefore, in the ability of such programs to attack the problem; specifically in this case to address the problem of helping young people find jobs to finance their education, to build careers, and to do all the things which are a part of the growth and lifestyle of this country.

I come from a Province which now has an official unemployment rate of 21 per cent. If you take into account the hidden unemployed, the discouraged workers, we are looking at a situation in which only three out of every four persons has a job. It could be even worse than that, but certainly one in four in my province today is unemployed. The situation in the Atlantic region is not much better. In Quebec, the number of discouraged workers, those who have given up looking for jobs because they believe no work is available, rose 93 per cent between 1981 and 1982. Last month, for example, Statistics Canada reported that there were 120,000 discouraged workers. For the same month one year ago Statistics Canada reported 92,000 discouraged workers. We see an increase in those who have given up of 34 per cent. What prospect do they have? What hope do they have?

If the Government were to prorogue this session after it brings in its budget, and the budget is criticially important, we would at least be offering some hope. Today we offer them

nothing but the dismal monthly unveiling of statistics which reflect gloom and doom in this country, and there is gloom and doom in the land, Mr. Speaker.

I could go on and speak about the long-term unemployed. That used to be an aberration in this country. It was something that used to be identified with the Atlantic Provinces, with the "have-not" Provinces. Long-term unemployment is today a national phenomenon. Let us take a look at what has happened. By "long-term unemployed", of course, we mean those people who have been unemployed for four months or more. Let us start with March of 1980. Of a total unemployment figure of 969,000, there were 375,000 long-term unemployed. That has grown consistently from March of 1980 to March of 1981, with 374,000 of 983,000, to March of 1982, with 505,000 of 1,200,000, to what it is today, with 907,000 people in this country who are long-term unemployed of an official unemployment figure of 1.6 million.

• (1540)

I say to the Government: End this session. Get on with the obligations to the people of this country. Bring in a new speech outlining the new priorities. Surely the Government has at least an obligation to the unemployed of the country.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: Are there Hon. Members wishing to ask questions of the Hon. Member who has just spoken? If not, the Chair will recognize the Hon. Member for Burin-St. George's (Mr. Simmons).

Mr. Roger Simmons (Burin-St. George's): Mr. Speaker, the motion of the Hon. Member for Simcoe North (Mr. Lewis) would have this House condemn the Government for its failure to live up to commitments made in the Throne speech. I refer to that part of the resolution particularly, because it must be literally mind-boggling for that Hon. Member or any Hon. Member representing the Conservative Party to make that kind of an allegation. They have gone around the country taking great credit for what they were allegedly able to do in so far as the consitutional initiative was concerned. I say to the Hon. Member for Simcoe North and others that at some point they ought to make up their minds. If they want to take credit for the constitutional initiative, they ought to realize that any success which that initiative had was achieved in this Chamber.

Miss MacDonald: On this side.

Mr. Simmons: Therefore, either there has been a success or there has not been a success. One cannot argue out of both sides of one's mouth. That is what they are doing in this particular case.

Mr. Hnatyshyn: We think we'll hear you being proven wrong by you right now.

Mr. Simmons: Mr. Speaker, my good friend from Saskatoon is in a lively mood today. He has much reason to be. I will come back to that.

I also find it to be a little inconsistent that the Hon. Member for Simcoe North would rise in his place today and make this particular resolution just three or four days after he had written a letter, with which we are all familiar now, in which he undertook on behalf of his colleagues in the Opposition to facilitate the passage of some legislation.

Once again I ask him, which is it that he wants? Does he want the legislation to die on the Order Paper or does he want to facilitate the passage of the legislation? With his knowledge of parliamentary reform and procedure, I am sure he is aware that if the session were to end today, for example, then all these pieces of legislation would die on the Order Paper and we would have to go back to square one, as it were, from a procedural standpoint. Therefore, does he want to facilitate passage of legislation or are these just words which are convenient for the moment? I suggest the words of this resolution are convenient for the present moment?

An Hon. Member: Just words.

Mr. Simmons: How does the Hon. Member square his advocacy that we ought to end this session forthwith, with the publicly known fact that tomorrow the Government proposes bringing in a budget? Does he not realize that implicit in his—

Miss MacDonald: That is what frightens the country.

Mr. Simmons: The Hon. Member for Kingston and The Islands (Miss MacDonald) has been frightened by reality before.

Miss MacDonald: I have been frightened by Mr. MacEachen many times.

Mr. Simmons: She will be frightened again in June, at the leadership convention, by some more reality.

Miss MacDonald: Oh, really? Tell me more.

Mr. Simmons: Oh, I see that the Hon. Member for St. John's East (Mr. McGrath) is awake, he who has the ability to say nonsense in the most compassionate terms. Nonsense, nevertheless, but he says it in the most compassionate way.

Mr. Munro (Esquimalt-Saanich): You don't even know what compassion is.

Mr. Simmons: In the most appealing way, he is able to convince people, as he convinced me during my days in Newfoundland, that he is a strong advocate of certain matters.

I can now see, Your Honour. I have been stalling all this while, waiting for my glasses to come back from the optometrist's.

Miss MacDonald: That is indicative of the Government.

Mr. Simmons: Let me read those notes again.

Mr. Taylor: Read it again. You've probably read it all wrong.

Mr. Simmons: What I have said thus far, of course, has been straight from the heart. I did not need any glasses to see the inconsistency on the part of the Hon. Member for Simcoe North, because that is obvious to many people. I did not really need glasses to be reminded of what I heard from the Hon. Member for St. John's East during my period in the Newfoundland House. I heard him here in Ottawa as a very strong advocate, for example, of consumer matters, that kind of thing which is shown on television. He and I share exactly the same concern. What disullisioned me was that when his Party formed the Government, albeit briefly, there was no initiative from him or his Government to address the matter which he so much decried during his period in Opposition.

Mr. McGrath: You didn't give us a chance, Roger.

Mr. Simmons: The argument is always that they never had a chance. They will not say it in this House, but they say privately when speaking of their good friend, Mrs. Pigott that they never had a chance to do many other things. She had the patronage list all ready.

Miss MacDonald: That didn't stop Arthur Erickson or Donald Macdonald or—

Mr. Simmons: However, it did not proceed as far as they had hoped. Therefore, they must now officially be against patronage, because they were a little slow in getting on with the job at hand.

The record is clear that they are fairly slow at most things. I agree with the Hon. Member for St. John's East that they never had a chance, not the kind of chance they would need, because they would need years and years to do some of those things.

Mr. McGrath: How do you explain 30 per cent in the polls, Roger?

Mr. Simmons: With regard to the particular issue of consumer matters upon which I touched in relation to the Hon. Member for St. John's East, I would have hoped that they might have seen as being the kind of priority that which he had seen in Opposition.

It is a well known game, an easy thing to say what could be done, what should be done or what would be done. However, it is a far different matter to put one's money where one's mouth is. That requires a bit of courage. In that particular respect, the courage was lacking or the priority was not there, because we still have the same kind of thing which the Hon. Member for St. John's East so long decried in Opposition. It could have been changed had he followed through with his stated convictions on the matter.

It is really mind-boggling to hear the Hon. Member for Simcoe North speaking of our failures, as he puts them, to live up to commitments. Has he not done the very simple exercise that I have done or have had done on my behalf? Has he not done the very simple exercise of taking, statement by statement, the commitments and the undertakings in the Throne Speech of 1980, and comparing or relating them to Government actions since then?

I hold in my hand a document comprising about 28 or 30 pages. Very concisely and without a lot of verbage, it says, "Here was the promise, the commitment. Here is the action which flows from it". I could take the House, were there the time, through literally dozens of quotations from the Throne Speech of 1980, quotations relating to home mortgages and housing. I could remind the House of the program whereby the Government undertook to guarantee repayment of the amount of interest deferred in the case of homeowners whose gross debt service ratio exceeded 30 per cent. I could do likewise for commitments related to additional rental units. I could do likewise for other initiatives in the housing area, the home renovation plan, for example, the new initiative which flowed from our commitment in 1980. I could do likewise concerning initiatives in farming and small business and, particularly, the amendments to the Farm Improvement Loans Act which renews that program for another three years and increases the loan maximums available to farmers from $75,000 to $100,000.

• (1550)

However, by doing so I would make a very elementary mistake, the mistake of assuming that Tories would ever be confused by the facts, the simple mistake of believing that they would want to hear anything that would rebut the charge. They want to carry on in their own merry way stating the big lie over and over again to Canadians.

I invite them instead, to get their facts straight before making those charges, and realize for example that the commitment this Government made in the Throne Speech to raise the Guaranteed Income Supplement to the Old Age Security Pension by $35 a month as of July 1, 1980 was met on June 5, 1980 when we put legislation through the House to keep that commitment.

Have we heard in today's speeches any acknowledgement that perhaps some commitments have been kept? Are they so naive as to think that the public, from whatever segment, believes what they say about this Government?

Miss MacDonald: Thirty per cent of them.

Mr. Simmons: Are they so naive as to think that everybody out there believes everything they say?

Miss MacDonald: Only 50 per cent.

Mr. Simmons: She talks, Mr. Speaker, and she talks. She does not say anything but she talks. I say to my good friend from Kingston and the Islands that we have a system—

Mr. Munro (Esquimalt-Saanich): You should have.

Mr. Simmons: —for electing governments in this country. It is not a government by polls. Her own erstwhile leader said the

equivalent to that when he was the Prime Minister and the polls were not showing him in a very kind light at that particular time. How selective they are in the use of polls from time to time. I say to her to stop revelling in yesterday's realities or fantacies, as the case may be. One of these days when the Government's mandate is exhausted we will put it to the test.

Mr. MacKay: Reluctantly.

Mr. Simmons: With enthusiasm. We are waiting for the Tories to get their house in order.

Mr. Smith: It will be a long wait.

Mr. Simmons: We will wait until they get the number of factions in that Party reduced from 30 to the usual four or five. There is one faction that believes it should privatize Petro-Canada, another faction that believes perhaps it should not, and a faction that says perhaps it should study it some more. There is the faction that says "On to Jerusalem" and the faction that says "no, perhaps we should not go to Jerusalem". That Party went to Waterloo instead.

Mr. Taylor: We did not go to Watergate anyway.

Mr. Simmons: The Member for Bow River (Mr. Taylor) rises from the ashes again.

Mr. Taylor: Tell us about Buchanan?

Mr. Simmons: Mr. Speaker, I have no adverse comments to make about the Tory Premier of Nova Scotia, Mr. Buchanan. The Hon. Member may have some adverse comments. He invites me to talk about John Buchanan but I have nothing adverse whatsoever to say about him.

Miss MacDonald: It is Judd.

Mr. Simmons: He saw in the Cape Breton affair the opportunity to provide jobs for the people in Nova Scotia using Government of Canada money. Does the Hon. Member now attack that man, one of his fellow Tories? The Member for Bow River may want me to become disparaging about a good Tory who serves one part of the country fairly well, but I will not do that. I will tell him, if he can stand to hear it, some of the facts of the legislation that we have been able to move through the House.

Mr. Munro (Esquimalt-Saanich): Tell us about Judd.

Mr. Deputy Speaker: The Chair has some difficulty relating the most recent remarks of the Hon. Member to the subject matter of the resolution.

Mr. Taylor: I cannot relate anything he has said to the motion.

Miss MacDonald: Anything he says at any time.

Mr. Simmons: Still they mumble, Mr. Speaker.

In the last few days even the Toronto "Mop and Pail", officially known as *The Globe and Mail*, found some nice things to say about the Government. It identified in print, no less, some of the promises that have been kept. It said in passing, "the Tories have tried to block". The word is out about the Tories. Even the Toronto "Mop and Pail" has seen through what those Members over there are up to.

Our nation has been through a very trying economic time. It is not surprising that the Government in power has drawn a fair amount of the flack and tends to get a fair amount of the blame for the economic woes of the country. An intriguing thought to consider is, would things have been different if the Tories had been in power during that period?

Mr. Smith: Yes. They would have been worse.

Mr. Simmons: I say they would have been decidedly different had the Tories been in power.

Mr. Taylor: We would not have sent all the rigs to the U.S.A., I can assure you.

Mr. Simmons: We have seen a Government floundering and going in both directions at the same time. I mentioned their position on Petro-Canada as one example of the kind of decisiveness that that Government would have exercised. They are always on both sides of every issue.

There obviously would have been a disregard for the well-being of those on fixed incomes. I say that in view of the statements of the Hon. Member for York-Peel (Mr. Stevens), the Hon. Member for Etobicoke Centre (Mr. Wilson), and others who want to cut back on the social expenditures of the Government. Their views are publicly on the record. However, they would not come so close as to outline details of what those cut-backs would be because that would put the lie to their argument. In order to make massive cut-backs in public expenditures they would have to effect those on fixed incomes. We have categorically said that we are not prepared to do that.

Mr. Taylor: You did it.

Mr. Simmons: The Hon. Member for Bow River wants to spread the lie that we did it.

Mr. Taylor: You are the one who is lying.

Mr. Simmons: We did not. Those who need assistance receive it from the Government. We saw to it that the income supplement of those people who depend on it was adequately protected.

Mr. Taylor: You cut the supplement on the OAS.

Mr. Simmons: I ask the Hon. Member to contradict that with a straight face.

Mr. Taylor: You cut the superannuates. Wake up.

Mr. Simmons: In what other ways would things be different if the Tories were in power? I can say once again categorically

that there would be far less compassion for the people of Canada. Again, I base that on the evidence of what the Tories did to their own in broad daylight on national television in Winnipeg. I shudder to think what they would do to the taxpayers behind closed doors. I shudder to think what they would do to the unprotected Canadians behind the secrecy of a closed Cabinet door, if they will skiffer fellow Tories in broad daylight.

Mr. Taylor: Keep pulling red herrings across the path.

Mr. Simmons: The Hon. Member for Bow River is talking about red herrings. He would neither recognize the specie nor the colour.

The motion also discusses "this Government's alleged disregard for the practice of Parliament". Is that not touching? Do not make me laugh. Of all the people who should be talking about disregard for Parliament! I have heard of the pot calling the kettle black. That saying applies here. Are we to forget so soon the parliamentary terrorism that took place in the House when the constitutional Bill was before the Chamber? Do we so soon forget that the parliamentary rules were the last things in the minds of Members of the Opposition at that time when they used physical force, threat and intimidation? Those were the instruments they used to hijack this Parliament in the full view of the nation.

● (1600)

Mr. Taylor: We made you refer to the Supreme Court. You wanted to keep it out of the court.

Mr. Simmons: If there is one thing about which Tories are religiously consistent, it is their hyprocrisy.

Some Hon. Members: Oh, oh!

Mr. Simmons: Tories are firm believers that if you repeat a lie often enough it becomes the truth.

Mr. Taylor: That is exactly what you are doing now.

Mr. Simmons: Take the lie they repeat about the 18-cent tax on gasoline.

Mr. Taylor: You put on 90 cents.

Mr. Simmons: They conveniently forget that what the Hon. Member for St. John's West (Mr. Crosbie) talked about in that budget was not an 18-cent increase. He said that no matter what the price was they would put an 18-cent tax on top of that. If the Tories want to talk about the amount of taxes on gasoline, why do they not point to what their Tory friends in Ontario are doing for example? They have a 20 per cent ad valorum tax on gasoline.

Mr. Taylor: You put on 90 cents.

Mr. Simmons: Yes, I am sure we put on Bill Davis' tax in Ontario. Come down to earth.

Mr. Deputy Speaker: Order, please.

Mr. Taylor: You put on 90 cents.

Mr. Deputy Speaker: I hesitate to interrupt the Hon. Member but his time has expired. He may continue with the unanimous consent of the House.

Some Hon. Members: Never.

Mr. Deputy Speaker: There does not appear to be unanimous consent. The Hon. Member for St. John's East (Mr. McGrath) is rising to ask a question.

Mr. McGrath: Mr. Speaker, for a minute I was worried that the Hon. Member for Burin-St. George's (Mr. Simmons) had re-emerged with a new manifestation, had been born again. Gradually I was reassured as he emerged as the old reliable Member we have come to expect in this House in terms of his ability to get down to the facts. I do not say that to suggest that I have no respect for him as a person. I do. I am talking about him as a parliamentarian. I must say he stretches my imagination sometimes. Could the Hon. Member explain to the House why if the situation is as bad as he suggests it is with respect to the performance of this Party and its public image, his Party has been down consistently in the polls, to the point that today it enjoys only 30 per cent of the electorate, whereas the Tory Party has grown consistently in the polls, to the point today that it enjoys the support of 50 per cent of the electorate?

Mr. Simmons: Mr. Speaker, I thank the Hon. Member for St. John's East, for whom I have respect. I thank him for calling me reliable. He is right; but old, no.

Some Hon. Members: Oh, oh!

Mr. Simmons: The Hon. Member asks how I explain. It is very simple. More people elected to show their preference for the Tories than the Liberals in their response is the polls.

Mr. McGrath: You are right. I cannot quarrel with that.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing Order 45, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Laval (Mr. Roy)—Air Transport—Mirabel file—Government position on cargo and improved access highways; the Hon. Member for Peace River (Mr. Cooper)—Labour Conditions—Number of young people emigrating. (b) Youth employment programs; (c) Number of jobs created; the Hon. Member for Argenteuil-Papineau (Mr. Gourd)—Air Transport—Mirabel file.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 62—GOVERNMENT COMMITMENTS

The House resumed consideration of the motion of Mr. Lewis:

That this House condemns the Government for its failure to live up to the commitments made in the Speech from the Throne on April 14, 1980, and for its conscious disregard for the practices of Parliament and the Constitution of Canada, and urges the Government to prorogue the current, unconstitutional Session of Parliament, convene a new Session, and outline its policies before Parliament in a Speech from the Throne.

Hon. Flora MacDonald (Kingston and the Islands): Mr. Speaker, I was very interested as I listened to the words of the Hon. Member for Burin-St. George's (Mr. Simmons). I listened with real feeling because of the reaction they evoked. He used such words as "we, the Government, will deal with people with compassion"—

Mr. Simmons: True.

Miss MacDonald: —and "we will look after those in need." Then at one point he said "the Government is not slow at handling patronage." He seems somehow to have combined those two thoughts, that is looking after people in need and the Government's decisiveness with regard to patronage. What we come up with is a list on the compassionate side of the Government dealing with people like Arthur Erikson; Donald Macdonald; Alastair Gillespie; Joel Bell; Maurice Strong; Don Jamieson; Michael Pitfield; Jim Coutts; Martin O'Connell; Peter Stollery; Jack Austin; Judd Buchanan; the list could go on and on and on.

Mr. McGrath: And the saints come marching in.

Miss MacDonald: That is the way in which this Member and the Liberal Government deal with compassion for those in need.

Mr. Munro (Esquimalt-Saanich): Line up at the trough, boys.

Miss MacDonald: I must say that is a shameful performance when one looks at the real need in this country, when one considers the hundreds of thousands, the millions of people out there who are desperately in need.

What does an Hon. Member on the Government side do? He justifies the fact that the Government never has to produce a Throne Speech in this House of Commons. It has been three years since the Government produced a Speech from the Throne, three years since it brought forward what had traditionally been an annual document in the parliamentary process. There was a time when even a Liberal Government would have felt it necessary to outline to the House and to the nation the nature of its legislative proposals for the current year. The Hon. Member for Willowdale (Mr. Peterson) does not seem to think that is necessary. I have to tell him that has been traditional in parliamentary democracies. Other parliamentary democracies and jurisdictions follow that procedure. They still think that is the normal thing to do. Governments in such countries feel it is incumbent upon them to inform the people of their intentions. They feel it is right and proper. It is part of the process, for the edification of the Hon. Members opposite, of being accountable. Accountable is a word that has been removed from the lexicon of this Government.

I stress, Sir, that the practice of yearly presentations of governmental intentions is normal procedure for a responsible Government. But this Government in whatever it does is neither normal nor responsible. Abnormality and irresponsibility are the hallmarks that most characterize those who sit on the Government benches today. Along with that abnormality and irresponsibility there goes a degree of arrogance that is absolutey unmatched in its scope.

Can't you just hear these denizens of power, Sir, scornfully saying to the masses, "What do you mean, give you a Throne Speech every year? We gave you one three years ago. Be satisfied with that." The Prime Minister (Mr. Trudeau) and his cronies can carelessly dismiss the Canadian public, parliamentary tradition and governmental responsibility in a single breath or with a single gesture.

As in the long Parliament of Oliver Cromwell, this Prime Minister feels that a Throne Speech once a decade is sufficient. But having produced only one such document in three years, surely the least we can expect from this Government is that it make every effort to carry it out, to live up to the expectations it created.

That Throne Speech of April, 1980, makes for interesting reading. But I am not urging all Canadians to rush off and get a copy for tonight's bedtime reading, not unless they want to cry themselves to sleep. But when you read it, Mr. Speaker, you have to wonder at the ponderous and resonant phrases that echo through it. With what rapture and excitement it predicted Canada's entry into the decade of the 1980s. The Throne Speech of April, 1980, outlined a program of action designed to provide for greater security for the elderly and expanded opportunity for youth; equality for women and a national development policy that would provide jobs and stimulate growth. Then going on to extoll the Parliament's virtue the Throne Speech contained this sentence:

All these commitments will be kept, these pledges redeemed, the mandate fulfilled.

Nothing could be further from the truth, Mr. Speaker.

• (1610)

Canadians have been deceived and misled by the Government and its spurious pledges. Here is the reality of that so-called program for action. The first part of it was greater security for the elderly. Today in Canada there are 650,000 elderly Canadians, people over the age of 65, who are living below the poverty line. That number will drastically increase, as we have a rapidly aging population. Those people are the forgotten generation by the Government.

The next part of this so-called program of action was expanded opportunities for youth. The Hon. Member for St. John's East (Mr. McGrath) referred to the desperate plight of young people today. Approximately 660,000 young people between the ages of 15 and 24 are out of work. They are the lost generation, lost from any care of concern that the Government would direct toward them.

The third part of the so-called program of action was equality for women. It is there in words. Although the Hon. Member for Burin-St. George's did not recognize it, Clause 28 was inserted in the Charter of Rights and Freedoms by the combined efforts of the Opposition Parties, not by anything the Government did. It is there in words but it is not carried out in action. Today women in the country earn only half of what the average male earns—$7,600 per year compared with $14,981. Until there is economic equality, there is no such thing as real equality for women.

There was the fourth part of that program for action, a national development policy that would provide jobs and stimulate growth. Three years ago there were a million Canadians out of work. Today there are two million, and of that two million, as the Hon. Member for St. John's East said, a million are long-term unemployed having been without jobs for more than three and a half months. In the last year alone over half a million jobs have been lost from the labour force and our growth rate has dropped immeasurably.

Back in 1980 the Government intoned the following words, "all these commitments will be kept, these pledges redeemed, the mandate fulfilled". What a sick, cruel joke the Government of the day perpetrated on the Canadian public, just as the Government itself is a sick, cruel joke, particularly to the two million Canadians who are out of work and to whom the Prime Minister had the gall to say last week, the economy was performing very well. Who does he think he is kidding?

However, there is one statement in this Throne Speech which was prescient. It read:

> —Canadians will accept sacrifice to meet the economic challenges of the 1980s, but they will not accept injustice.

Indeed, Canadians have had to accept sacrifices, the like of which they have never been called upon to accept before. In the past few years they have had to accept the sacrifice of losing jobs, of losing homes and of seeing families break up, all because of the inability of the Government to carry out the economic pledges it made to Canadians three years ago. Indeed, these two million Canadians who are out of work and these hundreds of thousands who have lost their homes, who have become the sacrificial lambs which the Government has seen fit to offer up on its altar of high interest rates and nationalization. Indeed, they have had to sacrifice.

What the Government said in the Throne Speech about calling upon Canadians to sacrifice has indeed been carried out, but not in the way the Government intended, and certainly not in the way the people of the country anticipated when they heard the Throne Speech three years ago.

There is a certain sick, black humour to all this because the section to which I refer in the Throne Speech was headed up with the title the Government chose to give it, "Putting People First". It has put them first all right. The elderly were commandeered as the front-line troops in the fight against inflation. Young people were marched out by the hundreds of thousands to join the ranks of the unemployed. The concept of family was attacked by the Minister responsible for the status of women who made such unbelievable statements as: "What contribution is she" —a homemaker— "making to society if they are childless", or "Do you, a working woman, want to pay so that someone else can stay at home", and she called staying at home "a luxury". These are the things that have emanated from putting people first according to the Government, putting them first in a very different way than Members on this side of the House would regard putting people first.

There are a couple of specific commitments the Government made in those heady days of April 1980 when it was lusting for power. The Government promised—and the Prime Minister and his colleagues made a big thing of it during the election campaign—to carry out pension reform. The Throne Speech played up that theme with these words:

> Work must begin immediately to design better methods of providing flexible, portable, and secure pensions both in the private and public sectors. To start this process, my Government will soon release a major study on the Canadian pension system.

That was in April 1980. We now know what the Government meant by soon. It took them two and a half years to release a study on pension reform, a paper which I might add was rewritten a number of times and downgraded in its urgency.

According to the Throne Speech the Government promised to start work immediately on improving the income retirement system in the country. Today, three years later, a parliamentary Committee has finally been set up to start that job, once again to study the process of pension reform, a process which many of us consider to be the greatest and most urgent social need of the 1980s. The Committee has begun its work. It is scheduled to present its recommendations at the end of 1983. When those recommendations are presented to the Government, I presume they will be subject to a thorough and intensive period of review by Cabinet. Subsequently there will have to be a series of federal-provincial meetings about them because pension reform is a shared jurisdiction. Then legislation will have to be drafted and debated, all of which takes time. The way the Government moves, it will take weeks and months of time. It would seem that in speaking of the urgency and the immediacy of pension reform in the last election campaign the Government was really looking to the next election campaign.

I assure the House that its lack of process in this vital human need will indeed become an election issue, not in the way the Government thinks and not in the way it predicted. Its procrastination on this vital issue, its delay and lack of interest—these things which have characterized the Government's approach to pension reform—will be major issues in the next election campaign.

• (1620)

What has happened in the interim, during these three years, is that thousands of Canadians have moved toward retirement, toward that period when they are unable to provide for their own needs. They do not have an adequate income because in the years when they might have been able to do that the opportunity was not there.

That is what happened during the three year period in relation to this very definite promise the Government made to work on pension reform immediately. Three years later, we see nothing but procrastination and delay. Only now is a parliamentary committee beginning to study this issue. This is an absolute disgrace for those people who will be locked into their retirement years without adequate income and without self-dignity. They have been robbed of it because of the inactivity of this Government.

Another pledge was made to Canadians in that great Throne Speech. Is it any wonder the Government is so hesitant to bring in another Throne Speech when it sees so much that is still in abeyance, not yet acted upon. In its role as a major employer in Canada, it said:

—my Government will play a leadership role by implementing affirmative action measures in the Public Service.

I do not need to tell you, Mr. Speaker, how lacking in progressing with affirmative actions this Government has been. We have had three years of delay, three years of not implementing any kind of analysis in the great majority of Government departments with regard to affirmative action. Only in three Departments has there been any analysis or plan of action drawn up. At the present time, there are no guidelines for the Government to implement affirmative action programs throughout the various Departments. What has been the result? Unfortunately, the statistics bear out the Government's lack of action in providing any kind of leadership in the way of affirmative action.

There was some slight improvement in the lot of women in the Public Service between 1975 and 1980, but it was minimal at the executive, senior, intermediate and junior levels of employment. Only at the lowest level, the administrative support level, did women increase in number. The number of women in the low paid job ghettoes increased. That is exactly what should not have occurred. Any kind of leadership role would have reversed that to bring women into the higher categories of the Public Service. That has not happened.

I said that one of the reasons the Government has been loath to bring in another Throne Speech is that it has been so inadequate in carrying out the pledges it made in the Throne Speech of April 1980. It is not enough that the Government think only about Throne Speeches. It ought to be thinking about how to take itself out of this House and away from making a further mishmash of governing this country.

Mr. Deputy Speaker: Are Hon. Members rising to ask questions of the Hon. Member who has just spoken?

Mr. Maurice Harquail (Restigouche): Mr. Speaker, I must admit my surprise that the Official Opposition could do no better than the motion it has placed before the House today. We hear a lot of discussion about allowing Opposition Parties to bring important matters forward. This is respected within our parliamentary rules and procedures. However, to have a convoluted motion brought forward by the Official Opposition on the first day of this week is more than I can appreciate. It does give us an opportunity, however, to correct the record with regard to many of the points the Opposition has attempted to make in the debate thus far.

Canadians across this country will recall the tactics employed by the Official Opposition in these last years. Points were made in the press and by Members on all sides of the House regarding the tactics employed during the bell ringing episode.

We are participating in a session which has included 492 sitting days, an average of 164 per annum, 16 fewer than the 180 provided for in the calendar year 1983 by the recommendation of the Special Committee on Standing Orders and Procedure.

Accomplishments heading the list include the patriation of the Constitution and the enshrinement of the Canadian Charter of Rights and Freedom. We have passed 162 Bills, including 129 Government Bills, 19 Private Members' Public Bills and 14 private Bills. The subjects include the Bank Act revision, Old Age Security improvements, the Canada Post Corporation, the National Energy Program and the Young Offenders' Act. The Canada Ports Corporation was debated for over 12 years. We finally have the Bill.

The public sector spending restraints legislation which was passed affects virtually every identifiable group. All of these measures have had a positive effect on every identifiable group in Canadian society. There was the development of the parliamentary task force to investigate alternative energy. There is legislation dealing with the handicapped, employment opportunities, North-South relations, regulatory reform, Indian self-government and pension reform. This is in addition to the work of the special and standing committees. There was the Sub-Committee on Defence which studied the status of the reserves, and other important matters were dealt with with despatch. This has demonstrated leadership, about which the Hon. Member for Kingston and the Islands (Miss MacDonald) was so preoccupied and concerned.

I am really surprised not only at the lack of imagination of the Official Opposition in bringing before the House nothing more substantive than the motion before us, but by the Hon. Member's gall in bringing the subject of leadership to the floor of the House at this time. Considering the headlines in the last month or so, I thought that would be the last topic she would like to talk about during the course of the debate today.

Obviously the Official Opposition laboured considerably in trying to come up with something to be debated in the House.

This subject shows a lack of initiative, lack of creativity, lack of innovation, lack of imagination and lack of will. This convinces me that they are not only tired, but exhausted of all possible energies needed to bring forward something that would be of substantive contribution to the operation of Parliament.

• (1630)

The other day they had an Opposition motion, which could have contained a very important topic. The Opposition took up the whole day talking about what it would like to see done about tourism. I support tourism. There is no question but that it is a very important subject. In the Atlantic Provinces alone, tourism is among the top three revenue earners of that area. There is no question in anybody's mind—

An Hon. Member: We are all for tourism.

Mr. Harquail: Yes, all for tourism, and always have been. I think Canada has an excellent reputation for providing hospitality to all who come to this great country. With the problems the country is facing today, if the best the Opposition can do on an Opposition Day is bring in the subject of tourism to give a few Members an opportunity to talk about special projects in their own particular ridings, that to me shows a complete lack of understanding of the role and responsibilities of the Opposition.

An Hon. Member: They are desperate.

Mr. Harquail: Yes. That has been said before and I think it proves the point. It is a desperate Party. Last week it was tourism, this week they want to talk about the Speech from the Throne. All winter the Opposition did not cease calling for a budget. Now Hon. Members contradict themselves by proposing a delay of the budget so they can get on with a Speech from the Throne. It has been said many times that they cannot have it both ways. At some point they must have a discussion with their Acting Leader, and a meeting with their House Leader, to try at least to get their act together and decide what they want to proceed with first.

First, they hounded for months about the need for a budget. With present conditions of the country and the economy, no one could disagree that we must have a budget. Everybody knows that the Government is now prepared. Tomorrow evening we will have the budget.

The 16 days of bell-ringing—16 days of tying up, hijacking, hostage-taking, call it what you will—delaying in fact the business of this House, flies in the face of democracy and in the face of the very principles of this House. These people who hold up so highly the importance of protecting the rights of the people and the importance of this institution by delaying the proceedings of the House for 16 days, were denying the Canadian people legislation. We could have had two Speeches from the Throne during that 16-day period and really tried to accomplish something.

I am convinced Mr. Speaker, as are all Canadians who follow the political scene, and are concerned with the future of the country of the total confusion that exists within the Official Opposition. We know the pains its Members are now going through to provide the country with a leader for that Party. They have totally turned away from the responsibilities and the duties they have to the day-to-day workings of this House, by not producing substantive motions on Opposition Days. That, I think, has to be of concern to everyone.

Another element to be considered is that perhaps there are hidden tactics within their motion today. They have asked for a budget. We are to have a budget delivered by the Minister of Finance (Mr. Lalonde) tomorrow night. They are asking for a Speech from the Throne at the same time. Perhaps it is to give some of their hopeful leadership candidates that eight extra days to roam the country looking for delegates. One does not really know. One cannot see any logic so one cannot conclude what exactly it is they want or what they are attempting to do.

Tomorrow evening the Minister of Finance will present his budget. This will be the fourth budget in this session, coupled with two economic statements. This means the Government has reported to the House on the state of the economy on a semi-annual basis.

Similarly, at the beginning of each trimester, the Government House Leader outlined in writing the legislative intentions of the Government. He has also adopted the practice of making this outline public. This has not produced much co-operation from the Official Opposition. The response every time has not been to express their opposition in an effective manner by voting, but by talking on and on when they really do not have any idea what they want to say. Rather, as I mentioned earlier, they ring the bells and assault and insult the Chair. That has to be the most unacceptable act in the proceedings of this House. No Hon. Member should tolerate that, and yet that is what we had to suffer through.

On the Bank Act revisions, for instance they took 14 hours and 22 minutes on Second Reading, 50 hours and 15 minutes in committee, 18 hours and 12 minutes at Report Stage and 6 hours and 10 minutes at Third Reading. They then used more than 90 hours on a Bill that had been before the House and the public for over five years. Is that an indication of their spirit of co-operation?

There are many other examples of this type of needless delay by a Party whose Members talk of getting on with the job of getting things done, of doing things for Canadians and trying to help them, yet march into the House and deliberately filibuster and delay effective legislation.

There have been many examples of this kind. The Opposition has been so unco-operative it has been necessary to use other rules, not because we like to have to use them, but because this has been forced upon Members of Parliament. By its actions, the Opposition has held the Canadian people as hostages, people who have vested in them a certain trust. That has to be a sad commentary on what the Opposition is trying to do.

All Canadians are currently very much aware of the action that was taken as a result of the Speech from the Throne, the legislation that has been accomplished over these many history-making days. These accomplishments include responding to the individual needs by promoting greater security for

the elderly, expanding opportunities for the young, equality for women, the achievement of a secure energy supply at a fair price for all Canadians, the promotion of a national development policy that would provide jobs, stimulate growth, build on regional strength, increase Canadian ownership and control of our economy, strengthen national institutions while at the same time making them more responsive to provincial and regional goals, and ensure that Canada plays a vigorous part in the world beyond our borders. The Prime Minister (Mr. Trudeau) has repeatedly made the point that we cannot operate as an island unto ourselves. We are a very important part of the world scene in all respects.

While this session has been the longest in Canadian history, it has been the most productive. There have been 137 Government Bills introduced in Parliament and, as I mentioned earlier, over 100 have received Royal Assent. The Hon. Member for Burin-St. George's (Mr. Simmons) mentioned earlier the decisive action the Government has taken with respect to housing. We are all witnessing and enjoying the results of increased housing starts. That is playing a very major role in turning things around.

• (1640)

The inflation rate is down to the area of 6 per cent. We know that the Minister of Commerce and Development in the Ontario legislature made that statement a few weeks ago when he joined with the Canadian Government in telling Canadians how pleased he was that we were able to achieve this through co-operative measures. The federal Government's transfers to provinces and regions of the country are quite substantial.

This afternoon the Minister of Finance did not miss the opportunity to bring good news, in answer to a question during Question Period, about the low interest rates, now around 10 per cent, the prime rate at banks, the reduced interest on one-year mortgages and an attractive figure for five-year mortgages.

Definite action was taken on the commitment to small businessmen and farmers by amendments to the Farm Improvement Loans Act and the Small Businesses Loans Act which received Royal Assent, and by the extention of the termination date for loans to be guaranteed by nine months, from June 30, 1982 to March 31, 1983. We saw action taken with respect to raising the deposit insurance limit from $20,000 to $60,000. Action has also been taken on the Special Farm Financial Assistance Program.

The Hon. Member for Burin-St. George's spoke about action to protect the elderly citizens with respect to the Guaranteed Income Supplement. A special committee will study our pension system in a very detailed way, and a green paper is expected to be released early in 1983. The Special Parliamentary Task Force on Employment Opportunities for the 80s was appointed in May 1980 and reported in October 1981. Imaginative action was taken with respect to the Canada Community Services Projects and Canada Community Development Programs in the summer of 1980, and in January of 1982 there was an additional allocation of funds. As well there is the summer employment program for youth which will be announced in the very near future.

These are all important programs to assist during the winter months, Mr. Speaker. University students will soon be in the market looking for employment and these programs will play a major role in assisting them in a difficult situation.

We have also seen an increase in the ILAP, announced jointly by the Minister of Employment and Immigration (Mr. Axworthy), the Minister of Labour (Mr. Caccia) and the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion (Mr. Lumley) in January 1981.

There is a range of other programs I could touch on with respect to women in non-traditional occupations, women's employment programs, affirmative action programs, a program for employment disadvantaged, for our native people, for our youth—every sector of society has been remembered and has benefited from the direct results that accrue to them from action taken by the Government arising out of the Speech from the Throne.

I began my remarks this afternoon by taking exception to the lack of creativity and imagination on the part of the Official Opposition in what has been brought forward for consideration today. They touched upon a subject of great importance to all Canadians. Once they find their way back after choosing a leader there may be some direction over there, but for the moment it leaves us in a very bad position in the House of Commons to have to consider a motion such as the one before us this afternoon.

While they talk about doom and gloom and preach the negative side of all of this, I can witness this afternoon the benefits that have been accruing to Canadians in every region of the country, certainly in the Atlantic region. I know from experience in my own Province, in the northern part of New Brunswick, that because of transfer payments from the federal Government we have been able to achieve much in terms of the general development agreement and various sub-agreements for agriculture, tourism and so on.

I would conclude by attempting something I know you will not allow, Mr. Speaker, in my remarks this afternoon. This brochure—

The Acting Speaker (Mr. Blaker): Order, please. In addition to the rule against displays, which the Hon. Member knew was going to be applied, unfortunately his time has expired. The Chair will now have to recognize Hon. Members for questions, answers and comments.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I should like to ask the Hon. Member if he can try his hand at distinguishing between sittings and sessions of this House. It is a matter of some concern that the term session has been dropped from the Constitution and has been replaced by the word sitting. This suggests, as the Hon. Member for St. John's East (Mr. McGrath) mentioned in his question to the Hon. Member for Burin-St. George's, that this could lead us into the unfortunate situation of having a sitting one day and having a

global bill presented to us and then sending us home for another year. I wonder whether the Hon. Member is prepared to comment on the difference between a sitting and a session, and whether the House has not perhaps gone beyond the normal parliamentary session within the terms of the previous Constitution.

Mr. Harquail: Mr. Speaker, I would be among the first to yield to the Hon. Member. He has been here several years and is experienced in Government. He appreciates the rules of the House and what is contained in the Constitution which we have made law in this country. I believe he is familiar with the Act and the rules as they apply to the very question he has placed before us this afternoon. I do not think it is necessary for me to add anything to that. He is a senior Member of the Opposition, so far be it from me to lecture him on the interpretation of sittings and sessions.

It is of no benefit to the country and of no benefit to this institution to be wasting the time of Parliament bringing in silly motions such as the one we are debating this afternoon. It is a delaying tactic. We witnessed that filibuster with respect to the bell ringing incident and the assault on the Chair. If this is all that occupies the minds of Hon. Members opposite, I will not delay the House any further.

Mr. McDermid: Mr. Speaker, may I ask the Hon. Member, if he finds the motion so silly, why he wasted the time of the House for 20 minutes speaking on it?

Mr. Harquail: This is the very essence of this important place, that we are here to do a job. I was elected to represent a very important part of this country. I am proud to be here representing the riding of Restigouche which I was referring to as my time expired. The Hon. Member knows that there is a certain onus of responsibility on the Opposition as well as on the Government in any democratic system. That is true in Canada. We accept our role and I would only hope that Hon. Members opposite would make our work a little more interesting by appointing Hon. Members to put sufficient time and effort into coming up with some thought-provoking motions which we could really deal with in the time which is allotted to us in the House.

• (1650)

The Acting Speaker: Questions and answers.

Mr. Clarke: Mr. Speaker, I listened with interest to the Hon. Member's comments and I appreciate very much his concern over the leadership of this Party. I wonder if he has given any thought whatsoever to the total lack of leadership on his side of the House?

Mr. Harquail: Fifteen years ago last Friday we applauded one of the best leaders, one of the most dynamic and competent Prime Ministers the country will see for many years to come. The Hon. Member has given me an excellent opportunity, Mr. Speaker, to say something I wanted to say during the course of my remarks, but which I refrained from doing. The very fact things we have been able to achieve, arising out of the Speech from the Throne, have been achieved as a result of the dynamic leadership of the Prime Minister. We are very proud of this fact. I am very pleased, and must thank my hon. friend from British Columbia, for giving me this excellent opportunity to make the statement that there is no doubt in anyone's mind that the Prime Minister has made the case for himself through his intelligence and his ability to achieve these things.

What I would like to put to the Hon. Member on the other side of the House, though, with respect to comments which have been made this afternoon, is the fact that his party, which plays the role of Official Opposition, and of which he seems to be proud to be a Member, has held three conventions in the last two years and has yet to produce a policy to indicate to the Canadian people where it stands on any issue. Despite the fact that his party has not been able to hold on to a leader, despite the fact that it, after nine months had to give up the Government, and despite the fact that it was not able to govern when given the opportunity, the Hon. Member has the audacity to rise this afternoon to put a question to me about leadership. I believe he should go back and do his homework, pick a leader and come back and try to put straight to the Canadian people what his Party would be able to do, before he puts a question to us with respect to our leader. I find it not only passing strange but a sad moment in Canadian history, that that Party, which is the Official Opposition of the Parliament of Canada in this House of Commons, has had in recent years three major policy conventions, and not one Canadian is able to identify what policies within the Party or what it stands for.

Mr. Clarke: Mr. Speaker, I am happy to hear that the Hon. Member opposite has not given any concern to the matter of leadership of his own Party. His Government has had some three years to demonstrate some ability to solve problems rather than to create them. I would like to ask the Hon. Member from New Brunswick if he is happy with the fact, if it should come to pass, of his leader leading his Party into the next election, whenever it might be?

Mr. Harquail: That is something, Mr. Speaker, with which we are not faced at the moment. The Official Opposition seems to hold down a pretty good corner on posing hypothetical questions. There is no doubt in my mind that we will be ready for an election at any time it may be called by the Prime Minister, as it is his sole prerogative to do. That is the system. That is the time-honoured historical, respected position, there for us all to live by, and I accept it. I must say, however, Mr. Speaker, with respect to unity in Canada, there is one thing on which we are united. On that night in Winnipeg when their leader was removed from office in such a despicable way it was sad to watch, and it is sad to bring to mind this afternoon that a group of men and women doing such a thing in public. Yet now, a few short days since that activity, one member of that party poses questions as to what we on this side think of what another person might do. Let me tell him one thing in concluding my answer to the question. As we have been able to demonstrate in the past, when we are faced with a decision we

will make that decision with despatch. We will rise to the occasion with despatch, with action similar to that which we have been demonstrating on all of the issues we have been faced with, in a true democratic manner.

The Acting Speaker (Mr. Blaker): Debate. The Hon. Member for Churchill (Mr. Murphy).

Mr. Rod Murphy (Churchill): Mr. Speaker, it was interesting to watch representatives of the two old line parties in the House of Commons talk about the leadership crisis which faces the country. Unfortunately, Hon. Members of both Parties talked about individuals, whether the Prime Minister (Mr. Trudeau) was more hated or whether the combination of leadership hopefuls in the Tory Party represent any particular direction, and so on. What they missed out on was something much more important. It is not a matter of personality or Gallup polls. It is not a matter of how a Party deposes or imposes a leader what is really important is that this country does not have any economic leadership at all. When a motion is put before us by the Conservative Party I believe that is what the debate should be about. A Throne Speech is supposed to set the direction of the legislation, the budget, and other matters which will come before the House of Commons for debate, for discussion and in some cases for passage into legislation. What has happened in the three years and three or four days since we have had a Throne Speech is that this Liberal Government has wandered through our economic and political history.

Mr. Munro (Esquimalt-Saanich): Staggering is the word.

Mr. Murphy: Yes, perhaps the Hon. Member to my right is correct. Perhaps "staggered" is a much better word for describing the way this Government has led this country. Canadians, regardless of where they live in this country, do not have any trust or faith in the ability of this Government. They have no knowledge or idea of where this Government intends to take Canada.

The Throne Speech to which the Member referred, the speech which was made over three years ago, talked about strengthening the foreign Investment Review Agency. It talked about decreasing the deficit. It talked about decreasing unemployment. It talked about affirmative action programs. It talked about pension reform. It talked about a number of things, Mr. Speaker, and yet Government has not acted. It has had three years to fulfil its own self-imposed mandate. It has had three years to deliver the legislation, to deliver budgets, to deliver action in this House of Commons which would put forth the programs it promised. This Throne Speech was not something which was imposed upon the Government. This Throne Speech of April 14, 1980, was a speech written by the Prime Minister, his Cabinet and his aides. It was a direction which this Government promised the country, a promise which it broke, Mr. Speaker. Pensioners were promised pension reform, they did not get it. Women, the handicapped and the natives were promised affirmative action. They did not get it. Those who were unemployed were promised jobs. Those who were concerned about the deficit were promised that it would be reduced. Member after member of the Liberal Party has risen this afternoon to defend the Government's record on these issues, saying that it was the Opposition that filibustered or that the economic times have changed. They had a number of excuses, a litany of excuses as to why the Government has failed. Those charges by Government Members are simply not substantiated.

• (1700)

In many of the areas of the Throne Speech, the Government has not even introduced legislation or put forward any proposals. It has come back and said "the Opposition would not let us do it". To say that the Opposition somehow prevented the Government from passing legislation is simply not true. The Government did not even have the legislation to present to us or any plans with regard to affirmative action to keep the promises it had made.

Therefore, I would argue that since the Government cannot bring forward actions on the Throne Speech which it promised three year's ago, that Throne Speech is somehow invalid. It is up to the Government to come forward with a new program, a new platform as to what it wishes to present to the House of Commons. Right now we know that the Throne Speech which started this session is really not in play. It does not contain the proposals which the Government will work on.

We know, for example, concerning the Foreign Investment Review Agency, that it has gone in the exact opposite direction. During Question Period the Liberals have admitted that with regard to unemployment they really will not do very much. Therefore, they will not keep the promises they made in the Throne Speech.

Canadians inside and outside the House of Commons are really suffering from that lack of leadership by the Government. I would join others in the House in saying that it is time for a Throne Speech. It is time for the Government to give us an indication as to what direction it wishes to follow. It is time for Canadians to know whether the Government has a plan, any goals for the country, or any objectives so that Canadians in Atlantic Canada, Quebec, Ontario, the Prairies, B.C. or the Northwest and Yukon Territories can know whether there are any regional development plans or whether the Government is concerned about their issues. Canadians deserve that.

However, what Canadians do not deserve is another Throne Speech which is as false as the Throne Speech we heard three years ago. We need a Throne Speech, we need the legislation which results from a Throne Speech, and we need Government action through budgets and through other economic measures which will meet the needs of Canadians. We want a Throne Speech which will be followed by the Government. We want one which will clearly establish where the Government wants to take the country, and we want ensuing legislation to follow the same direction.

I attended a conference in Flin Flon, Manitoba, held by the Flin Flon Crisis Group. It was basically for women and others concerned about the plight of women in our society. I spoke of

Government programs and the Government's failure to take affirmative action.

I also spoke of another trend in our modern society. The fact that the Throne Speech is so full of empty promises reminds me of the story I recited to that group. I said that what we must beware of today is the modern equivalent of the false prophets, because there are a number of them in this country. The federal Liberal Government certainly has a number of false prophets.

I would like to refer to some of the techniques used by these false prophets. One technique, of course, is to announce that there will be a new Government program or a change in Government programs. The literature is distributed across the country, with Cabinet Ministers making speeches here and there. However, the Government never actually introduces the changes or new programs. In other words, it simply takes the publicity and runs. There is no action.

Another technique of these false prophets is to advertise a program throughout the country, again distributing fancy brochures, such as those which have been distributed concerning the Crow rate. The Government does everything to make people feel that there are programs for small business, for women, for pensioners and others in the country. However, the Government never explains to small businessmen, fishermen and farmers that they do not qualify for the programs. In other words, the Government does not come clean as to what its programs are about.

A third technique is for the Government to announce a program, advertise a program and actually introduce it. It is passed, and people do qualify for it. However, when they apply for it, they find that there are only limited funds available.

Those are three of the techniques used by the Government's false prophets. However, like many false prophets, all they do is turn off those who are listening to those words almost in a worshipful sense.

We need a new Throne Speech. Canadians need new legislation. They need leadership in the country. We are in very serious economic times. It is hurting the social fabric of our families. It is hurting women, children and those people who wish to be working. It is hurting those who wish to keep their farms away from the Royal Bank, those who wish to be able to keep their businesses going. They need a new Throne Speech. After three years, Canadians deserve a Throne Speech and leadership. What they do not want and what they would absolutely reject is another series of pronouncements by false prophets, promising and promising but never delivering, never providing the services, and never giving any leadership or showing any concern over the plight of Canadians. We want such a Throne Speech, but we want to ensure that it is not simply a bunch of political propaganda financed by taxpayers and with no follow-up. Give us the leadership, but ensure that it is not simply political crap.

Mr. Clarke: Was the Hon. Member for Churchill telling the House that the Government had failed miserably in its attempts to carry out the commitments made in the Speech from the Throne given in the other place? Is he saying that the present Government has shown a singular lack of leadership in resolving the problems of ordinary Canadians? Is he asking the Liberal Party to resign its position in Government and to face the electorate, or is he at least calling for the resignation of the Prime Minister so that the rank and file of the Liberal Party of Canada, those who are so embarrassed by their Party can be given an opportunity to elect a new House Leader so that there may be some new direction for the country?

Mr. Murphy: Mr. Speaker, of course I agree with the concerns raised by the Hon. Member for Vancouver Quadra. In terms of what I was asking, I was of course following the wording of the Conservative Opposition motion which, unfortunately, does not call for the resignation of the Government. I wish it did. However, if the Hon. Member has asked me whether or not the Government has provided leadership, I must of course say no. If he has asked me whether it has kept its promises, I must say no. If the Hon. Member has asked me whether it is providing leadership, I must say no. If he has asked me whether it should resign, I must say yes.

• (1710)

Mr. Clarke: Mr. Speaker, I wonder if the Hon. Member for Churchill (Mr. Murphy) could not have foreseen this in 1979 when he and his colleagues so easily supported the Members opposite?

Mr. Murphy: Mr. Speaker, we have spent most of this debate talking about the fact that the Throne Speech is three years old. The Tories' grudge is much older than that. On February 18, 1980, the people of Canada turned the Conservative Government out.

Mr. Clarke: They were misled.

Mr. Murphy: The Hon. Member says that they were misled. Let me explain again what happened for those who have a kind of revisionist sense of history.

The former Minister of Finance introduced a budget. After the Liberals moved a non-confidence motion, we in this part of the House of Commons proposed our own amendment explaining why we could not support the budget. The Conservative Government of that day decided that it would not amend its budget and would not discuss and work with its allies in the House of Commons, the Social Credit Party, and let the vote take place. It was defeated in that vote. Two months later it was defeated, not by the Liberals or the NDP but by the people of Canada. The people of Canada rejected that budget, they rejected the Government and they rejected the leader of that Party.

That Party is in the process of ejecting that same leader now. I see no reason for us to be condemned for doing three years earlier what they are now doing.

Mr. Clarke: Mr. Speaker, the Hon. Member for Churchill needs a lesson in numbers, I am afraid. He talks about the lack of the Government in 1979 to collect the votes of a Party

which had five seats in the House when the Government lost by six votes.

The people of Canada rejected the Conservative Party in the 1980 election because they were taken in by the very type of statements made during the election campaign that the group opposite, which is a very small group today, made in its Throne Speech of 1980. After all, that is the issue with which we are concerned today, the failure of the Government to act on the promises it made in the Throne Speech, as well as the ones it made in the election campaign that resulted in the unfortunate resignation of the Government that we on this side formed at that time.

I might also remind the Hon. Member for Churchill that he has the wrong perspective on the process that is going on now in this Party. This Party is in the process of reaffirming the leader of this Party whom we have enjoyed for the last seven years.

Mr. Murphy: Mr. Speaker, I suppose we will all find out sometime in mid June whether the Conservative Party is reaffirming its previous leader, since the new leader is the Hon. Member for Yukon (Mr. Nielsen), of course. However, we have noticed that there seems to be a fair number of other Conservatives travelling throughout the country at this time saying that perhaps the Right Hon. Member for Yellowhead (Mr. Clark) is not the person to lead their Party. Many Canadians feel that he is not the person to lead the Party. They certainly had the opinion in February, 1980 that he was not the person to lead the country.

It is up to the Conservatives to pick their leader, but I, and I am sure our Party, will not give a blank cheque to whomever the Conservative leader is, just as we would never give a blank cheque to whomever leads the Liberal Party. We have our policies and we are proud of them. We wish to work in the House and throughout the country to promote our policies. The debate which is occurring in the House of Commons right now concerns the very fact that when the Liberals make a throne speech and announce their policies they do not follow through with them. They do not keep their promises. The most noticeable result has been that they have lost the faith of ordinary Canadians.

[*Translation*]

Mr. Henri Tousignant (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, it is rather surprising to see the Official Opposition presenting a motion of this kind today, the same Opposition that complains and gets upset about the hardship Canadians are suffering because of this Government. They are asking for action, but today, they are wasting the time of the House by trying to put the Government on the defensive.

Here is part of the motion that was moved today by the Official Opposition, and I quote:

> That this House condemns the Government for its failure to live up to the commitments made in the Speech from the Throne on April 14, 1980.

Mr. Speaker, my colleagues opposite and the representatives of the New Democratic Party have just said that they agree that this Government has not lived up to a single commitment, and Members on the Government side, like myself, we say that we have fully lived up to our commitments. So it depends a little on what side of the House one happens to be. In any case, Mr. Speaker, it cannot be denied, and I could name fifty or so commitments the Government has made and met, namely, various programs the Government has introduced and implemented. Therefore, I would be tempted to . . . A lot has been said about leadership, and the Progressive Conservatives are very busy preparing their next convention. They are terribly excited at the thought that the candidates for the leadership are going to bring about miraculous changes. They are still the same people—

Mr. Jarvis: Very quiet!

Mr. Tousignant: Very quiet indeed! They are still the same people, Mr. Speaker. I could give a brief analysis of the leadership candidates. However, I think I shall refrain, since that is not the subject of this debate. Nevertheless, speaking of leadership, I feel that demanding the resignation of a man like the Right Hon. Prime Minister (Mr. Trudeau) and providing as an alternative people who are not very experienced and who do not seem to have the desired ability, I think these are very rash statements on the part of the Official Opposition, and perhaps I should also include the New Democratic Party, which is always defending widows and orphans. The New Democratic Party is for and against almost everything. Sometimes they express their shock at the deficit, and the next day, they demand all kinds of costly measures which will necessarily increase the deficit. These people know they will never be in power, so it is easy for them to say just about anything.

• (1720)

Some of the Government's commitments, and I shall name only a few, were included in the words of the Right Hon. Prime Minister, in the Speech from the Throne, and I quote:

> My Government will act to assist those unable to bear the burden of renegotiating their home mortgages in the present abnormal situation so that the spectre of foreclosure will be avoided.

What did we do, Mr. Speaker?

In his November 1981 budget, the Minister of Finance announced the creation of a guarantee plan under which the Government will guarantee, subject to a maximum of $3,000 and other prescribed limits, the repayment of deferred interest to owners whose gross debt service ratios exceed 30 per cent. That was a commitment on the part of the Government and it has been fulfilled.

The Government also undertook to introduce improvements under the mortgage renewal program. The plan was extended from November 12, 1982 to December 31, 1983, and homeowners who spend more than 30 per cent of their gross income

to meet new mortgage payments are eligible, after June 28, to a maximum $3,000 non-taxable cash grant. That is another commitment. In the November budget, the Minister also announced a new rental housing construction incentive program offering interest-free loans of up to $7,500 per unit for 15,000 units allocated to those regions of the country where the housing market was tight. What did we do? We kept our promises, Mr. Speaker. In the end, that program was available to 15,000 owners in areas with a high unemployment rate so as to enable people to renovate their home. This program has a leverage effect on personal expenditures and was aimed at creating 10,000 jobs; in addition, it did cost $30 million, we supported that program and met our commitments. The budget provided also that this measure would be implemented immediately and that any buyer of a new house whose construction would begin before December 31, 1982 would be entitled to a $3,000 cash grant. What did we do? That is what we are doing, Mr. Speaker, and this program has been extended until March 31, 1983. It has been estimated that 100,000 buyers will be eligible for that grant and that the Government will spend about $300 million. The annual grant for non-profit rental housing has been extended from 25,000 to 27,500 units in 1982, a measure which will cost $10 million.

There is yet another commitment. Farmers and small businesses are particularly hard hit by soaring prices and this Government is aware of their problems. To lend them a helping hand, the maximum amount available under the Small Businesses Loans Act and the Farm Improvement Loans Act will be raised to $100,000. The Government is considering the possibility of introducing other similar measures. That was one of the commitments in the Speech from the Throne. What did we do, Mr. Speaker?

Pursuant to Bill C-27 to amend the Farm Improvement Loans Act which was given Royal Assent on June 27, 1980, the program was extended for three more years and the $75,000 limit on loans has been raised to $100,000.

Bill C-17 to amend the Small Businesses Loans Act was also given Royal Assent on June 27, 1980 so that this piece of legislation would remain in force until June 30, 1982. The $75,000 maximum loan limit was raised as well to $100,000, which brings up to $850 million the total guaranteed loans available during that period.

Under Bill C-122 to amend the Small Businesses Loans Act, passed on July 23, 1982, the termination date for loans to be guaranteed was extended from June 30, 1982 to March 31, 1983, an additional nine months.

In the June 82 budget $400 million were earmarked for investment grants to allow small businesses to reduce interest payments on their loans. Eligibility extended also to farmers and fishermen. The rebate, which amounted to a maximum of 4 per cent and was applicable over a period of two years was aimed at financing new investments and industrial research. In addition to the special program of assistance to farmers in financial difficulty announced in the June 82 budget speech, $200 million have been allocated to the Farm Credit Corporation for loans. Under that program too, for a period of two years following the authorization of the loan, the borrower will be granted an interest rate 4 per cent lower than the current rate of the Farm Credit Corporation, as is the case for loans granted under the Small Business Development Bond Program.

Here is another commitment by the Government. The Government will ask Parliament «to give urgent consideration to legislation raising the Guaranteed Income Supplement to the Old Age Security pension by $35 a month per household by July of this year.» What have we done in that regard, Mr. Speaker? Bill C-16, an Act to amend the Old Age Security Act which received royal assent on June 5, 1980, provides for a $35 monthly increase of the Guaranteed Income Supplement for each household and of the spouse allowance effective July 1, 1980.

Furthermore, you will note that the legislation aimed at limiting the indexation of Old Age Security payments announced in the budget speech of June 1980 did not affect the recipients of the GIS who get a supplement to the GIS payment equivalent to the full indexation.

Yet another commitment: The "Government intends to convene a National Pension Conference in the fall . . . To start this process, [the] Government will soon release a major study on the Canadian pension system." What have we done in that regard, Mr. Speaker? The National Pension Conference was held in Ottawa in March and April of 1981. A thorough study on the Canadian pension system is in the works. It should be released fairly soon in the form of a Green Book.

Here is another commitment I would like to mention: "One of the essential objectives of [the] Government is to put more people to work . . . There will be an increased effort to develop critical trade skills so as to better prepare today's labour force for tomorrow's jobs. Expanding native opportunities and training women for new occupations will receive strong emphasis." What have we done, Mr. Speaker?

The Government has also undertaken to improve the operation of the unemployment insurance program and has suggested amendments which will make it more workable in the eighties. The Government has launched all kinds of programs, the Canada Community Services Projects for instance, and the Canada Community Development Projects. The Canadian Government announced on January 22, 1982, a supplementary apportionment of $33.7 million to be added to the $113.4 million previously announced.

The Industry and Labour Adjustment Program is another scheme which has been put forward by the Department of Employment and Immigration for a three-year period and to which have been earmarked $350 million. This program was jointly announced in January 1981 by four federal Departments. The Portable Wage Subsidy Program which is part of

the Industry and Labour Adjustment Program enables the unemployed over 46 years of age and living in designated areas to find another job, because the Government is paying a wage subsidy to employers who are willing to hire those people.

• (1730)

I would also like to discuss another program, namely the Community Employment Program which enables workers who have exhausted their unemployment insurance benefits to obtain another productive job on a temporary basis. The Bill to provide for the payment of benefits to laid-off employees and to amend the Canada Labour Code which was given Royal assent on March 31, 1982, made available in last resort in designated industries some benefits to workers aged 54 to 65, who were laid off as a result of too fierce a competition from abroad, of an industrial reorganization or because of certain problems related to a non-cyclical market.

The National Training Act which controls the present training programs and has them focused on skills particularly in demand on the national level, promotes the adjustment of businesses and workers to technological development, and then intensifies training courses available to those who are getting ready to enter the labour market.

The following programs are aimed at some special manpower groups. The Affirmative Action Program, for example, stimulates the private sector into developing a practical attitude towards women, native people and the disabled. Special provisions for native training are making financial aid available to enable native men and women to get some additional training.

There is also another program aimed at women getting involved in non-traditional occupations. The purpose of this program is to help women who want to hold non-traditional occupations which were previously reserved for men by paying wage subsidies to employers who are willing to give them the required training.

I would like to point out the Women's Employment Program designed to extend the professional scope of the working women by encouraging them to attend skill training courses or to hold occupations which were generally denied to them in the past.

I will now refer to the Program for the Employment-Disadvantaged, the purpose of which is to find permanent jobs in the private sector for the physically and mentally handicapped and for the chronically unemployed.

Mr. Speaker, we could give a lengthy list of all programs launched by this Government.

I could mention others. The Government intends to work more closely with voluntary and local organizations towards the implementation of a community service program. What has the government been doing? It is looking into its dealings with voluntary organizations, as well as into the subsidies it is paying to them.

I see that I am running out of time, Mr. Speaker; I could mention a great many other programs. In the Speech from the Throne, the government indicated that as major employer in this country, it would lead the way in its approach to the Public Service. It suggested that all discrimination based on sex should be eliminated. What have we done, Mr. Speaker? In 1981, within the Personnel Policy Branch of the Treasury Board, a Developmental Personnel Policies and Activities Division was created to make sure that the government fulfilled its promises of implementing within the Civil Service affirmative action and equality-of-opportunity policies. The Division must ensure that women, natives and handicapped people have equal opportunities. It is also responsible for the quality of worklife within the Civil Service. It tends to support the efforts of its own Affirmative Action section, the Public Service Commission, and the Affirmative Action sections of other departments.

The Government had other commitments: it said it would amend the Criminal Code to solve for instance the problem of violent crimes against women, and together with provincial and territorial governments, it would try to improve the social services and care provided to women who are the victims of violent acts.

What have we done, Mr. Speaker? Bill C-127, to amend the Criminal Code, was adopted by the House on August 4, 1982. We have replaced rape with sexual assaults of various degrees. We have done away with the need to have a plaintiff's claim substantiated. We have done away with the spouse's immunity. The Criminal Code has been amended so that its provisions apply to people of both sexes.

Here is a good one that concerns energy, Mr. Speaker. Since the Progressive Conservative Government was defeated by the Liberals, the Official Opposition has been complaining that we misled the population because we promised not to increase oil prices. That is a good one! Let's be clear about what happened at the time, Mr. Speaker. The Progressive Conservatives promised that they would implement an 18 cents a gallon excise tax on oil and increase prices gradually up to 85 per cent of oil prices. The Liberals promised not to impose this 18 cents a gallon tax and to maintain prices at 75 per cent of world prices. This is exactly what happened. The price of oil must go up just like the price of bread and butter. Moreover, it would obviously have increased much more if the Progressive Conservatives had remained in power. They clearly said that they wanted domestic prices to 85 per cent of world prices in addition to imposing an excise tax of 18 cents a gallon. And now they spread the rumour that the Liberals did not keep their promise. I can assure the House that oil prices would be much higher if the Progressive Conservative Government was still in power.

I can see that the time is going fast, Mr. Speaker. I would like to say this in closing. If there is one thing this Government can be blamed for, it can only be for having given too much and for keeping its promises too well. At a given time, everyone waits anxiously for a Speech from the Throne. Throughout Canada, people are waiting impatiently for a Speech from the Throne as though no one will have to work any longer afterwards. The throne speech will be a miracle and no one in Canada will have to work in the future. Well, Mr. Speaker, if this Government can be blamed for something, it is for having given too much. We now ask all Canadians to do their share and if they do, we shall put our economy back on track.

[*English*]

Mr. Bob Corbett (Fundy-Royal): Mr. Speaker, I listened with a great deal of interest to the various Members who spoke in the House this afternoon, particularly to the previous speaker who I know is most interested in seeing that Canada, which we both serve with pleasure, moves on and takes its rightful place within the community of great industrialized nations with which we have previously shared company. As the Hon. Member is aware, that is fast disappearing and slipping through our fingers, primarily due to the inaction and lack of motivation on the part of his Government.

I want to address myself to the comments of two Members in particular. The Hon. Member for Churchill (Mr. Murphy) tried to indicate to the House and to the nation that we in the Conservative Party were the masters of our own doing. As much as Members of the New Democratic Party may try to abdicate their responsibilities, they cannot erase from the history books and annals of Canadian Parliament that indeed they supported the Liberal Party when they brought on the defeat of the Conservative Government. They contributed to and in fact were the cause of the election held on February 18, 1980.

It little matters what has transpired since with reference to NDP support of the Liberal Party. Members of that Party continue to trade their votes for support of Liberal programs with which they can identify, such as the National Energy Program, that is such a disaster. There is talk of nationalization of Canada's economy with higher Government deficits, more regulation and increased inflation. I draw that to the attention of the Hon. Member, this House and the nation. They cannot get away with that.

• (1740)

I listened to the Hon. Member for Restigouche (Mr. Harquail), who is from my Province of New Brunswick. I am sorry he has found it necessary to step out for a few minutes to take a well deserved break from his exhausting duties in this House. He made several comments with which I cannot help but take issue. One was that the best the Opposition seems to be able to do is dwell on items that are really not pertinent to our society, to our system and to our nation. He referred to a motion put by the Opposition a few days ago. His words were something to the effect that the best they can do is talk about tourism.

I am sure the Hon. Member is not aware of this or he would not have talked about it in such demeaning terms, but tourism happens to be the second largest industry in Canada. It is the second largest employer in this country. Coming from a part of a Province that is experiencing unduly high unemployment, I would think that the Hon. Member for Restigouche would be vitally concerned with any industry that created as much employment as the tourist industry. I wonder just how interested he is in what the Government does or the lack of what it does in the area of creating employment.

The Hon. Member for Restigouche referred to the need for a budget and the fact that we will have a new budget tomorrow evening. He indicated that the Government has had four budgets as well as two economic statements over the past three years. He referred to the fact that we on this side have had three policy conferences or some other general meetings over the past number of years, which indicates to him that we have had one every six months. I do not know where he gets his arithmetic from, but it is probably indicative of the arithmetic used on that side of the House when preparing budget statements. If we have had three policy conferences, it is interesting that the Government found it necessary to come in with six budget statements during a period of time when this country moved from the state of being bad to absolutely despicable, absolutely terrible.

The Hon. Member for Restigouche talked about inflation being down to 6 per cent. I know he would not have wanted to mislead this nation and that he would thank me for bringing to his attention and that of the country the fact that the inflation rate is not 6 per cent. I am sure that all Hon. Members of this House share with him the wish that it was 6 per cent. However, the rate of inflation is now 7.5 per cent. That is much more respectable than the 12 or 13 per cent of a few short months ago, but it is still not 6 per cent. Interestingly enough, the fact that inflation is now down to 7.5 per cent has not increased the confidence of investors in this nation. In fact, it seems to have had a non-effect. Investors in this country are not at all encouraged.

The Hon. Member for Restigouche referred to assistance acts. What have these assistance acts done to small businesses? Last year 80,000 businesses in this country closed their doors and laid off their employees. Small businesses are the greatest employers in Canada in terms of job creation. Not only have 80,000 businesses closed their doors, the rate of small businesses that went bankrupt last year exceeds or is of the order of 1,000 per month. That is a deplorable condition. The Hon. Member for Restigouche should be aware of these facts before standing up in this House and indicating to his constituents and others what his Government is doing. He said he was elected to do a job and that he is accepting his role.

The Hon. Member for Restigouche put forth an interesting position. He comes from a region of New Brunswick where unemployment is rampant, running away, due primarily to the mismanagement of the economy by this Government. During the time that he spoke, not once did he refer to the closure of

Canadian Forces Base Chatham, which is in an adjoining riding. Not once did he refer to the loss of hundreds, indeed thousands of jobs in that region due to this Government's inaction on the closure of CFB Chatham. That is a complete dereliction of duty on the part of the Hon. Member for Restigouche. I take him to task, as I know the people in his region and Province will, over that.

He referred to his leader. I notice he did not waver when the question was put to him as to whether he intends to support his leader in the upcoming election. He acted like a bulldog, took the issue to heart, wrestled with it and left no doubt in the minds of Members opposite and his constituents. He will stay with his leader, the present Prime Minister (Mr. Trudeau), whom he described as the best leader this country has had in the last number of years, certainly the most dynamic. I will be interested in seeing how he goes into the next election, supporting in such vocal and endearing terms a man for whom he has expressed to the nation he has such great admiration. I look forward to watching that gentleman's participation and his support as time goes on.

I want to address myself to another item that is pertinent to the debate today. In reply to a question, the Parliamentary Secretary to the President of the Privy Council (Mr. Smith) suggested to the Hon. Member for Bow River (Mr. Taylor), who had made a query about the National Energy Program, that he should look at the speech made by the Prime Minister in Halifax in 1980. I have a copy of the speech which the Prime Minister, then Leader of the Opposition, made to the Halifax Board of Trade in Halifax, Nova Scotia on January 25, 1980. I brought this matter to the attention of the House before, and I will do so again. He said at that time and I quote:

> I am announcing today, as part of our program, that a Liberal Government will take immediate action to ensure the full cooperation of all parties in the construction of a natural gas pipeline to Quebec City and the Maritimes. The pipeline will have reversible capacity so that Maritimers will have the opportunity, both to use western natural gas now and to send off-shore gas to central Canada later. Like the railroad in the 1880s, energy pipelines in the 1980s have the potential to be a steel link uniting the nation.

● (1750)

In the Speech from the Throne, it was stated:

> My Government equally favours the earliest possible construction of a natural gas pipeline to Quebec City and the Maritime Provinces and awaits with interest the report of the National Energy Board on this project.

The Speech from the Throne was delivered on April 14, 1980. The speech the Prime Minister (Mr. Trudeau) delivered to the Halifax Board of Trade was on January 25, 1980, just some three months earlier.

We are all aware of what the National Energy Board has said in its subsequent report on the construction and status of the pipeline. Here, for the Parliamentary Secretary's reference should he care to take a look at it, is the speech that he suggested the Hon. Member for Bow River have a look at. I invite him to look at this.

Let us look at what happened to the natural gas pipeline project for the Maritime Provinces. Let us see what took place concerning that pipeline and how the Prime Minister's promises were fulfilled.

I asked a question of the then Minister of Energy, now the Minister of Finance (Mr. Lalonde), who is going to deliver this great document tomorrow, about that promise. This was on May 25, 1982, a short time ago. I asked the Minister what he intended to do about the Prime Minister's promise that the natural gas pipeline would be like a railroad into the 1980s, an energy pipeline that would have the potential to be a steel link uniting the nation.

At that time the Minister of Energy responded by saying that they originally anticipated and expected to have natural gas flowing into the Maritimes by 1982 or 1983. Now there is only a bleak possibility that that will happen, though the Minister indicated that much would depend on the findings off the East Coast. I said at that time that it is a great tragedy for Atlantic Canadians who are facing the bleak prospect of at least another two years before there is the opportunity to deliver natural gas to this region.

In a further response on the Late Show, the Parliamentary Secretary to the Minister told me that "the natural gas transmission system to the east coast is one of the top priorities of the federal Government". He went on to say that TQ & M, the pipeline contractors, began work on the gas pipeline extension to Quebec City some time ago. However, the company has encountered some difficulties which have resulted in construction delays. The delays have been phenomenal.

A report was released on May 21, 1982, just a day or two before, which indicated that the federal Government and business officials admit that the plan to bring western Canadian natural gas to the Maritimes is near collapse because of skyrocketing cost estimates, labour slowdowns and other factors. Yet the Minister and the Parliamentary Secretary continued to state that indeed it is a priority of the Government.

Mr. Speaker, I have in my possession a release made by the then Minister of Energy on June 2, 1982, just a few weeks after I made that speech in the House. That release states that the Minister's update of the National Energy Program on Monday night would provide subsidies to the prime contractor of the natural gas pipeline. He said that the Government would meet the full cost of engineering and survey work to be carried out in the next two and a half years and that a $45 million interest-free loan would be repaid when the Maritime portion is completed.

As of April 18, 1983, TQ & M has not yet signed an agreement to receive this loan. We now find ourselves at a time when the delivery of natural gas into the Maritime region has been promised by 1984 or 1985 at the latest. The agreements have not been signed. That is another example of a reneged promise. It is obvious that the National Energy Program as released in 1980 and the National Energy Program update of 1982 are miserable failures. It all ties in to the Speech from the Throne of April 14, 1980, when these and many other promises were made.

There is no question that this Government should recognize its responsibilities to the people of this nation. It should recognize that it has contributed nothing but defeat by default to this country and to the people who elected it to serve them

in their best interests. We should as a responsible Parliament insist that this House indeed do prorogue. We should insist upon a new session. We should insist that this Government outline a renewed program of policies for the people of Canada to ensure that we get back on the track and on with the job of making Canada once again great. Under this administration, the reverse has taken place. It is indeed a terrible shame for the people that this Government purports to represent, and purports to make policies on behalf of, that the Government allows this session to exist and run on when indeed it has such a dismal record of failures behind it.

[*Translation*]

Mr. Tousignant: Mr. Speaker, I will ask my question in French to the Hon. Member for Fundy-Royal (Mr. Corbett). In view of the turmoil or, if you prefer, the excitement resulting from the preparations for their convention, and on the basis that in the very near future, they might form the Government, does it not simply confirm a lack of imagination on their part? Fully aware of the fact that they are bankrupt of ideas necessary for a Speech from the Throne, they are now asking this Government to come up with one with a view to developing their suggestions from it should they be elected at the next election, which tends to confirm their total lack of imagination; their only intention for asking this Government to present a new Speech from the Throne is their desire to use it for their next platform.

[*English*]

Mr. Corbett: Mr. Speaker, in looking at the clock it is quite obvious that the Hon. Member does not expect a response. Indeed, all I can tell him is that his expectations will prove to be correct and indeed we will be forming the next Government when the next election is called.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Blaker): Order. It being six o'clock, it is my duty to inform the House that, pursuant to Section (11) of Standing Order 62, proceedings on the motion have expired.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 45 deemed to have been moved.

LABOUR CONDITIONS—NUMBER OF YOUNG PEOPLE EMIGRATING. (B) YOUTH EMPLOYMENT PROGRAMS. (C) NUMBER OF JOBS CREATED

Mr. Albert Cooper (Peace River): Mr. Speaker, the matter I want to address tonight is that of youth unemployment which is fast becoming a very serious crisis in the country. It is a crisis not only in the sense of what is happening today but in terms of the impact it will have on our future, our potential and where the whole country will be going in the near future.

Last week I asked the Prime Minister (Mr. Trudeau) what the Government was going to do about unemployment in the area of engineering. Looking at what was happening in the field of engineering since 1981, we find that unemployment has risen by about 500 per cent in this select group of people. Our concern was that on top of the 500 per cent unemployed, there is an additional 7,000 university graduates in the field of engineering who will be coming on the job market in 1983, within the next 60 to 90 days.

The Prime Minister's response was that we should sit back and wait for the budget which was going to solve our problems. I can only assume it is going to change things like the National Energy Program, which will in turn help create jobs for engineers.

Our young Canadian people are facing a very serious problem. Unemployment among the young today is running around 21 per cent. The unadjusted figures show it as 23 per cent, or a total of 650,000 young people between the ages of 15 and 24 who do not have jobs.

There is another group called the underemployed. At the moment 727,000 young Canadians are employed part time. Our information indicates that roughly half of those young Canadians would like full-time employment. Essentially, what that amounts to is that one-half of that 700,000-odd students are underemployed. That gives a total of about 350,000 young Canadians who are under-employed, part-time employed, looking for full-time jobs.

There is another problem which is creating a very serious situation. Very soon about 600,000 young Canadians will be looking for summer or part-time employment. In addition, 500,000 young Canadians will be looking for their first full-time jobs. That is half a million young Canadians looking for their first jobs.

I should like to break down those figures based on information obtained from Statistics Canada. The universities will graduate over 80,000 B.As, 10,000 to 13,000 M.As and just under 2,000 Ph.Ds. Add to that the undergraduates and those with diplomas and it means about 114,000 young Canadians coming out of universities will be looking for full-time employment this season. Another 70,000 from the community colleges will be looking for jobs.

The latest information I can obtain is from a study done in 1978 by Statistics Canada on people coming out of school into the labour force. It showed that 113,000 young people would graduate from high school. I think the same would be true

today. Those coming out of high school who have not graduated but who will be looking for full-time employment will be about 200,000. The total number of young people leaving university, college and high school will be about half a million, and they will be looking for their first full-time job in 1983.

When the figures are totalled, we find that about 1.5 million young Canadians will be seeking their first full-time jobs. Of course, as the Prime Minister suggested, all of them will be waiting for the famous budget tomorrow night that is going to solve their problems. They are not going to be fooled by adjusting unemployment figures. They know that they are looking for jobs and if they do not find them, they will be numbered among the unemployed.

• (1805)

This Government will have to allow the private sector to move and to work, because it will have to create a great deal of those jobs and potential opportunities for our young Canadians. I presume that is what the Prime Minister was talking about, and that was his intention when he referred to waiting for the budget for this last week. I presume that the Minister of Finance (Mr. Lalonde) is going to undo the damage which has been caused by the budget he inherited and the budgets which have come before. They have caused no end of problems, in fact have created a situation in which the number of unemployed young people in Canada is now approaching in the neighbourhood of 1.5 million. All of these people who are looking for jobs represent the future potential for Canada. Therefore, Mr. Speaker, I believe that is the situation that exists. It is a serious problem, one which this Government must address very quickly.

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, with the Member for Peace River (Mr. Cooper), I believe that the Government is necessarily concerned about youth unemployment, and the Minister of Finance (Mr. Lalonde) and the Minister of Employment and Immigration (Mr. Axworthy) have indicated this quite clearly. That is why this year, the Government has decided to inject $50 million more in the Summer Canada Program. We would like about 72,000 young people to have jobs within this Program during the summer season, but it will of course be impossible to meet all requests, and that is why we are appealing to the private sector to do its share.

The Minister of Employment and Immigration opened a Student Employment Center today in Toronto, and he said that with the co-operation of the private sector, we would probably be able to find jobs for 329,000 students during the summer. It is vital to have the private sector co-operate with the Federal Government in providing summer jobs for students that will enable them to continue their studies in the fall.

This year we have added another section to the Summer Canada Program to provide a training program for students over a period of three years, during which they would be able to work in a company to improve their skills, so that when they finish their schooling, they will be able to enter the labour market more readily. Very briefly, I would like to point out that the Government is concerned about youth unemployment in general. As far as training is concerned, in 1982-1983, 19,232 young people will have benefited from this Program which is helping them to improve their skills and subsequently enter the labour market and be able to take jobs which normally would not have been available to them.

Perhaps I may also mention the NEED Program, Mr. Speaker. We have been able to provide employment for large numbers of young people who normally would have been unable to find employment. Mr. Speaker, I think this indicates the Government is entirely aware of the unemployment problem among young people, and as the Prime Minister (Mr. Trudeau) said, we obviously hope, with all Members on the other side of the House, that tomorrow evening's budget will contain measures that will also be beneficial to the young people of Canada.

• (1810)

AIR TRANSPORT—MIRABEL FILE

Mr. Robert Gourd (Argenteuil-Papineau): Mr. Speaker, I think I will have all the patience needed to wait for the day the notorious Mirabel affair is brought to a successful issue. On October 15, 1979, when as an Opposition Member I made my maiden speech, I asked the then Minister of Transport about the status of Mirabel. On November 5, 1979, for a second time, I put forward to the same minister some proposals concerning Mirabel. Unfortunately for them, fortunately for us, they were sent back to the Opposition benches. On April 21, 1980, I brought up the subject again. I asked for information on the transfer of flights from Dorval to Mirabel, having in mind the economic well-being of the residents of Argenteuil-Papineau and especially the profitability of Mirabel Airport. On December 2, 1980, I made further representations to the Minister of Transport with a view to ensuring Mirabel's economic viability. On February 18, 1981, I again turned to the Minister for information on the matter. On March 23, I was speaking once more for Mirabel's viability. On April 23, 1981, I appealed for a new policy on fuel costs. On October 26, 1981, I again asked the Minister for details on his flight transfer policy. On February 16, 1982, I asked the Minister if he indeed had the political will to make Mirabel viable. On May 14, 1982, I asked him once more whether we would have a decision soon. On May 20, 1982, I asked the same question. On July 16, 1982, I asked what the Government's intentions were concerning Mirabel's viability. On August 2, 1982, I touched once more on the subject, this time successfully, Mr. Speaker, for on August 6, 1982, at a press conference held in Montreal, the Minister of Transport made a few announcements. He said among other things that the Flying Tiger Corporation, the biggest cargo airline in the world, would be licensed to operate a cargo service between Mirabel and

Chicago, along with certain other measures I shall not mention here. But there was a very important one concerning aviation fuel which will be available duty free for international and transborder flights on August 6th.

Once again, Mr. Speaker, I have to ask the same question. People in Argenteuil-Papineau are fed up with this but, Mr. Speaker, I am just as stubborn as certain officials who have recommended all sorts of far fetched solutions for the development of Canada's largest airport. In the meantime, the provincial Government is making fun of us. The PQ Government is happy that Mirabel is a fiasco, because they are helping with public funds certain groups that are committed to Mirabel's failure.

Mr. Speaker, once more I raise this issue, and I am convinced that my colleague from Parkdale-High Park (Mr. Flis), the Parliamentary Secretary to the Minister, is also fed up with answering my questions. He certainly would be if in his own constituency he were to face the same tragedy as my constituents around Mirabel, the people north of Montreal who were promised something like the equivalent of the James Bay project as far as airports go. Federal officials, like former Minister de Belleval who was all for Mirabel, have now disappeared in the landscape. I am sure my colleague from Parkdale-High Park will agree with me that it is time for a decision to be made. People have been patient, they have believed and now, instead of fighting for the development of Mirabel, local Members of Parliament are forced as I am to fight for the *status quo*. Mr. Speaker, I am asking for an answer, and I hope that this time it will be a positive one.

[*English*]

Mr. Jesse P. Flis (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I wish to congratulate the Hon. Member for the aggressive manner in which he represents his constituents. I want to assure him that while the provincial Government may be making fun of his problem, the federal Government is not.

As he knows, last August when the Minister announced the roles for the airports in the Montreal area he also announced a series of specific measures to stimulate traffic at Mirabel. All the measures which were within the power of the Department of Transport to implement have been implemented. These include the open cargo transit rights for foreign non-U.S. carriers and the reduction of landing fees for international and transborder cargo for all cargo planes. They include the right to carriers serving both Mirabel and Toronto to carry connecting passengers between Mirabel and Toronto and the elimination of landing fees for positioning movements between Mirabel and Dorval. As well, there is the creation of a private sector task force called the Levasseur Committee to take a fresh look at Mirabel. Its report will be released soon. Discussions with the Quebec Government to improve bus services have been implemented and they are expected to result in improvements in the near future.

One measure not implemented so far, regrettably, is the one dealing with bonded fuel. This measure has turned out to be more difficult to implement than anticipated and involves the Department of Energy, Mines and Resources and the Departments of Finance and Revenue. Each of these departments has to determine the impact of this measure on its existing programs.

I want to reassure the Hon. Member that this is being done. In fact, as indicated by the Minister of Energy, Mines and Resources (Mr. Chrétien) in his answer, a meeting between Ministers was recently held and a resolution of this question is expected very soon.

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

At 6.18 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, April 19, 1983

The House met at 11 a.m.

● (1105)

[*English*]

PRIVILEGE

MR. NIELSEN—REPORTED LEAK OF PROPOSED BUDGETARY MEASURES

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I rise to raise a question of privilege involving a most serious budget leak which occurred yesterday. This being the first opportunity to raise that question, I take the opportunity. After hearing my submissions, no doubt you will want to seek the advice of other Hon. Members on the matter I raise. I would be prepared to move the appropriation motion should you find that there is a prima facie case of privilege.

Budget secrecy is a basic principle of our traditions of parliamentary Government. It means that the Minister responsible for bringing down a budget is also held responsible to see to it that the provisions of that budget are not prematurely released. The reasons for this are many. Foreknowledge of budgetary measures has led to the acquisition of private gain and to sharp market fluctuations. My information is current that those fluctuations are taking place and that the Canadian dollar is indeed now falling on the markets.

It is not a principle that it is necessary to defend; it has been accepted in the parliamentary system ever since budgets existed. A breach of budget secrecy has always and invariably led to the resignation of the Minister. It must also be regarded as a breach of the oath which the Minister takes as a member of the Privy Council.

A well known case in the United Kingdom was that involving the then Chancellor of the Exchequer, Hugh Dalton, who, in a casual conversation with reporters, hinted at a rise in the tax on tobacco. I will be coming back to that precedent. His resignation as a result of his imprudence took place immediately.

Showing the seriousness with which the British House regards such matters, even though Mr. Dalton resigned the matter was referred to a special committee for a full investigation. Referring to the Dalton case among others, Professor S. R. Finer in public administration says that it was a case which raised "such doubts about his personal prudence and integrity as to cause him to resign".

That is exactly the present case. This is not the first time the Minister has found himself in difficulties. He signed approval of the Gillespie contract and forgot that he had signed or seen it. It must be recalled that Mr. Gillespie was in a position to profit as a result of a measure included in the first budget presented by this Minister.

While the Prime Minister (Mr. Trudeau) was satisfied that there was nothing in the guidelines to concern him in that episode, this is not a mere matter of guidelines. This is a matter reaching into the very heart of parliamentary integrity.

Some Hon. Members: Hear, hear!

Mr. Nielsen: What of the Minister's integrity? It would seem even redundant now to discuss it. It is a thing of rags and tatters. Prudence is a word that cannot be uttered in the same breath as the present Minister of Finance (Mr. Lalonde).

There is extant a video tape showing the previous Minister of Finance at a photo opportunity and deliberately holding the page of his budget address close because, as he explains, "The cameramen are equipped with farseeing lenses". I am referring now to the previous Minister who, when caught in the same circumstances, held his budget close. He would not open the pages because he was aware of the telephoto lenses. That was his attitude at that time.

This Minister is entirely different. He clowned, he joked, and he talked in his interview of zoom lenses. I have a copy of that tape. He joked and said: "I hope you fellows do not have zoom lenses". He joked about the secrecy of that document and closed it up at one stage during that photo opportunity session so that it could not be seen. But he later opened it up to the exposure of the telephoto lenses. The question might be asked: Did he know that they were shooting the pages of the budget as he turned them? He certainly was aware of the availability of zoom lenses because he himself mentioned that fact. All the time that this was going on and he was basking in the sunshine of self-indulgent publicity, his budget was being transferred to video tape. The great video leak was in full swing.

This is one of the great TV bloopers of all time and should certainly get an award for inanity. The Prime Minister was handing out ACTRA awards the other night. He should have reserved one for the Minister of Finance.

As a result of this Minister's culpable indiscretion and lack of prudence, he has created a fatal flaw in the confidence of the House and the country. What was opened as a crack in the Gillespie affair is now a virtual chasm. It is a chasm that the Minister cannot cross. As a result of his clowning and desire for personal publicity, he made available across this country, to the money markets and financial circles, an advance knowledge of the budget which could be used for personal gain.

Anyone with a knowledge of finance, being aware of the amount of the deficit revealed by the Minister and the amount

of incentives to be raised for job creation, would be able to draw certain conclusions which might be of great interest in financial circles and make available that gain.

It is not incumbent upon us at this time to show that great profits have been made, or even that it was possible for such to have taken place. Nor was this a case in the episode of Mr. Dalton or Mr. Thomas. Their resignation took place before the investigations by a special committee were made. It was merely necessary to show that a budget leak had taken place in those precedents. The resignations followed immediately and automatically.

• (1110)

In this country in 1963 Mr. Walter Gordon's resignation went to the Prime Minister when he admitted bringing in outside economic advisers. No leak was shown. All that was shown in that case was that Mr. Gordon had consulted four economists in the preparation of his budget. When that was disclosed, he immediately tendered his resignation to the then Prime Minister, Mr. Pearson, who chose not to accept it. But nonetheless, the proper thing was done and the resignation was tendered. That does not alter the fact, Madam Speaker, that the resignation was tendered.

What we are talking about here is not in the book of rules. We are talking about the absolute necessity that the integrity and the probity of the Minister of Finance with regard to the budget be maintained. The Minister of Finance in his heart of hearts knows this. The Prime Minister knows it. It is more than a matter of tradition and precedent, although they weigh very heavily on this issue; it is a matter of practical necessity.

The public must be satisfied at all times that no person is in a position to profit from budgetary transactions through advance disclosure. The Minister of Finance showed his awareness of this by insisting that the media remain locked up until after he had finished speaking. Such was this solicitude about premature leaking that he went to lengths never dreamed of by other Ministers of Finance. He would have been well advised to show the same care in his own actions. The fact remains that the Minister's capacity—and that is what is at stake here—to continue to function as Minister of Finance has been irreparably damaged by his own lack of prudence and his own fault. The credibility of his budget has been placed in question along with his own credibility. This leaves the Minister the only option of resignation and the production and presentation of a new budget by a new Minister to be appointed to replace him.

Some Hon. Members: Hear, hear!

Mr. Nielsen: You would want, Madam Speaker, to have exposed for your consideration some evidence. That is all that is necessary for you to find that there exists a prime facie case of privilege so that you might put the question to the House as to whether or not a reference should be made to a special committee to consider the circumstances, as was done in the Hugh Dalton case. I stress "some" evidence; it is not incumbent upon any Member of the House to satisfy the Chair that that evidence beyond any reasonable shadow of a doubt convinces you that there was a leak. All the Chair requires is some evidence to warrant the matter being put to the House.

What is that evidence? As I say, Madam Speaker, I have a copy of the videotape. That videotape has been shown across the country on television networks since yesterday afternoon. It continues to play this morning. The extent of the leaks go far beyond "some" evidence.

First, the budget is called a budget of recovery.

Second, it will be highlighted by a $4.6 billion job creation program which will push the 1982-83 deficit to $31.2 billion. Nothing can be more specific than those figures.

Third, the Minister tonight will announce a number of incentives to private enterprise, through which he admits the most jobs can be created and be of a more permanent nature than Government can do. Here we have the third piece of evidence.

Fourth, the Minister will state in his budget that his $4.6 billion job creation program is designed to get the country out of the mood of depression and restore its confidence in the future.

Fifth, the Minister of Finance will say the Government can help give that confidence back to Canadians, but the real action will have to come from the private sector.

Sixth, the Minister will call upon Canadians to mobilize their resources and make the economy more productive and competitive.

Seventh, there will be a two-fold purpose in the budget. The Minister wants to start the recovery process and do so in such a way that it lasts for a long time.

• (1115)

Eighth, the Minister of Finance says his employment measures will have an immediate effect and will have long-term benefits.

Ninth, the budget will state that if the Government did not spend the $4.6 billion on job programs, investments in both the private and public sectors would be delayed and thus stall early economic recovery.

Tenth, the Finance Minister will say that if he did not inject such a large sum into the economy, the $31.2 billion projected deficit would have been much higher.

Those are translations from the French text that were lifted verbatim from the pages telephotoed by the CHCH Hamilton TV cameraman in the Minister's office yesterday afternoon.

Mr. Clark: At the Minister's invitation.

Mr. Nielsen: At the Minister's invitation, I might add. Those ten specific verbatim references to the budget go far beyond meeting the standard test of presenting to the Chair some evidence. Those ten leaks provide the Chair with enough evidence, if it were your job, which it is not, to convict the Minister, resting only on those ten points. But the Chair need not go that far. The Chair need find only that there is some

evidence that there has been a breach of the privileges of the House and then put the question to the House.

The presentation of an annual budget is the fundamental link between the Crown and the Parliament of Canada. It is the time-honoured and hard-won right of Parliament to scrutinize the financial requirements and plans of the Government. It is only Parliament that can authorize major Government appropriations, and it is only Parliament that can authorize taxation measures.

In anticipation of a possible submission to the Chair on this question from the other side that, because these leaks did not concern tax measures, what has been leaked will be found entirely appropriate, I say to you, Madam Speaker, that taking refuge in that kind of defense of hyperbole should not affect one iota the decision of the Chair with respect to finding a prima facie case of privilege. Any leak which is likely to cause fluctuations on the market, which is likely to result in gains and profits being made in the marketplace, is the very reason for the principle of secrecy surrounding the preparation and presentation of any budget. For information about the detailed plans contained in the budget which is to be delivered to Parliament to be released prior to the delivery of the budget in Parliament is, in essence, a contempt of Parliament itself. That was the matter which was at issue in the Hugh Dalton case and that brought about his immediate resignation.

There can be no doubt whatsoever that the excerpts yesterday from the text of the budget which I have read for the benefit of the Chair and the videotape which is now in existence show that the Minister of Finance permitted details of his budget speech to become known to the media. In so doing, the Minister not only breached his own oath of office but committed a very serious breach of the privileges of the House.

The notion of budget secrecy is not new. I have a precedent to cite here. It is not unknown to Members of the House. On December 12, 1979 your predecessor, Mr. Speaker Jerome, made reference, as reported at page 2287 of *Hansard,* to budget secrecy. He said on that occasion that to constitute a question of privilege the Minister must be accused of specifically failing in his responsibility to safeguard budget secrecy.

• (1120)

I make that specific charge now. A videotape exists of the Minister of Finance at the traditional pre-budget photo opportunity, taken by a cameraman, as I said, for CHCH Television in Hamilton, Ontario, clearly showing a script of portions of the French language edition of what the Finance Minister himself purported to be the budget to be presented in the House later today. The Minister of Finance has therefore breached the privileges of the House and should resign immediately. I have cited some of the precedents for such resignation.

It might be advanced by a spokesman for the Government, who I presume will be rising to participate in the discussion of this question and to advise the Chair, that what we saw and what was being discussed was a draft budget, a dummy budget. After viewing the videotape, which I have done several times, that assertion cannot be made. Indeed, when one views that tape, the Minister is clearly shown as having a concern initially about the secrecy to be maintained over that document, whether it was upside down or right side up, as he clowned in saying during that session.

Indeed, at one stage the Minister closed the cover so that it could not be photographed. Later on he opened it up and leafed through the pages, thus permitting a cameraman to zoom in with his telephoto lens and lift out $4.6 billion in job creation and a $31.2 billion deficit. That information went the length and breadth of this country that same afternoon. There is no grosser breach of the rules surrounding the secrecy of budgets than that which has been committed by the Minister.

I should cite to you, Madam Speaker, before citing the Dalton case, Walter Gordon's memoirs to substantiate what I have said with respect to the action he took. Walter Gordon at page 149 of those memoirs writes:

> I remember telling Pearson that I would resign if he would like me to do so. I was taking quite a beating and, understandably, he asked me how I was feeling and if I had enough confidence to carry on. I assured him that I had, and later when he was asked if I had offered to resign he replied in the negative. I mentioned this to him subsequently and said that, in view of his statement, I also would say, if asked, that I had not offered to resign as I had not done so in a formal way or in writing. He agreed with this. My difficulties were not lessened when Richard O'Hagan, the Prime Minister's Press Secretary, decided to poll the members of the Press Gallery on whether Pearson should call for my resignation. Naturally word of this was relayed to me very quickly.

He goes on to say what happened when the House met again on Wednesday afternoon, June 19.

With respect to the Dalton precedent, that can be found in the *Hansard* for Westminster of November 17, 1947, at page 1467. What had occurred was that Hugh Dalton, who was then Chancellor of the Exchequer, on the day that he was to deliver his budget walked into the lobby of the House. As he was walking in, a journalist asked him whether there was likely to be a further tax imposed on cigarettes. His response was that people should buy their cigarettes early. I am paraphrasing.

He delivered his budget later that same afternoon, and there indeed was the imposition of a further tax on cigarettes. It hit the evening newspapers in London, and Hugh Dalton resigned immediately. Notwithstanding that resignation, the British House considered a motion that was moved by the Opposition at the time, a debate in which Mr. Churchill engaged, and asked for a reference to a special committee of the House to consider all of the circumstances surrounding the premature disclosures in that budget.

• (1125)

Madam Speaker, I cannot emphasize too strongly the foundation upon which the business of this place rests. This is the first time that I have raised a question as serious as this. It is the first time, to my knowledge, that there has ever been a budget leak of such gross magnitude that has had the opportunity of pervading the financial markets of this country a full 24 hours-plus before the budget is even delivered in the House.

We cannot, Madam Speaker, carry on business as usual. The Minister's lack of prudence and his own conduct in this self-seeking drive for publicity has caused this leak of such huge proportions that the House must deal with it and must deal with it in a traditional way, in the same way that the leak was dealt with in the case of Hugh Dalton.

Therefore, if you find that there is a prima facie case of privilege affecting Members of this House, I would propose to move:

That a special committee be appointed to inquire into all the circumstances relating to or associated with the disclosure of budget information by the Minister of Finance on Monday, April 18, 1983, that the committee consist of 11 Members of the House, and that the committee have power to send for persons, papers and records.

That would be the motion that I suggest you should put to the House, Madam Speaker, upon reaching the conclusion that there has been a prima facie breach of the privileges of the House.

I want to emphasize once again that if there ever was, if you have ever considered in your three-year-plus term now as Speaker of this Chamber, a breach of the privileges of the Members of this House, this is it. I urge, Madam Speaker, that you can come to no other conclusion than the very compelling one that that breach exists prima facie, that it must be dealt with by the House, and that the House certainly cannot proceed as though nothing has happened.

Some Hon. Members: Hear, hear!

Madam Speaker: I would just like to know, for the enlightenment of the Chair, whether the Hon. Leader of the Opposition (Mr. Nielsen) could answer a question for me. The Hon. Leader of the Opposition quite rightly said that it is not up to the Chair to determine whether there was a leak or to chastise the Minister in case there would be ample proof that there was a leak, but that the only question before us, of course, is to decide whether in appearance, prima facie, there is a breach of the privileges of the House.

The Hon. Member referred to several resignations of Ministers in the United Kingdom and of one Minister in the Government of Canada. Could the Hon. Member tell me whether these Ministers resigned as a consequence of the matter of a budget leak being referred to the Committee on Privileges and Elections? I do not believe it is so.

Now, he referred to the Dalton case where a motion was considered by the British House. Could he make it clear to the House whether that motion was a motion to submit the case to the Committee on Privileges and Elections or if it was a motion of another nature?

Mr. Nielsen: Madam Speaker, I can read from the transcript of *Hansard* from Westminster, but at the outset let me follow the sequence of the Hugh Dalton case. I have described how he was walking into the lobby when a question was put to him by a journalist and he answered it in such a fashion as to enable the London evening papers to print what later was discovered to have been in the budget that he delivered. He resigned before the striking of a special committee to consider the circumstances simply because he realized upon the publication of his answer in response that the imposition of that cigarette tax was a premature leak of budget information. That did not stop the House, notwithstanding his resignation—which is the proper thing for the Minister of Finance to do now—indeed, in that case with the consent of the Government, from striking that committee to examine all the circumstances that brought about that premature leak.

• (1130)

With respect to Canadian precedents, the closest I have discovered—there may be others—is the case of Walter Gordon, who felt that his resignation was in order because he had offended the rules in having discussions, not of the completed budget but in the preparation of his budget, with outside economists. That is a "no-no" under our practices. That compelled him to consider his resignation. I read to you the extract from his memoirs with respect to his consultation with the Prime Minister.

The actual motion that was moved in the British House of Commons, as reported at page 1467 of the British *Hansard,* is as follows:

That a Select Committee be appointed to inquire into all the circumstances relating to or associated with the disclosure of Budget information by Mr. Dalton, then Chancellor of the Exchequer, on Wednesday 12th November:—

The motion goes on to name the members of the committee. You will find, Madam Speaker, that the wording of the motion I would move, should a prima facie question be found, is almost exactly the same as in the British precedent.

I am in total accord that you do not sit there in judgment over the rectitude or otherwise of the Minister's conduct; you sit there only to determine whether there is sufficient evidence to constitute a prima facie case, which the House then considers and decides whether or not it should go to committee.

I might say that committee would have the power to call for persons, papers and things, including videotapes—the original that was made as well as my own copy—which, once viewed, would convince beyond any doubt of the magnitude of the leak.

Madam Speaker: Order. I do not think the two motions are exactly the same but they need not be, although some similarities would have to occur. The motion the Hon. Member is referring to was on striking a select committee to investigate all the circumstances surrounding that particular case. I believe the Hon. Member's motion deals with privilege and requests that the matter be sent to the Standing Committee on Privileges and Elections. I just take note of that because I should like to examine—whether or not a Minister resigns on his own volition—whether the House would want to examine the matter of breach of privilege, regardless of the fact that even if a Minister had resigned, perhaps the House would find it still has the responsibility to determine whether privilege had been breached. The two things do not necessarily follow but they might.

Mr. Nielsen: I have a point of clarification, Madam Speaker. I doubt if it would have been proper for me to provide you with a copy of an intended motion prior to raising the question. I want to point out that I would not propose the matter be referred to a standing committee of the House. The British have no standing committees and that is the reason a select committee was struck for this purpose.

If a prima facie case is found, I suggest that a special committee be appointed to inquire into all the circumstances, and then the wording would follow that I read into the record before. I do not suggest that it go to the Standing Committee on Privileges and Elections but that a special committee be struck for that purpose.

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I want to say to you at the very outset that I rise most sincerely with a feeling of sorrow that a matter such as this has to come before the House of Commons on a day such as this. I must say to you also that my indignation—and I think it is a righteous indignation—is such that I know very well, as we proceed this morning in a discussion and debate about this matter, that, as you always do, you will step in and attempt to restrain those of us who feel—and I must say this as strongly as I can—a very real sense of outrage in respect of the procedures and what has happened.

Quite frankly, I found your first question to my colleague the Leader of the Opposition (Mr. Nielsen) rather curious in respect to the whole question of the resignation of the Minister involved. I say that I found it rather curious because in your mind, I submit to you, and in the independence and impartial position you hold as the first Commoner in this country, the whole question of the resignation and the timing of the resignation of the Minister of Finance (Mr. Lalonde)—no matter how much we demand it here and how heated the debate may become today and this evening—is really irrelevant as far as the question you have to answer is concerned.

I submit to you with the utmost respect that the question you have to answer, regardless of the Minister and his resignation, is whether there has been a prima facie case of a leak of budget secrets, in which case it is a prima facie case in accordance with precedents in this country, in Great Britain and other Commonwealth countries, which go to prove that there is a breach of the privileges of the House.

The resignation of the Minister—even though I intend to demand it here and now, and later today perhaps by another means before the House—and the delay of the budget presentation tonight, which I submit personally and not on behalf of my colleagues, is now required as a result of what happened yesterday afternoon in the Minister's office, is quite irrelevant to the matter that you have to focus on.

I suggest to you that the Dalton case alone in Great Britain is such that the Speaker there found there was a prima facie case just by virtue of the leak of budget information. That was enough. In actual fact, by the time that occurred the Minister had already resigned. I would hope that the Minister here has already resigned. That may or may not be the case, but it is quite irrelevant to the point you have to focus on.

Why is this a breach of the privileges of this House? I ask you, Madam Speaker, why do we have extraordinary provisions in regard to our procedures for the presentation of a budget—quite extraordinary procedures? We have a set time which is set apart completely from the normal hours of the House for a budget presentation. Why is that? It is so that the budget presentation may not be known to anyone or acted upon by anyone during the normal course of business hours as far as the North American and European markets are concerned.

We feel, the House of Commons collectively, that we have upset our normal and traditional hours of dealing with ministerial statements so that that can be done at a time quite apart from our normal hours of business. It can be done only in a manner in which the first public pronouncement that is made in respect of those budget provisions is made here in the House, at a time at which normal, ordinary commercial transactions cannot be affected.

Madam Speaker: The Hon. Member is now pursuing an argument which it is hard for me to conceive as being related to the question of privilege. I made the point that he made before, and that is that there might be a relationship between the resignation of the Minister of Finance and the question of privilege. There might be but there is not necessarily a relationship. I think the Hon. Member has just now made that same point.

I would appreciate it if the Hon. Member would remain on the element that constitutes privilege so that the Chair would be in a better position to rule on this particular matter. The Chair feels that it must rule before the end of this sitting. If it is at all possible I will try to do that. In light of other events that should occur today, I think it is important that the matter be resolved one way or the other.

Mr. Lawrence: Madam Speaker, I am very pleased that the Chair is taking the attitude that this is a matter that cannot be delayed and that there has to be the fullest discussion before Your Honour today, and that in the normal course of events Your Honour will rule on this matter before eight o'clock tonight or perhaps even a little after if the House continues with the discussion. I hope the House will have the fullest opportunity of discussing the matter before there is an intimation from the Chair on the matter on which the Chair is ruling.

The point is that regardless of the Minister's resignation, surely a discussion is going to be allowed on the circumstances of the actual budget leak. That is the point on which the question of privilege is based. I suggest to the Chair that that certainly is the nub and root of the matter—whether or not the leak is important enough that it should be discussed and considered by a committee of the House.

I only have to emphasize that in the economic debate that is swirling around this place and other governments in the western world in the last six months, the big question has been whether Government policy will be a restrictive one in order to

cut back swollen deficits or whether it will be an expansive one which will add to those deficits. In any treasury or ministerial decision that obviously was one of the first things that had to be decided. Yesterday afternoon—and the evidence is absolutely irrefutable—the Minister, through his own action—not some hireling, not any process, not through anyone else but the Minister himself through his own very foolish, if not stupid, action—released the nub of that budget philosophy and concept of governmental policy at a time when it could be acted upon by others. I suggest that before 24 hours is out there will be irrefutable evidence before you that others have acted on that evidence in a way in which they can only enrich their own wallets and bank accounts.

• (1140)

This was a breach of the privileges of the House because it has been a set concept from time immemorial that the budget provisions, the main budget provision especially, should be kept secret until announced in the House. There is no question that that privilege was broken yesterday afternoon. The Minister may have done so in a way that was unintentional, although there are those who even doubt that, but it happened in any event. That is enough, surely, to indicate that there is a prima facie case of breach of the privileges of the House.

It did not matter in the Dalton case whether the Minister resigned or not. That was irrelevant. The question was whether or not a leak of a very minor budget secret under those circumstances was enough to present to the Chair of the British House of Commons evidence that a breach of privilege had taken place.

It is my submission, Madam Speaker, that that precedent is on all fours with the matter before you, with one grave, gross change. That is the fact that what was released for the knowledge of everyone who watched the television newscasts last night or this morning, or listened to the radio or read the national newspapers of this country, was the basic concept of what the policy of this Government is with respect to its budget and financial policy over the next year. Surely this is a more serious and gross case than the Dalton case in Britain.

Another matter which I think the Chair should very seriously consider is the whole question of the oath of secrecy of the Minister. It does not entail how secrets are released or why they are released. It only involves a breach of an oath of secrecy when secrets themselves are released. Is there any question in anyone's mind today that a budget secret was released yesterday or even that there was an intention to at least give an indication that a budget secret was released? To my mind, that would be even a more serious question to be resolved as far as the integrity and public morality of an elected official of this House is concerned.

It is not the credibility of the Minister that is at stake in this matter. I suggest that he has no credibility now, but that is irrelevant. What is essentially at stake here is the credibility of the House of Commons, the credibility of an oath of secrecy and the credibility of a Government which will permit the release of information such as this so that those who are already wealthy and powerful in this country and in the international money markets of the western world can make a fat profit at the expense of the ordinary person. That is really the basis of the credibility that is before us.

I think it is almost inescapable that your decision, which I am glad to hear you will make today, will be that there was a breach of the fundamental privileges of the House. Only a prima facie case has to be demonstrated before you, Madam Speaker. No matter what arguments may come from the other side, there will be no disguising the fact that through carelessness, intent, or any other motive which we may or may not ascribe to this Minister, a serious breach of a fundamental concept of fiscal policy in the budget was released yesterday afternoon. That in itself is enough to demonstrate, to my mind, a fundamental breach of the privileges of this House as well.

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, I rise with some regret to add my support to the motion made by the Leader of the Opposition (Mr. Nielsen) and to suggest that there can be no doubt that information which was intended to be secret was revealed to the press yesterday.

I do not believe there is any question in anyone's mind that the press reports of last evening and today clearly indicate that certain members of the press, if not all, had access to some, if not all, of the contents of the budget to be presented here this evening at eight o'clock. That is quite clearly a violation of the principles that everyone believes are the principles of secrecy pertaining to the presentation of a budget.

I would suggest that this is even more serious than the Dalton affair. It is more serious since, in the case of Hugh Dalton, he inadvertently allowed a hint of what might be in the budget to pass between himself and a friend who was a member of the media immediately prior to the presentation of his budget. With the benefit of hindsight and having read the Hugh Dalton memoirs, it is quite clear that it would have been difficult to have taken advantage of the situation even with that information.

• (1150)

However, what every single Minister of Finance and every Chancellor of the Exchequer has realized is that budget secrecy is an absolute must. There can be no deviation from the principle that a budget must remain secret until it is presented to the House of Commons.

I want to refer Hon. Members to what Walter Gordon, a former Minister of Finance, said in a book about his life. Perhaps it may not legitimately be described as his memoirs. However, at page 155 of his book, which is entitled "A Political Memoir", he said:

> There is also the question of "budget secrecy" and the absolute responsibility of the Minister of Finance for any leaks that might occur, intentionally or by misadventure, through the action of any member of his department (or any other department, including the printing bureau). For example, Wynne Plumptre told me long afterwards that he took his draft of the 1963 budget speech home with him the night before he presented it to me. He had planned to read it through again before delivering it the next morning. But it was his birthday and his wife had arranged for them to go out to visit friends. So Wynne locked the draft speech in his briefcase which he hid in a cupboard. On his return later in the

evening, he found his house had been broken into. The burglars had found his briefcase and broken the lock. The draft budget speech was strewn about the floor but still intact.

More sophisticated thieves might have realized that some enterprising reporter could have been a good market for this prize.

This is the important part:

If that had happened and inspired stories had been published about what might be expected to be included in the budget to be presented in the following week, as the responsible minister I would have had to resign from the government immediately.

That is what Walter Gordon said and that is the view held by every person in politics in Canada today.

Mr. Munro (Esquimalt-Saanich): Integrity.

Mr. Deans: That is the view which has been handed down from one Minister of Finance to the next, through every Government which has been in existence in this country. I believe that it is also the view that the present Minister of Finance (Mr. Lalonde) would claim to be his view, that budget secrecy is an absolute must.

What happened in the case of Hugh Dalton, to which reference was given by the Leader of the Opposition and, obliquely, by the Hon. Member for Durham-Northumberland (Mr. Lawrence), although quite different from the situation now, is an interesting example of how a responsible Minister and his responsible Parliament deal with such an indiscretion.

What happened, in fact, was that at the Cabinet meeting it was brought to the Minister's attention that a story intended to be a projection of what might be contained in the budget had been printed in a local newspaper. Hugh Dalton immediately recognized that that story had come from his own lips, that he had given out that information, albeit not intentionally. He knew immediately, and on page 276 of his memoirs of the years 1945 to 1960, he said that he had informed his colleagues that he had spoken to Carvel, who was the reporter, and went on to say:

We all agreed that I must make full and frank admission of my responsibility and express my deep regrets and apologies to the House.

He then said to his colleagues:

This means that I must resign my office.

I make that point because, in the Hugh Dalton case, it was such a slip. He had taken precautions to ensure that the budget would not be known to anyone.

In the case of Mr. Plumptre, acting on behalf of Walter Gordon, the Minister of the time, he, too, had taken every precaution. However, in each instance they came to the conclusion that budget secrecy was an absolute must.

Now, I suggest—

Madam Speaker: Order, please. I would like the Hon. Member to realize that he must indicate the relationship of that to the Chair. We all agree that the principle of budget secrecy is accepted by all Parliaments and by all Governments. We all accept the fact that Ministers take an oath and that they must be loyal to their oath. However, what is necessary is for Hon. Members to prove to the Chair and to indicate to the Chair—

Mr. Nielsen: Not prove.

Madam Speaker: Not prove, that is right. They must indicate to the Chair in what way the breach of that oath or of that secrecy interferes with the privileges of the House. That is the very important and, I might say, narrower point.

The arguments which are being presented to the Chair now would have to relate to the debate which would ensue on the Chair finding a prima facie of privilege. The substance of the matter should not be debated now. The only thing that is important now is to demonstrate to the Chair the relationship of what has taken place or allegedly taken place to the matter of privilege.

I just want to caution Hon. Members that I would like to rule on this matter before the Question Period. I think it is obvious to Hon. Members why I would like to rule. Otherwise, the Question Period would pose some difficulties for Hon. Members who might want to ask questions related to the actuality. After all, that is what the Question Period is all about.

I am in the hands of the House. If many Hon. Members want to intervene, I will listen to them. However, I would plead with them not to repeat the arguments which some Hon. Members have already put forward. There has already been much repetition, and that is not very useful. The only thing that that will achieve is to pose some very grave difficulties in Question Period. I am warning the House now that I will have to apply the rules—

Mr. Lawrence: This is more important. Privilege certainly takes priority.

Madam Speaker: —that if a ruling is in suspense, no questions may be asked relating to that particular matter.

Mr. Lawrence: Surely privilege takes priority.

Madam Speaker: Therefore, I will now listen to the Hon. Member for Hamilton Mountain with this warning.

Mr. Deans: Madam Speaker, I appreciate being informed of that. I want to suggest that the reason I laid it out in the way I did is because I wanted to point out that in the case now before us, recognizing that budget secrecy is an accepted requirement of the Minister of Finance, recognizing that this is historically true, and that other Ministers of Finance and Chancellors of the Exchequer have recognized that they must report to the House of Commons in advance of anyone else, the privilege centres around the privileges of Hon. Members to be informed according to the practices which have been followed since the beginning of time in the parliamentary system, the requirement to provide Members of Parliament with that which is accepted by everyone as the practice both here and in Westminster.

As I said, this situation is worse than the Dalton case because this Minister of Finance established a situation which allowed such a breach to arise. He was not prudent in the way in which he protected the secrecy of the budget. He acted in a most imprudent way in inviting members of the press to come into his office, suggesting to them that the budget document which was to be presented tonight was there on his desk, asking them if they had their zoom lenses with them, making it possible for them to take photographs and making it possible for them, with that advance knowledge, to personally gain from the information which he had indiscreetly made available to them.

• (1200)

I think that goes to the heart of the matter. Not only were the journalists who were there and had access to the information able, if they had wanted to—and no one knows what they did—to go out and take advantage of that information for their own gain, but they could have gone out and taken advantage of that information for the gain of others. That is the breach of confidence that has occurred. That is the privilege that I claim on behalf of my constituents. There is a requirement on the Minister of Finance, as has been set out over years of practice, to do everything in his power to make sure that no opportunity can arise which will enable any individual to take advantage of prior knowledge of what will be contained in the budget.

I believe the question of this Minister's mishandling of this particular and extremely important matter must be referred to the Standing Committee on Privileges and Elections. I believe the Committee on Privileges and Elections, looking at the evidence, will find that the Minister acted inappropriately. The Minister did not do what he was required to do both under oath and by precedent.

I suggest that if one has any doubts about the effects of the leak, one need only look at the Canadian dollar, which is falling on the international markets today, and at the Toronto Stock Exchange index, which is also falling, to see the devastating effects of the mismanagement and carelessness of the Minister of Finance.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, since you have indicated that you are anxious to make a ruling or make a decision as soon as possible, I shall now, if I may, express the Government's point of view regarding this matter. From the outset, I would like to make it quite clear to the Chair that the question seems entirely hypothetical and premature, and that in any case it has absolutely no basis either in fact or in law.

The Hon. Member for Yukon said earlier, and I quote,

[*English*]

"I want to deal in this case in a traditional way, as in the Dalton case".

It will be very easy in a few moments to demonstrate that, in fact, the Hon. Member is not dealing with this case in a traditional way as was done in the Dalton case. On the contrary. But let me say this before I come to that comparison on which the Hon. Member for the Yukon has based his case.

[*Translation*]

Madam Speaker, basically, the question is this: At the procedural level, the Chair must decide whether—as everyone has said—there is a prima facie case of privilege, and from what is said on the floor of the House, the Chair must be reasonably satisfied that prima facie, at first glance, there are facts from which the chair can conclude that the freedom of speech of the Members of this House may have been affected. In fact, privilege, as clearly defined in Beauchesne, 5th Edition, is basically the freedom of speech of the Members of the House of Commons. That and nothing else. I see the Member for Yellowhead (Mr. Clark) is smiling. I challenge him to disprove this. The practice is well known and the principle is clear—a question of privilege must relate directly to the freedom of speech of the Members of the House. Madam Speaker, one of the basic factors for a *prima facie* case of privilege is lacking. Anyone can see that. It is not a matter of twisting facts and events. It is too easy to get paranoid whenever the Official Opposition sees a chance of obstructing the proceedings of the House. However, if we look at parliamentary procedure and parliamentary practice and precedents, it is immediately obvious in the case put to the Chair that a basic element is lacking. There is no budget, and there must be a budget if the Chair is to decide, to conclude, to find out whether or not there was an actual leak. Without the budget, how can the Chair determine whether the photograph published in the press is one of a document used in preparing the budget or the budget itself—and that we will not know until eight o'clock this evening—how can the Chair determine that information was leaked from a budget that does not exist either in fact or in law?

Madam Speaker, the Standing Orders are quite clear. Standing Order 64(2) provides, and I quote:

An Order of the Day for the consideraction of a Ways and Means motion or motions shall be designated at the request of a Minister rising in his or her place in the House.

That is what the Standing Order says, and that is as far as the proceedings for bringing down a possible budget have progressed. The Minister of Finance (Mr. Lalonde) has asked that an order of the day be designated for this evening at eight o'clock, pursuant to an Order of the House allowing us to sit at eight o'clock, and he will rise in his place to announce what, at eight o'clock and thereafter and not before, will be the budget, that is, the fiscal, financial and economic measures which together constitute what, in our parliamentary practice is commonly called the budget. There is nothing graven in stone, nothing is official, nothing is enshrined, there are no new budgetary measures until the Minister of Finance rises in his place and pronounces the budget speech. Everything prior to that, whether it is in writing or consists of consultations with major groups representing the world of finance, small and medium size businesses, farmers, labour, whether it consists of

consultations with parliamentarians in general, whether the information is verbal, in writing or photographed or otherwise—it is not official, has no legal status and is not a factor that should be considered, because the question put to the Chair is the following: Was there or was there not a budget leak? However, there is no budget, so there is no leak. It is as simple as that, Madam Speaker.

Mr. Cousineau: As simple as that!

Mr. Pinard: That being said, perhaps I may go back to some of the points that were raised by the Member for Yukon (Mr. Nielsen). When he compares the present case with previous cases—even assuming that the question is not hypothetical, is not premature and even assuming that there is a budget—if we look at the arguments used by my colleagues opposite, there is no comparison at all with the three items of jurisprudence or the three pseudo-precedents to which they referred.

● (1210)

First of all, it is a fact that in Canada, a Federal Minister of Finance has never resigned because of a budget leak. Earlier, some quotes were made, out of context, from the memoirs of the Hon. Walter Gordon, but there was nothing to show—and actual events and official documents will prove this—there was nothing to show and it is not true that Mr. Gordon resigned because of a budget leak. That is not true! The quotes made earlier by the Member for Yukon were taken out of context and given an erroneous and subjective interpretation, which ignored the actual facts. Anyone who knows political history is aware, and the facts are there to prove it, that Mr. Gordon resigned between two budgets, because measures contained in his first budget were changed as a result of the budget debate. The measures were nationalistic in character, and since he had been forced to change the very substance of his budget, he tendered his resignation to the Prime Minister at the time, but there is no information indicating, and that is a fact, that the Minister of Finance at the time resigned because of an alleged budget leak.

So those are the facts, and this precedent does not apply at all to the present case.

With the exception of the case I just mentioned, which is not applicable, a Minister of Finance has never been obliged to resign from the Canadian Government because of a budget leak. The only two precedents mentioned by the Opposition took place in the United Kingdom. The first occurred in 1936 or thereabouts, and the second in 1947, and that was the Dalton case on which the Member for Yukon decided to base his arguments. However, Madam Speaker, the difference between the British precedents which took place in England and the present situation is that in the former cases there was a budget. The basic element was there. A budget existed before the two Ministers resigned. That is not the case here. In the two cases that occurred in 1936 and 1947, the Ministers resigned after a budget was brought down because information had been leaked. Here, nothing has been leaked since there is no budget. Second, in the first two cases, the leak was about fiscal measures, which is not the case here, because the information in the photographs mentioned by the Member for Yukon concerned only figures relating to the deficit, which was discussed on the floor of the House during the last few days, and the people of Canada know it will be high. It does not come as a surprise to anyone. But the big difference between the two British cases and the present situation is that fiscal measures were leaked from an existing budget before the Ministers resigned in 1936 and 1947. That is not the case here. No fiscal measure is being alleged to have been disclosed or to be coming from a given document.

Neither is there a case of privileged information at this point, Madam Speaker. Furthermore, the Minister of Finance (Mr. Lalonde), unlike Mr. Dalton and the other Minister in 1936, did not tell someone: I am proposing such and such a measure in my budget. I feel it is unconscionable that Hon. Members, considering the circumstances which are generally known, should say that the Minister of Finance of Canada deliberately set out to allow a reporter to photograph one or two pages of a document that may have been his Budget. I think that the camera's indiscretion does not at this time warrant, before there even is a budget, demanding the resignation of the Minister of Finance and preventing the Government this evening from creating the jobs Canada needs. Today, all the Opposition is doing is indulging in some more systematic obstruction, because the Bill on the Order Paper, which provides for funding for the Calgary Olympics, has always been opposed by these people, and now they have a golden opportunity to kill time and set up a smoke screen to distract our attention. The public, however, is not easily fooled, Madam Speaker. The public is certainly not about to be fooled. It is all very well to object formally, but when it is a matter of proving its point, the Opposition shows its true colours, and the points it is trying to make simply do not apply in the present context, where we do not even have a budget, since it must first be brought down this evening at eight o'clock. Everyone knows that it will create jobs, and if the Opposition is so irresponsible as to demand the resignation of the Minister of Finance because the camera's indiscretion, without the Minister's knowing, revealed a measure that is not a fiscal measure, before a budget was finalized, I call that absolutely irresponsible, a show of petty politics and a further waste of the time of the House.

Madam Speaker, in addition to my principal line of reasoning which is that there is no budget, that a basic element is lacking, that up to now, nothing has happened to restrain the freedom of speech of the Members of this House, and there is therefore no *prima facie* evidence for a question of privilege in addition to this, I have just shown that even assuming there were a budget, this particular case differs from the only two

precedents that could have some relevance to the situation and which are, however, entirely different, because in those two cases, the resignations took place after the budget was brought down, so that there was one basic element in the picture. A budget speech had been pronounced, and it was possible to compare what the Minister said with what his budget contained, and that we cannot do here. Second, the Ministers resigned after they brought down their budgets. They revealed fiscal measures verbally to someone, and the effect was to enable certain people to profit by this privileged information, which has yet to be proved here.

Therefore, Madam Speaker—

[*English*]

Madam Speaker, we are not at all dealing with this in the traditional way when we compare this case with the Dalton case since, as I have just indicated, in the Dalton case there was an essential element that we do not find here at this time in the discussion. They had a budget. We do not have a budget yet, and the Opposition knows that very well. All they are doing is trying once again to prevent the Government from dealing with the important substance, to create jobs, just because of their paranoia when they realize they have an opportunity to create systematic obstruction in this place.

Mr. Mazankowski: It is the stupidity of the Minister.

Mr. Pinard: That is why they are still trying to do it today, and I can assure you that they will not succeed because the people of this country will not let them prevent this Government from creating jobs in Canada.

[*Translation*]

Finally, Madam Speaker, it is clear that there is not a single factor that would justify the Chair's determining that there is a *prima facie* question of privilege. Once again, the only two precedents, which go back to the 30's and the 40's and which took place in another country, are not at all comparable to the present situation, and besides, the present case is about a leak from something that does not officially exist and cannot be checked because we do not have this budget before us. It is one of the recognized principles of parliamentary procedure and of the rules and practice of Parliament, that we are absolutely free, the Minister of Finance is absolutely free, whatever the consultations he may have held before his budget speech, whatever their form or the circumstances that might indicate that he intends to act in such and such a way, there is nothing in our parliamentary procedure to prevent the Minister of Finance from making a speech that differs from the consultations that may have taken place or indiscretions that were committed inadvertenly.

The Minister of Finance is free to seek advice, and pursuant to our parliamentary practice and rules, the budget is not a budget until such time as the Minister makes his budget speech in the House, and that is the crux of the whole debate, Madam Speaker. It is a fact, it is there, plain for all to see—in latin we say: *patet*.

[*English*]

Right Hon. Joe Clark (Yellowhead): Madam Speaker, I have only been Member of this House for ten years but I cannot recall an occasion on which there has been a matter of this gravity, touching not only the roots of the ability of individual Members of Parliament to accept the word and support the behaviour of Ministers of the Crown, but also dealing with fundamental traditions of the House of Commons and our parliamentary democracy as they relate to budget secrecy.

Let me deal first of all with remarks that I was quite surprised to hear come from the mouth of the Government House Leader. First of all, he was suggesting, Madam Speaker, that in order for you to find a prima facie case of privilege, in order for you to accede to the request made by the Leader of the Opposition (Mr. Nielsen), you would have to judge the proof of the contents publicized last night as a direct result of the Minister of Finance (Mr. Lalonde) inviting television cameras into his room. That was the argument of the Government House Leader. He said it was your job to judge that the reports published last night are true.

With all respect, Madam Speaker, that is not your job at all. You are not here as a judge of the contents of what was published last night. You are a judge only as to whether there is a prima facie case of a breach of the privileges of the House of Commons. I regret that the Government House Leader did not seem to seize on or understand that difference in function. You are not here to judge the contents of the budget; you are here to decide if there is a prima facie case that would allow a committee to be established to look into this matter.

Secondly, and very quickly, the Minister suggested that no one in Canadian history has resigned as a result of a budget leak. Well, he misquoted Walter Gordon. Walter Gordon, in his own memoirs, made it clear that Walter Gordon believed that he was obliged to resign as a result of the budget leak. He did not consummate that resignation, but it was his view of his duty as a Liberal of that era that he, having breached budget secrecy, was obliged to resign. That is clear on the record in Mr. Gordon's own words.

● (1220)

In regard to the standards of this Government, we saw its standards when it comes to resignation not long ago in relation to its own conflict of interest guidelines. In that case the conflict of interest guidelines were in effect until they were breached; but once the rules are broken, the rules no longer apply to the Government of Canada when it is within the exclusive decision of the Prime Minister (Mr. Trudeau). This is not within the exclusive decision of the Prime Minister. This is within the power of decision of the Speaker of the House of Commons, who has to judge whether or not there has been a prima facie breach of longstanding traditions, not simply respecting budgetary secrecy, but also respecting the oath which was taken by a Minister of the Crown. I will come to the question of the oath in a moment.

Let me deal with two other matters raised by the Government House Leader before he left the House, presumably to join the Minister of Finance who is also not here while the propriety of his actions is being discussed in the House of Commons of Canada. First, he said that in the Dalton case the resignation occurred after the budget had been presented; the resignation occurred as soon as it became known that a breach had occurred. We knew last night that a breach had occurred. That was raised by the Hon. Leader of the Opposition immediately and the House of Commons met after that knowledge became known in the country. That is on all fours with the Dalton case. In the Dalton case, when it was clear that a breach had occurred, the request was made for a committee to be struck and a committee was so struck. The timing of the budget was irrelevant in the Dalton matter.

What happened in the Dalton case we are suggesting should happen here, because it is within the traditions of parliamentary democracy that once it becomes clear there has been a breach of budget secrecy, there is a prima facie case that requires consideration by a committee of the House. That was the Dalton precedent; it is on all fours with the precedent here.

Finally, he made the rather curious argument that what was reported last night, what was leaked last night after the Minister of Finance invited reporters into his boudoir, was not the budget. He is now pretending that it was something else, that it was not the budget, that we will not know if it was the budget. There are two things to be said about that. First, if the Minister of Finance of Canada was luring reporters into his room, holding up a document which purported to be a budget, letting it be photographed knowing there were zoom lenses there and allowing the public of Canada to believe that there would be something in the budget tonight which will not be in the budget tonight, that is even a more flagrant breach of public trust than it would be for him simply to have been careless and stupid.

We thought that the Minister was guilty only of stupidity. If we believe the Government House Leader that it may well be that what was revealed last night is not what will be presented tonight, then he is not just guilty of stupidity. He is guilty of a fraud upon the people of Canada, a fraud from which the wealthy could profit and a fraud from which the less wealthy in the country could suffer. If we are to believe the Government House Leader in his argument that what was leaked last night did not relate to the contents of the budget, then he is himself calling the Minister of Finance a fraud.

The other way to deal with that argument is from the mouth of the Minister of Finance himself. Those of us who have watched these proceedings know that when the Minister of Finance held up the document last night before the television cameras, which he invited into his office, he waved it around and said these words: "This is the budget".

What the Government House Leader is saying is that the document which the Minister of Finance called the budget last night is no longer the budget. That stretches credibility far too far. We have to accept the word of the Minister of Finance when he invited journalists in and opened the budget to be photographed by zoom lenses. We have to accept that he knew what he was talking about when he said: "This document is the budget; this that I am holding up for you to photograph is the budget". We have to assume, further, that he did that deliberately and that he knew it was the budget.

We understand from a press report that his press secretary warned the Minister to "watch those papers". He was so careless that his own staff told him to watch those papers. I watched on television when he said to the cameras: "Are there any zoom lenses here?", in effect inviting cameras with zoom lenses to focus in on the budget papers which he then held open.

Let me come to the question of the oath, because it is one of the bases of a question of privilege. You have sworn an oath, Madam Speaker, as a Privy Councillor, as have I. We are both familiar with its contents. I will not tire or bore the House by reading the entire convoluted oath, but let me read the relevant portions. I am referring to the oath sworn to by every Minister of the Crown. The relevant portions in English are:

> —you will keep close and secret all such matters as shall be treated, debated and resolved on in Privy Council, without publishing or disclosing the same or any part thereof, by Word, Writing, or any otherwise to any Person out of the same Council, but to such only as be of the Council.

That is the relevant portion of the oath which you signed as a Privy Councillor and to which you swore as a Privy Councillor. The swearing of that oath gives a Privy Councillor a special standing in the House of Commons. It is the basis of the authority that a Privy Councillor who is also a Minister of the Crown enjoys in the House of Commons. It is the whole basis of that authority.

If that oath is breached, the ability of each of us as Private Members in the House of Commons to accept the word or to accept the authority of the Minister who breached his oath is undermined and lost. Consequently, the privilege of each Member of the House of Commons is lost when a Minister breaches his oath, as this Minister breached his oath last night on public television.

Some Hon. Members: Hear, hear!

Mr. Clark: Reading from Beauchesne, the definition of "privilege" is:

> The distinctive mark of a privilege is its ancillary character. The privileges of Parliament are rights which are "absolutely necessary for the due execution of its powers". They are enjoyed by individual Members, because the House cannot perform its functions without unimpeded use of the services of its Members; and by each House for the protection of its Members and the vindication of its own authority and dignity.

What is important here is that these rights and privileges are enjoyed by individual Members "because the House cannot perform its functions without unimpeded use of the services of its Members". Members of the House of Commons cannot perform their services and functions unless they can accept the basis of authority which allows a Minister of the Crown to have a special role in the House. In other words, we cannot do our job unless Ministers honour their oath. When a Minister breaks his oath, as the Minister of Finance broke his oath last night, the ability of individual Members of Parlia-

ment to do their jobs is limited. We have suffered a loss of our privilege. This is the prima facie case which we put before you today.

Some Hon. Members: Hear, hear!

Mr. Clark: Madam Speaker, you will know that while the question of secrecy is important to any matter, it is of particular importance in relation to the budget. You yourself said earlier today that you need no further elaboration on that point. I forget your exact words. I do not want to misquote you, but I think the intent of your remarks was that everyone accepts that there is a requirement of secrecy in relation to the budget.

I have the words of your predecessor in writing, Mr. Speaker Jerome, on July 24, 1975 in relation to a case having to do with the Hon. Member for Kenora-Rainy River (Mr. Reid), the then Parliamentary Secretary to President of the Privy Council, who was involved in a dispute with *The Gazette* of Montreal. The Hon. Member for York-Peel (Mr. Stevens) was in the course of making an argument, as reported at page 7888 of *Hansard* of that date. Mr. Speaker Jerome interrupted, and I will quote the relevant portion:

> Order. I hesitate to interrupt the Hon. Member but I do not think he need argue the sanctity of budget secrecy. That seems to me a matter that is generally agreed to by all Members of the House; there is no disagreement there.

That was the view, those were the words and that was the expression used by Mr. Speaker Jerome of the well understood tradition of budget secrecy. Madam Speaker, you used similar language, as I recall, to make it clear that budget secrecy enjoys a special place in the House.

● (1230)

What is important here is that the Minister of Finance invited journalists to come in to a situation where the contents of the budget would be known to them. Indeed, he invited them thrice. I do not know if there were cocks crowing or not, but he invited them thrice. He first invited them into his office. Second, he held open the budget documents. He held them open to a point where his own staff urged him to be careful with the papers. That was the second invitation, holding open the documents to be seen.

Third, just in case any of them might have forgotten they had a zoom lens that could focus on the language, he reminded them they had a zoom lens. He reminded them that they had within their power in the room to which he had invited them a mechanism which would allow them to focus, photograph, magnify and later to broadcast to the country, and indeed to the world, the contents of the budget. He did it by invitation three times: "Come to my room." "Here is the budget." "Focus your zoom lens." That was the invitation offered three times by the Minister of Finance.

I think the Minister was a buffoon to do that, an absolute buffoon. Buffoonery is no defence. It is a breach of the practices of this House. A breach by buffoonery is as serious, bad and wrong as a breach by malicious intent. What has to be judged here is whether there is prima facie evidence in the arguments that have been put forward, in the documents that exist and in the information that all of us have seen conveyed across the land, of a breach of the practices in respect to budget secrecy.

Coming again to our rights as Private Members of Parliament, we have a right to know that the traditions respecting budget secrecy will be honoured. Indeed, those traditions are imposed on us. One of the arrangements that has grown up over the years is that only five of our number are allowed into a budget lock-up. We are allowed into a budget lock-up under very serious limitations. Five of our number are given extraordinary privileges, larger than the normal privilege of ordinary Members to know the budget in advance on the condition that we do not broadcast what we know. That privilege is given to us because we are Members of the House of Commons. It is part of the privilege of Members of the House of Commons in this Party to delegate to five of our own the opportunity to go in and see those documents in advance.

What happened is that the Minister of Finance invited the journalists last night to come in and not only see, but photograph and circulate, material that would not be available to any Member of the House of Commons until today in the normal course of things. That clearly is to put Members of Parliament, who are supposed to be in a superior position with regard to Government information and announcements, in an inferior position. That is very clearly a breach and a limitation of the privileges of individual ordinary Members of the House of Commons. That was carried out and was done deliberately by the Minister of Finance yesterday.

I will summarize very quickly because I know you want to deal particularly with the question of privilege here, with whether the privilege of individual Members has been breached. I am glad the Government House Leader is back because he was under the mistaken impression that the Speaker would have to judge the contents of the matter leaked. The Speaker is not called upon to be a judge but is called upon to decide whether there is prima facie evidence of a breach of the privileges of individual Members of this House.

There is prima facie evidence, in my submission, on at least two counts. One has to do with the breach of the oath of office of the Minister of Finance, who broke his word, broke that oath which is the basis on which he enjoys special standing in this House. When he breaks his word, which is the author of the source of his special authority in this House, then those of us who are required still to treat him with special authority have our privileges limited.

Second, in relation to the specific case of the budget leak itself, the traditions are well established that there is not to be a release, deliberate or inadvertent, of the contents of budget material, nor the appearance of the release of the contents of budget material, prior to the presentation in the House. There is no doubt that anyone with eyes to see the television of the land knows that the Minister of Finance broke that practice and custom. In so breaking it, he made available to the larger public information that was to have been presented first here

and, by so doing, breached the privileges of individual Members of the House of Commons of Canada.

Madam Speaker: I hope Members will allow me a brief intervention because I do want this debate to advance. I think we all agree, as the Right Hon. Member just indicated, about secrecy and the oaths which are quite sacred matters; there is no discussion on that. What the Chair needs to have demonstrated is that the secrecy of the budget and these oaths are related to the privileges of the House. It is very important that Members focus on that particular point. It is not enough to say that some Ministers of Finance or Chancellors of the Exchequer have resigned because a secret in the budget had been divulged. That is not sufficient. It needs to be demonstrated that they resigned in relation to a matter having to do with the privileges of the House.

These Ministers of Finance having resigned, I remind Hon. Members, they remained Members of the House of Commons without the House having imposed on them any kind of sanction. Members should be reminded that the privileges of the House are applied not to Ministers but to Members exclusively, not to Members in their capacity as Ministers but to Members of the House of Commons. In this respect they are all equal. It is very important that Members should focus on this in their interventions.

Hon. Edward Broadbent (Oshawa): Madam Speaker, this is a sad day for Canada and a sad day for Parliament. It is sad for the country because if ever there was a time when economic leadership was required to deal with the real problems of our land, it is today. It is sad for Parliament because we have a Minister of Finance (Mr. Lalonde) who has violated his oath as a Member of the Privy Council. In so doing, he has also violated our privileges as Members of the House and so undermined completely, I regret to say, in the context of what is going on in the country today, his capacity to provide the economic leadership that is so much required.

I want to deal with the essence of the question that Your Honour just raised. You have correctly said that what is at the root of the motion is the question of the privileges of the Members of the House. What has to be done at this stage is for the House, those of us who are expressing concern about this matter, to establish a prima facie case that our privileges have been violated.

It has been demonstrated beyond question that the Minister has violated his oath as a Minister of the Crown. That is clearly the case. The question of that matter's relationship to our privileges as Members of the House is what I want to underline in a very brief but accurate fashion.

Surely one of the basic privileges of a Member of the House, whether on this or the other side, as long as they are not Ministers of the Crown—I am talking about every Member in his or her capacity as a Member of Parliament—which we have over other Canadians is the privilege of hearing first from the Minister of Finance what is in his budget. That is an ancient privilege of the House, existing in Great Britain and in Canada. It is a privilege that I submit the Minister of Finance violated last night.

• (1240)

In a back-handed way I tell the Government House Leader, through you, Madam Speaker—I am addressing my argument to you in this context—that the Minister gave one of the most specious arguments I have ever heard in this House—

Some Hon. Members: Hear, hear!

Mr. Broadbent: —when he tried to suggest that the case that has been made by Opposition Members about the budget leak can not really be judged at this point because we do not have a budget. That is just complete and utter hogwash.

As has already been indicated, the Minister of Finance last night on television said: "Here is the budget; here it is". He has not denied that since. He did not come to the House, nor did the Government House Leader whose words I listened to with care. The Government House Leader did not say that what the Minister of Finance revealed was not the budget. Even if we have not had a formal budget presented before us, all the evidence indicates that what the Minister of Finance said last night clearly illustrated to the whole of this nation what the budget will be. Whatever specious argument the President of the Privy Council (Mr. Pinard) offers to the contrary, no one, except perhaps some of his own backbenchers, will agree with his argument.

The Minister of Finance went on television last night and said: "Here is the budget." He revealed to the television cameras, and therefore to the nation, before revealing to Members of the House the contents of the budget. The case, I think, is as simple as that. That is the privilege that has been violated. We have the right and the privilege as Members of the House to hear that budget first. The Minister of Finance, whatever the motive for his indiscretion may have been, made a grievous error for which he should be paying at this point.

I conclude by observing that I believe beyond question that the evidence of a prima facie case of the violation of our privileges is there. I will not repeat that evidence. I do want to say that before this day is out and before much time passes, the Minister of Finance should do the honourable thing and submit his resignation, because the evidence and the tradition is overwhelmingly against what he has done.

I conclude by saying what I began with. It is a sad day for this country when we do not get the economic leadership that we require. It is a sad day for Parliament when a Minister has bungled so obviously and has not, up to this moment, submitted his resignation.

Some Hon. Members: Hear, hear!

Hon. Ray Hnatyshyn (Saskatoon West): Madam Speaker, persistence has its own merit, and I appreciate being recognized.

I have listened with interest to the very compelling arguments put forward by my colleagues from the Opposition

Party. I simply address myself to the very narrow point that you have raised, Madam Speaker, in terms of the question of privilege raised by the Leader of the Opposition (Mr. Nielsen), and as to whether or not, within our precedents and tradition, you can on the basis of the prima facie evidence which is clearly and irrefutably before you present the motion which has been suggested by the Leader of the Opposition.

I do not think there is any question that the Minister of Finance (Mr. Lalonde) should resign. On February 18, 1983 the Prime Minister (Mr. Trudeau) himself, when dealing with the so-called "Coalgate" or Gillespie matter, left no question in the minds of Canadians and Members of the House of Commons when he said as reported at page 22978 of *Hansard:*

> Madam Speaker, the Hon. Member makes a parallel with former Chancellor of the Exchequer, Dalton, who inadvertently let out a budget secret. That secret hit the newspaper headlines before the Minister had read his budget. This, according to the tradition, is something that you should not do, and therefore the Minister chose to resign.

The Prime Minister himself acknowledges that. So I expect that there will be a resignation. But the question before us is not whether or not the Minister should resign, but indeed whether or not the privileges of this House have in fact been impinged upon, to the degree that the ability of Members of Parliament to deal with the business before the House has been compromised. I suggest to you, Madam Speaker, on very compelling evidence, that that is precisely what we face here today.

We do have precedents in our own House. I would like to refer to the case of privilege that arose in 1975 concerning the Hon. Member for Kenora-Rainy River (Mr. Reid) which was alluded to by the Right Hon. Member for Yellowhead (Mr. Clark). You will recall the circumstances were that the Hon. Member for Kenora-Rainy River, as a Parliamentary Secretary, was alleged to have, prior to the presentation of the budget, revealed certain contents of that budget as it related to customs and excise—

Mr. McGrath: Pleasure craft.

Mr. Crombie: Outboard motors.

Mr. McGrath: To an operator in his constituency.

Mr. Hnatyshyn: Pleasure craft and outboard motor duties. I appreciate the assistance I am getting from my hon. friends here who have given details in a way that I could not of that particular case. I simply say, Madam Speaker, that in that particular instance your predecessor, Mr. Speaker Jerome, indicated there was no question that that in itself constituted a prima facie breach of privilege, though it was a mere allegation of a breach of budget confidentiality and secrecy.

I start with that premise because I would like to translate that now to the present circumstances. We now have the Minister of Finance who, it is alleged on very compelling evidence, has partially revealed the contents of the budget.

These are not incidental matters and I do not for a moment accept the proposition of the Government House Leader that because it did not deal with matters relating precisely to taxation, somehow that has any effect on us at all. I agree with the Government House Leader when he says these circumstances are not the same as in the Dalton case. This is far more serious.

Some Hon. Members: Hear, hear!

Mr. Hnatyshyn: There is the potential for a far greater profit to be made by those people who are involved in the bond market of this country. People in the bond market operate on the basis of buying and investing and, indeed, on selling on a margin basis. They do not put up the full amount of money. It is quite possible, on the basis of a 5 per cent investment for people who can see whether the budget is going to be a bullish or bearish budget, to take a signal from that information and make enormous amounts of money. That is one of the reasons it is important to this House that information of that type not be released prior to the budget.

Some Hon. Members: Hear, hear!

Mr. Hnatyshyn: The Minister of Finance has disclosed willy-nilly the contents of the budget. The Government House Leader asks how we can decide this now since we have not yet heard the budget. The very simple reason, Madam Speaker, is this. It is a tradition of this House that if the content of the budget was not disclosed on television last night and today, the Minister of Finance could, by standing in his place in this House, tell us that that was not part of the budget. That would end the whole debate because we would be obliged by the traditions of this House to accept his word.

Second, he has not denied it outside the House, which brings me to the question of whether or not we are being compromised in terms of our ability to carry on the business of this House.

The budget is a document that must be presented on the floor of the House of Commons, not by virtue of some crazy tradition or because it is a convenient way to deal with things, but because that is the only way in which there can be order in the economic law-making process of this country. If, for example—and this is very important—we are to accept the proposition that the Minister either inadvertently or consciously is able outside the House of Commons to present the budget, that acknowledgement alone would render the House of Commons impotent. It would mean there would be no need for us to come here at all. If the Minister could make his budget presentation outside the House, there would be no need for him to present it to Members of the House of Commons. There would be no opportunity for Members to debate the matter. If you say he can do this in circumstances which are inadvertent, then it is logical to conclude that it is quite possible for the Minister deliberately to make a statement outside the House.

I suggest to you, Madam Speaker, that whether or not the privileges of this House have been affected is a very crucial question. If we are not able to deal with budgetary matters in this House, then I say that that is fundamentally wrong.

Madam Speaker, I refer to a definition of privilege of which you are aware. To refresh the memories of Members of the House of Commons, the publications to which I refer is entitled "Encyclopaedia of Parliament" by Norman Wilding and Philip Laundy. At page 582, the authors say this:

• (1250)

Disrespect to the House collectively is described by Lord Campion as "the original and fundamental form of breach of privilege"—

That is precisely the point I make with respect to what has transpired here. On the basis of whether there is a prima facie question of privilege, there is precedent in the House that the mere allegation against a Member of Parliament that there has been a breach of budget secrecy has been held by your predecessor to be a prima facie question of privilege. In that instance the question was referred to the Standing Committee on Privileges and Elections.

The second question upon which Your Honour can base your conclusion is that in this particular instance the ability of the House to deal with the budget will be severely prejudiced and, indeed, compromised by the premature revelation of the contents of the budget. That affects my privilege, Madam Speaker, and that is why I support the motion of the Leader of the Opposition (Mr. Nielsen).

I am now in the position of having to deal with a matter that has been broached outside the House which has enormous economic consequences for the people of Canada. As a Member of Parliament I am not able to deal with the matter on the floor of the House of Commons except by a motion such as brought forth by the Leader of the Opposition to have the matter referred to a committee.

Whether the Minister resigns or not is incidental. Clearly, he should resign. He must resign. The question we must address is the effect of the action of the Minister on our ability to deal with budgetary matters.

Thank you for the indulgence and for recognizing me, Madam Speaker.

Madam Speaker: I was very tempted to fill in for the Hon. Member, as his colleagues did, when he referred to that particular precedent concerning the Hon. Member for Kenora-Rainy River (Mr. Reid). I think that he knows that the Speaker then did not find a prima facie case of privilege, as in the case argued now. The matter did go to the Standing Committee on Privileges and Elections but it was at the request of the Hon. Member. He might have jumped the gun or something of that nature, but there was no ruling by the Speaker to the effect that that was a prima facie case.

Mr. Hnatyshyn: Madam Speaker, I just—

Madam Speaker: No. The Hon. Member for Calgary Centre (Mr. Andre). I would just tell the Hon. Member for Calgary Centre that, as I said, I should like to rule at two o'clock if at all possible. If the Hon. Member wants to be very brief in his remarks I will be able to rule before the Question Period, but if he chooses to go into a very lengthy elaboration of his points, then the House will know exactly what my conduct will be in Question Period.

Mr. Nielsen: Madam Speaker, I rise on a point of order. We consider this matter to be so serious and of such gravity that we are prepared to discuss it for as long as is necessary to satisfy ourselves that the Chair is in possession of all the arguments. Some of these have not yet been made, particularly those having to do with markets and the effect of the breach by the Minister of Finance, the predisclosure of budget information, on those markets. We are prepared to continue the discussion at two o'clock even though we realize the consequences of adopting that course.

I do not suggest for a moment that it is even the intention of the Chair, but I would urge the Chair not to cut off discussion at this stage. If we do not finish in six minutes I urge the Chair to allow discussion to continue at the time when Question Period would normally take place.

Because of the gravity of the issue there must be sufficient evidence put before the Chair. There is still much to come by way of the effect of the predisclosure on the markets of the country. I urge the Chair not to make any attempt rapidly to conclude this discussion.

Mr. Pinard: Madam Speaker, very respectfully, I think the Leader of the Opposition is not in a position to urge anybody to do anything, especially the Speaker of the House. We know that you have total discretion to decide after a certain time if you have heard enough or not to make your ruling.

I submit that we on this side will respect your freedom or discretion. As far as we are concerned we find that a lot of time has been wasted so far, and certainly you are in a position to interrupt debate.

Madam Speaker: In reply to the remarks of the Hon. Leader of the Opposition, I just want to say that I would not allow matters dealing with the effects of these alleged revelations on the stock market to be advanced as arguments to determine the question of privilege. These are the types of arguments which, I must say, have been invoked in the course of some of the presentations but I have let them go by. The matter of determining what effects this would have on the stock market or any other sector of the economy would be the kind of argument that could be advanced once a prima facie case of privilege has been found.

I have reminded Hon. Members constantly that one of the reasons that would bring me to cut off debate would be if Members enter into debate of the question of privilege as if the Chair had found a prima facie case of privilege. The debate does not take place before, it takes place after that. To this point Members have not elaborated, as I have urged them, on the relationship between this particular matter and the question of privilege. Therefore I will not allow argument on the matter of the stock market. That is not relevant to this particular phase of the debate. It could be relevant afterwards but not now.

Mr. Harvie Andre (Calgary Centre): Madam Speaker, I will keep my remarks relevant to the question of whether there was a prima facie case of privilege of all Members of the House.

Mention was made of the case of the Hon. Member for Kenora-Rainy River (Mr. Reid) who, as a Parliamentary Secretary, was alleged to have had budget information, which would have been a breach of privilege, and to have passed on that information to the benefit of one of his constituents.

On July 25, 1975, as reported at page 7941, speaking of the Hon. Member for Kenora-Rainy River, Mr. Speaker Jerome said:

> Therefore, I have no hesitation, under the circumstances, to say that in my opinion the hon. member for Kenora-Rainy River does, in fact, have a prima facie case of privilege and the House ought now to decide on the disposition of that prima facie case of privilege in the terms of the motion he has put forward, which is as follows:—

So Speaker Jerome acknowledged that the Hon. Member for Kenora-Rainy River, being accused of having budget information prior to the budget being released, had a prima facie case of privilege. To that extent the arguments put forward by the Hon. Member for Saskatoon West (Mr. Hnatyshyn) are relevant because the Speaker indeed acknowledged it was a prima facie case of privilege.

I should like to quote from Beauchesne's Citation 20(2) on page 12 as follows:

> Parliament, in 1868, laid claim to all of the privileges of the United Kingdom House of Commons without specifying their exact extent.

Subsection (1) points out that privilege in the United Kingdom is based on common law practices. Subsection (4) reads as follows:

> As Parliament has never delimited the extent of privilege, considerable confusion surrounds the area. Recourse must therefore be taken, not only to the practice of the Canadian House, but also to the vast tradition of the United Kingdom House of Commons.

That means that all of the decisions in regard to the Dalton affair are binding on this House in terms of precedents, as are the quotations given by the Hon. Member for Saskatoon West. He very compellingly and convincingly pointed out the impact of suggesting to Members of the House that it matters not to our privileges if a budget is leaked or if budget information is provided to the public prior to our knowing—

Madam Speaker: I am sorry to interrupt the Hon. Member but it now being one o'clock, I must adjourn until two o'clock.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

EXTERNAL AFFAIRS

LEBANON—CALL FOR PEACE

Mrs. Ursula Appolloni (York South-Weston): Madam Speaker—

Mr. Lewis: On a point of order, Madam Speaker—

Mrs. Appolloni: —the brutal, barbaric bombing of the American Embassy in Beirut has provoked reactions of—

Madam Speaker: Order, please. At this particular time the Speaker is not prepared to entertain points of order. The Standing Orders are quite clear. At two o'clock we must go to the statements by Members, and to Question Period at 2.15. Any time after that the Chair will be delighted to entertain points of order.

Mr. Lewis: A point of order, Madam Speaker.

Madam Speaker: I have just said that I will not entertain a point of order at this time—

Mr. Nielsen: It is a point of order on that point.

Madam Speaker: —because the Standing Orders are quite clear—

Mr. Lewis: A point of order, Madam Speaker.

Madam Speaker: —that I should go to statements by Members.

Mr. Lewis: A point of order, Madam Speaker.

Madam Speaker: Well, there is no point of order. After Question Period I will be delighted to entertain points of order by Hon. Members. The Hon. Member for York South-Weston (Mrs. Appolloni).

Mr. Nielsen: There is a point of order on the question as to whether we should be proceeding with Question Period, a question of privilege now being before the House.

Madam Speaker: Order.

Mr. Nielsen: Privilege takes precedence.

Madam Speaker: Well, it was a point of order and it was on a point of order that I determined there would not be points of order, because the Standing Orders are quite clear. At two o'clock the Chair must proceed to statements by Members, and at 2.15 to Question Period. Points of order may be entertained after that. As for a question of privilege, we are already on a question of privilege—

Mr. Nielsen: And that should go.

Madam Speaker: —which will resume after we have followed the provisions of the Standing Orders as to the statements by Members and Question Period.

Mr. Lewis: Madam Speaker, Standing Orders do not take precedence because you have recognized a question of privilege.

Mr. Cousineau: Sit down!

Mr. Nielsen: Surely you are going to hear the question of privilege, because it takes precedence over all other business of the House.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Madam Speaker, I submit that the Chair should hear submissions on a question of privilege taking precedence over all other orders.

Some Hon. Members: Be quiet.

Madam Speaker: Order. Order, please. The Chair is following the Standing Orders and I shall read them out to Hon. Members. Standing Order 20(1), which the Hon. Member probably wants to invoke, says:

> Whenever any matter of privilege arises, it shall be taken into consideration immediately.

That is what we did this morning at eleven o'clock. There was a question of privilege and the Chair took that question of privilege immediately because it did not stand in the way of Standing Order 18(3) which says:

> At 2:00 o'clock p.m. on Mondays, Tuesdays, Wednesdays and Thursdays, and at 11:00 o'clock a.m. on Fridays, Members, other than Ministers of the Crown, may make statements pursuant to Standing Order 21. Not later than 2:15 o'clock p.m., or 11:15 o'clock a.m., as the case may be, oral questions shall be taken up.

Therefore the Chair is obliged to proceed to Statements by Members at this time, and to Question Period at 2.15.

Mr. Lewis: A point of order.

Madam Speaker: I cannot allow a point—

Mr. Lewis: Madam Speaker, surely when you recognize it at eleven o'clock, you must continue the argument through Question Period.

Madam Speaker: I cannot allow a point of order. The Hon. Member might raise a point of order at three o'clock.

Mr. Nielsen: Madam Speaker, there is precedent for hearing a question of privilege before embarking on Question Period.

Some Hon. Members: Oh, oh!

Mr. Cousineau: Three o'clock.

Mr. Nielsen: Hear our submission.

Madam Speaker: I am interpreting the Standing Orders as they should be interpreted. The question of privilege does take precedence, but at two o'clock, the Standing Orders are quite clear; we must proceed to statements by Members and then to Question Period.

Mr. Nielsen: Madam Speaker, you have to give us a chance to argue it. It has not been argued in the past because it has never come up.

Madam Speaker: Order, please.

Some Hon. Members: Order.

Mr. Lawrence: What right do they have to turn the mikes off?

Madam Speaker: Order, please. This, of course, does not preclude the fact that after Question Period we will resume consideration of the question of privilege—

Some Hon. Members: Now!

Madam Speaker: —as we have done this morning. We have always had Question Period at two o'clock.

Mr. Nielsen: No, no.

Some Hon. Members: No.

Mr. Nielsen: There is a precedent.

Mr. Lawrence: Surely you should hear argument, Madam Speaker.

Mr. Blais: Wait until three o'clock, Allan.

Madam Speaker: Hon. Members surely recall that during the constitutional debate, when we had questions of privilege raised for a whole week's time, Question Period took place regardless of the fact that we were considering questions of privilege. It might be difficult to resolve logically because of Standing Order 20(1) which I quoted, which says that questions of privilege must be taken up immediately.

Some Hon. Members: Right.

Madam Speaker: Right, but what we do in this House is not always logical because some Standing Orders—

An Hon. Member: They are not logical.

Madam Speaker: Exactly, they are not always logical, and Members have to recognize that. We have rules to satisfy our particular needs, and Members have always preferred to have their Question Period take place regardless of that fact that we might be on questions of privilege. I am basing my decision, which is final, on the precedent which occurred during the constitutional debate when we were on questions of privilege for an entire week.

Some Hon. Members: Hear, hear!

S.O. 21

Madam Speaker: The Hon. Member for York South-Weston.

Mr. Nielsen: Madam Speaker, there is precedent to hear a question of privilege.

Madam Speaker: Order, please.

Mrs. Appolloni: Thank you for defending my—

Madam Speaker: Order, please. Why do Members act like the end of the world has happened? We will resume the question of privilege that we were discussing before, as we have in all other cases. What we are doing now is no different from what we have done before.

Mr. Nielsen: It is! There is precedent, if you will hear submissions, on a question of privilege which was heard before Question Period.

Madam Speaker: The Hon. Member for York South-Weston.

Mr. Nielsen: That precedent existed in the case of Mr. Speaker Jerome, when he considered a question raised by the Hon. Member for Kenora-Rainy River (Mr. Reid).

Some Hon. Members: Hear, hear!

Mrs. Appolloni: Madam Speaker, thank you as I said, for defending my privilege which I shall now exercise.

Some Hon. Members: Hear, hear!

Madam Speaker: Order, please.

Mr. Cousineau: Nielsen democracy.

Madam Speaker: I am sure Members want this to take place in as much order as possible.

Mr. Clark: According to the rules.

Madam Speaker: Hon. Members must agree that the practice we have followed up until now is the one I am practising today.

Mr. Nielsen: That is not so. Hear our arguments.

Mr. Lewis: The House started at two o'clock before; today it started at eleven o'clock.

Madam Speaker: Well, let us put it this way: Members will have ample time to raise that after Question Period.

Mr. Nielsen: We want it heard now.

Some Hon. Members: No.

Madam Speaker: The Speaker now determines that there is no reason whatsoever to vary from what has been done up until now. If Hon. Members want to submit arguments, so that we may change that practice, the Speaker is in the hands of the House. But for the present time I must hear the Hon. Member for York South-Weston.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Madam Speaker, surely you are going to hear submissions on a question of privilege which has been heard before Question Period? What you are doing is cutting us off from making any submissions whatsoever.

Madam Speaker: Order, please. The Hon. Member for York South-Weston.

Mr. Nielsen: Surely, Madam Speaker, you cannot come to a ruling without hearing us out.

• (1410)

Mrs. Appolloni: The brutal, barbaric bombing of the American embassy in Beirut has provoked reactions of horror and revulsion on the part of the international community in general, and particularly in those countries which have committed peacekeeping troops to Lebanon in an effort to restore peace and stability to that unhappy country. Acts of violence such as the one witnessed yesterday cannot but undermine all initiatives aimed at finding a just and equitable solution of the complex problems of the Middle East. Furthermore, they place in great jeopardy the vital need of the Lebanese people to live in peace and harmony in their own independent and unoccupied state.

I believe that it is imperative for the international community to voice, in the firmest possible terms, its total repugnance for any and all acts of wanton human destruction by whomsoever perpetrated, and that it pursue, with increasing vigour, dedication, urgency and commitment, all diplomatic pressures with a view to achieving equitable and lasting peace in the Middle East.

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HOUSE OF COMMONS

PRECEDENCE OF QUESTION OF PRIVILEGE

Hon. Allan Lawrence (Durham-Northumberland): Madam Speaker, I would like to use this brief period, and I have never used one of these before, to protest, as strongly as I can, what I believe to be some unwarranted interference in the normal procedures of the House of Commons.

Some Hon. Members: Hear, hear!

Mr. Lawrence: Never before have we faced such a situation under these new rules where the House started sitting at eleven o'clock in the morning. We reached a question of privilege, as we should, because the rules indicate that the matter of privilege should be started immediately and carried on. Certainly priority must be given to any question of privilege when it arises in this House, priority over everything, even over, I would suggest, some unwarranted activity from the Chair in respect to a matter such as this.

Some Hon. Members: Oh, oh!

Mr. Lawrence: I mean that as strongly as I can. In the past, when the House began sitting each day at two o'clock, the situation was completely different. Obviously, the rules then called for the Question Period and the routine procedures before the Question Period. However, today the House started at eleven o'clock in the morning and a question of privilege came before the House. I most strongly suggest that it should have been carried on, and it should be carried on right now. I think it is an unwarranted intrusion by the occupant of the Chair, who is the servant of the House, or should be the servant of the House—

Some Hon. Members: Shame.

Mr. Lawrence: —not to hear argument when a matter such as this comes along.

Madam Speaker: Order. The time allotted to the Hon. Member has expired.

The Hon. Member for Mission-Port Moody.

Some Hon. Members: Hear, hear!

* * *

HOUSE OF COMMONS

FAREWELL ADDRESS BY MEMBER FOR MISSION-PORT MOODY

Mr. Mark Rose (Mission-Port Moody): I trust, Madam Speaker, that you will not subtract the time of the applause from my 90 seconds. I am under no illusions that what I have to say here today will blast the Lalonde budget controversy off the front pages of every major newspaper in the country. But what I have to say today is a matter of tremendous importance, at least to me.

I would like to say that I will soon be leaving this place, I guess forever, because I intend, as many Hon. Members know, to stand as a candidate for the legislature in British Columbia. Therefore, it means that pretty soon I will have to quit. I think that perhaps my action might be well emulated by others.

Some Hon. Members: Oh, oh!

An Hon. Member: Lalonde.

Mr. Rose: One Mark deserves another, perhaps.

Some Hon. Members: Oh, oh!

Mr. Rose: I know that all Hon. Members, even in their most rancorous moods, never forget that, despite our noises here, we are pretty fond of one another. I will miss all the people with whom I have become friends, both colleagues and staff, over the last 15 years, especially my Leader and my own colleagues.

An Hon. Member: And the IPU.

Mr. Rose: And the IPU. Members of my Caucus have a unique place in my heart and I will certainly miss them. What I will not miss are the tedious plane rides, and mushing through a snowstorm on April 19.

Some men struggle all their lives to get here, and never make it. I have been honoured to be returned here four times, and I think it is in order that I thank my constituents for their loyalty and faith, if not patience. I trust I have deserved it.

In any case, the federal Government did Mr. Stuart Leggatt, a former Hon. Member, the honour of appointing him to the bench. Therefore the reason I am leaving is the Government's fault. We in the West blame everything on the Liberal Government, even the snow. But mostly we blame it for its lack of economic leadership, and we are serious about that because we desperately need leadership.

Seriously, however, I leave because I am genuinely concerned about some disturbing trends in the Province of British Columbia, and if I have any future political career I would like to make that contribution, and I am determined to make that contribution, to the political life of British Columbia, in British Columbia.

Some Hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

FINANCE

ALLEGED BUDGET LEAK—REQUEST FOR RESIGNATION OF MINISTER OF FINANCE

Hon. Sinclair Stevens (York-Peel): Madam Speaker, in view of the story with which we are well acquainted, for example, *The Citizen* indicating that a budget leak occurred yesterday evening, in which a deficit of $31.2 billion is anticipated for the forthcoming year, and in view of the fact that this is an example of gross negligence on the part of a Minister, a breach of a Minister's oath of secrecy, something totally unacceptable in our parliamentary system, would the Prime Minister indicate whether he has received the resignation of the Minister of Finance and, if so, whether he has accepted it?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not see any need to deal with this question. There is no question of resignation, in my mind. The Hon. Member speaks of a budget leak. How can he know that until he has seen the budget and seen whether there has been any leak from that budget, Madam Speaker?

REQUEST FOR DENIAL OF LEAK

Hon. Sinclair Stevens (York-Peel): Madam Speaker, in view of the Prime Minister's reply to my first question, I

simply ask would the Prime Minister assure the House that what appeared in *The Citizen* today, including the picture of what purports to be a page in the budget document and speech itself, is, in fact, not accurate, that there has in fact been no leak, and that at eight o'clock tonight, when the Minister of Finance does table his budget for the record, we will find that what has already been leaked is in truth not an accurate reflection of the forthcoming budget?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I assume that if the Hon. Member discovers that at eight o'clock, then this will lay the whole matter to rest. In that case, I invite him to wait until eight o'clock and we will draw the same conclusions as he appears to be drawing.

REQUEST FOR INVESTIGATION OF BOND TRADING

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my supplementary question is again directed to the Prime Minister. Would he indicate to the House what steps he has taken to determine if in fact a leak has occurred? Are there other pages of the budget document which have possibly been leaked? Finally, has he taken steps to ensure that securities commissions in every Province in Canada will be immediately asked to investigate what trading has taken place, particularly in the very volatile bond field, to determine if insider profits have indeed been made?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it would seem to me that any of these questions, if justified, would be better asked after the budget, if, in fact, it appears that there has been outside knowledge of what was in the budget. However, for the time being, once again, we do not know what will be in the budget for certain.

Mr. Stevens: But you don't deny it.

• (1420)

Mr. Trudeau: Anybody who is speculating on figures that he thinks might be in the budget might be mistaken as to the basis on which he is speculating. Therefore I do not see any way in which you could ask the securities commission to investigate something which is still hypothetical.

EFFECT OF POSSIBLE DISCLOSURE ON FINANCIAL MARKETS

Mr. John Thomson (Calgary South): Madam Speaker, my question is directed to the Prime Minister. In his opinion did the Minister of Finance's disclosure of privileged information relating to the budget have any influence on the financial or money markets in this country?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, in my opinion they have not because I do not think anyone is going to risk any heavy sums of money on some news which might or might not be true. In fact the Hon. Member can look at the market figures himself. I am told that there has been no move in the bond figures which would be the relevant ones, I suppose, which apply now. Any move in the stock market was comparable in New York and Toronto. I doubt whether yesterday's going on would have influenced the American dollar that much, or the American stock market.

VALUE OF DOLLAR—INTERVENTION BY BANK OF CANADA

Mr. John Thomson (Calgary South): Madam Speaker, let me quote to the Prime Minister from the Canadian Dow Jones as of 10 a.m. this morning:

> The Canadian dollar continued its downward slide of yesterday.
>
> Dealers said reports of a leak of Finance Minister Marc Lalonde's budget presentation tonight, which allegedly will show an estimated deficit of $31.2 billion for the current fiscal year, have added to the Canadian fund's weakness. Dealers said the Canadian fund has slipped as low as 80.66 U.S. this morning before the Bank of Canada intervened.

Does the Prime Minister believe that the Bank of Canada's position has been jeopardized by virtue of the leak, as reported?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I suppose there are any number of factors which influence the state of the bond and stock markets. One of them could be that the American dollar has strengthened in Europe and therefore other currencies, including the Canadian currency, would weaken against it. But the Hon. Member would be clever indeed, and perhaps many times a millionaire—

Some Hon. Members: He is.

Mr. Baker (Nepean-Carleton): He earned it, too.

Mr. Trudeau: Well, let us ask the Hon. Member then, if he has made much money, and if he thinks he could on the basis of the journals he read last night?

Mr. Thomson: Indeed I could if I had been aware of it in time before the financial markets closed here in eastern Canada. However, financial markets were still open on the West Coast when the leak was made known. I was not in possession of that information but I certainly could have made money had I known—a substantial amount of money.

Madam Speaker: Order.

REQUEST FOR MINISTER'S RESIGNATION

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, this is a very sad day for Canada. Canadians were waiting to hear tonight's budget in the hope that it would bear news that would encourage an economic recovery in the country. Because of the apparent bungling of the Minister of Finance, a number of specific references to the budget have now been released.

Members of Parliament were given to understand that selected journalists were in receipt of privileged information yesterday afternoon that could have been used for their's and others' personal gain. Would this fact not encourage the Prime Minister to ask for the resignation of the Minister of Finance?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I did not realize that the question was addressed to me until the end. Will the Hon. Member repeat it?

Mr. Riis: Madam Speaker, as a result of an apparent leak yesterday afternoon, selected journalists and friends were in receipt of privileged information that they could have or may have used for personal gain for themselves and for others. Would this not justify the Prime Minister asking for the resignation of the Minister of Finance?

Mr. Trudeau: Madam Speaker, I do not know what the Hon. Member is referring to when he says "selected journalists and friends". Is the Hon. Member inferring that the Minister of Finance gave information to friends and to journalists in a way that they might profit?

MINISTER'S DESCRIPTION OF DOCUMENT

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, yesterday afternoon, after inviting a number of journalists into his office, the Minister of Finance held up a document and was televised saying, "This is the budget." Is the Prime Minister saying that that was not the budget?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I would be revealing budget secrecy if I told what was going to be in the budget tonight.

Some Hon. Members: Oh, oh!

Mr. Dick: That is what Lalonde did last night.

Mr. Trudeau: It seems to be a very crude trap to ask me if something is in the budget or not. Then I will be accused by the Hon. Member of saying that something is in the budget or it is not. Why does he not wait until tonight to see what is in the budget?

POSSIBILITY OF DOCUMENT BEING CHANGED

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, will the Prime Minister assure Members of the House, as a result of what appears to be some fiasco in the last number of hours, that the document that was televised in the office of the Minister of Finance yesterday will not be changed and has not been changed?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, what is the Hon. Member saying? For many months they have been suggesting things that should be in the budget. Now they are suggesting things that should not be in the budget.

Mr. Riis: Just say you will not change it.

Mr. Trudeau: I wish they would wait until the budget and make up their minds whether it is good or not.

MINISTER'S STATEMENT

Right Hon. Joe Clark (Yellowhead): Madam Speaker, the Prime Minister will know that the Minister of Finance held up the document yesterday which was subsequently photographed, and said, "This is the budget." When the Minister of Finance said that, was he telling the truth or was he lying?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not think that the Right Hon. Member can ask an either/or in that question. At that point maybe the Minister intended that be the budget. Until the budget is—

Some Hon. Members: Oh, oh!

Mr. Darling: The old shell game.

An Hon. Member: Thanks for word processors.

Mr. Trudeau: I do not quite understand the hilarity over there.

An Hon. Member: You are the one who is laughing.

Mr. Trudeau: Surely a budget becomes a budget when it is delivered as a budget speech. Otherwise, with any number of previous drafts, one could ask if they were the budget or not. In that sense the Minister of Finance would be locked into some earlier decision at any point in time that suits the convenience and argumentation of the former Leader of the Opposition.

Mr. Clark: The Prime Minister has not been prepared to say that the Minister was telling the truth when he said, "This is the budget." He has suggested that the budget might have been changed.

MINISTER'S INTENTION

Right Hon. Joe Clark (Yellowhead): Madam Speaker, let me put another question to the Prime Minister. When the Minister of Finance held up the document which was photographed and said, "This is the budget," did he intend that the document that he held up would be the budget?

Some Hon. Members: Oh, oh!

Mr. Clark: I am reminded that this is the gang that laughed when they threw out guidelines governing the conduct of Ministers which should have caused the resignation of three of them. I am not surprised that they are laughing now at parliamentary practice.

Let me put the question very clearly. The Minister of Finance was shown on television holding a document and saying, "This is the budget." At the time he held that document of which he said "This is the budget," did he intend that document to be the budget?

Some Hon. Members: Oh, oh!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Right Hon. Member talks about parliamentary practice. Any knowledge that I have of parliamentary practice is that when a budget is delivered in the House of Commons it becomes the budget. Until then it is not a budget. I cannot see by what contortions of mind the former Right Hon. Leader of the Opposition wants to know about a budget leak and some malpractice until he knows what the budget is. Maybe tomorrow he can tear himself away from the campaign trail again, and ask his questions. If there has been a leak, then we will answer that question.

• (1430)

INQUIRY RESPECTING GOVERNMENT'S PURPOSE

Right Hon. Joe Clark (Yellowhead): Madam Speaker, my experience with parliamentary practice has been that Ministers of Finance try to tell the truth. We have apparently had a dramatic departure from that with regard to the absent Minister of Finance today. Presumably the Prime Minister would have known what his Minister was doing. Presumably the Minister of Finance was expressing Government policy. If, when the Minister of Finance held up that document, it was not the truth, what was the purpose of the Government of Canada—to mislead Canadians deliberately as to the contents of the budget, because that was the consequence? Was that the plan of the Government to mislead Canadians deliberately as to the contents of the budget, or did the Minister of Finance breach rules of budget secrecy which, in any self respecting Government, would cause him to submit his resignation?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, how can the former Leader of the Opposition suspect that the Minister deliberately, to use his words, "tried to mislead the Canadian public"? There was a photo opportunity in his room—

Mr. Dick: An ego trip.

Mr. Trudeau: —which is something that I understand is long standing practice.

Miss MacDonald: To give it to the press.

Mr. Trudeau: It was the practice when the Minister of Finance sat on the other side. It was practised under earlier Ministers of Finance. It is something that is meant to permit the press to prepare themselves for budget night and to have advance pictures and so on.

Mr. Dick: An ego trip.

Mr. Trudeau: If the Hon. Member opposite who is saying "ego trip" is suggesting that there should be less communication with the press, I would support that point of view.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

An Hon. Member: The Minister was seen buying shoes in Saturday's papers. He does not need three or four photo opportunities.

Mr. Trudeau: Obviously not everybody can be expected to have as small an ego as I have.

Some Hon. Members: Oh, oh!

Mr. Trudeau: But Ministers of Finance have followed that practice. They have judged there would be a certain code of honour that would be respected when there is a photo opportunity. Hon. Members can reach their conclusions as to what happened. But to say, as the Leader of the Opposition hypothesizes, that the Minister of Finance was trying to mislead the public, is really only the result of a twisted mind. Obviously the Minister of Finance did not have the press in his room in order to tell the Canadian public some information from which they could then go out and profit.

Mr. Taylor: Your nose is getting bigger all the time.

USE OF CAMERA ZOOM LENSES

Right Hon. Joe Clark (Yellowhead): Madam Speaker, if it was not the purpose of the Minister of Finance to have communicated the contents of the document, which he described as the budget, why did he call journalists into his room? Why did he open the budget? Why did he ask them if they had their zoom lenses ready, if he did not want the contents of that document to be broadcast across the country and to be taken as an indication of what was going to be in the budget?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member asks why he did that. I suppose he trusts all members of the press more than I would. I do not know if the Hon. Member would do it, but I would not have done that.

RESPONSIBILITY OF MINISTER

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, perhaps we can leave the comedy hour now and show some concern for the country.

Some Hon. Members: Hear, hear!

Mr. Gilchrist: I would like to address my question to the Prime Minister. If in spite of the smoke and mirrors of whether the document is or is not a budget, does the Prime Minister understand that stock markets deal a great deal with perception, and does the Prime Minister understand that for every one cent the Canadian dollar declines, our debt to foreign nations goes up about $120 million? Whether the document was or was not the budget, does the Prime Minister consider the action of the Minister of Finance to be a responsible act and one that is worthy of the person supposedly leading the country through these difficult economic times?

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): The answer is yes, Madam Speaker. The Hon. Minister was doing what other Ministers of Finance have done, and that is to have a photo opportunity.

Mr. Epp: Never.

Mr. Trudeau: I hear them say never over there, Madam Speaker. They are obviously grossly misinformed.

Mr. Munro (Esquimalt-Saanich): Only Liberals are.

Mr. Trudeau: I inquired precisely on that point. They can inquire of members of the press themselves. It has been done before. It was done by this Minister of Finance. Therefore there is no reason why one should suppose that the hypotheses made by the Hon. Member are correct.

POSSIBLE EFFECT ON MORTGAGE RATES

Mr. Gordon Gilchrist (Scarborough East): Madam Speaker, perhaps then we will get down to a more personal level, to people who are trying to get mortgages these days, and the same perception as seen by managers of mortgage funds in the various trust companies which issue them. Would the Prime Minister suppose that a manager of mortgages would consider issuing a mortgage today, perhaps for $10,000, to someone who is looking for one at the lowest possible interest rate, or do you suppose, because if the upward pressure on the dollar seen by this huge deficit of $31.2 billion, that the manager might hold off for a day or two and perhaps issue the mortgage at a 1 per cent higher rate, which would cost the average $10,000 mortgage buyer another $700? Is that responsible financial control by the Minister of Finance to give those kinds of signals?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can only repeat my earlier answers, that if money managers out there are taking signals from something that might or might not happen, then they are taking a chance, and the people they advise are also taking a chance. It may be that some people will want to embark on certain financial decisions and operations as a result of what they have read in the paper this morning. If they do, they have it on their own head if the figures they read tonight are different from those they read last night. It is a decision they have to make. But it is not one on which I will give them any guidance.

BRITISH PRECEDENT IN DALTON CASE

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is for the Prime Minister. On February 18, 1983, as reported at page 22978 of *Hansard,* the Prime Minister made the following statement:

> Madam Speaker, the Hon. Member makes a parallel with former Chancellor of the Exchequer, Dalton, who inadvertently let out a budget secret. That secret hit the newspaper headlines before the Minister had read his budget. This, according to the tradition, is something that you should not do, and therefore the Minister chose to resign.

If the material published and shown in the media turns out to be part of the budget, will the Prime Minister ask for the resignation of the Minister of Finance?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it sounds kind of hypothetical when you ask a question beginning with the word "if". But if the Hon. Member refers to the Dalton precedent of 1947, what happened there was that there was something which was in the newspapers before it appeared in the budget. But the whole point is it then appeared in the budget.

If what was in the newspapers last night does not appear in the budget, of course the Hon. Member's case falls. If Mr. Dalton, when standing on his feet in the House of Commons, had said that the tax was not on cigarettes but on chocolates, for instance, then a lot of people might have had chocolate on their faces—

Mr. Lawrence: He would not have said it.

Mr. Trudeau: —if they had used information which was changed between the time when the document went to print and when he made his speech. Obviously it is the speech that he made in the House of Commons which was the budget speech, not something on which the press, or on which the Opposition had speculated before.

PARLIAMENTARY TRADITION

Mr. Doug Lewis (Simcoe North): Madam Speaker, the Prime Minister may suggest that the question is hypothetical today, but if that material does appear in the budget tonight—

Mr. Clark: Or any of it.

Mr. Lewis: —will my case, which the Prime Minister claims fails today because it is hypothetical then stand, and will the Prime Minister stand by tradition and his word?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I ask the Hon. Member and his Party if it does not, will they drop this whole matter?

Some Hon. Members: Oh, oh!

Mr. Lawrence: Certainly not. Nothing should have been done yesterday.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF HIS HIGHNESS PRINCE KARIM AGA KHAN

Madam Speaker: I would like to draw the attention of the House to the presence in our gallery of His Highness Prince Karim Aga Khan, the spiritual leader of the Ismailis.

● (1440)

FINANCE

MINISTER'S STATEMENTS ON BUDGET

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, my question is also directed to the Prime Minister and is related to the questions which were asked previously. Yesterday in the House of Commons the Minister of Finance said, in response to a question by the Hon. Member for Kamloops-Shuswap, "... my budget is now decided". Yesterday, outside the House of Commons, the Minister of Finance said, holding up a document, "This is my budget." Yesterday the press who were present on the second occasion photographed portions of that document and relayed to the public the content of the document. Is it not reasonable to conclude that, if in fact those things which were contained in that document are not part of the budget, the Minister of Finance either misled the House or misled the public?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, let us try to understand the logic of the Members of the two Opposition Parties. They are expressing shock and dismay that there has been a budget leak, but they are saying that, if by any chance the Minister should change his budget so that there will not be a leak, they will also be shocked and dismayed. Let them make up their minds.

Mr. Deans: That is not what I am saying. I am saying that when a Minister of Finance has a budget already made up and then, by negligence, allows that budget to go to the public ahead of the normal practice of first bringing it to the House of Commons, the Minister of Finance is showing a degree of incompetence, the likes of which should result in him having to leave that portfolio.

Some Hon. Members: Hear, hear!

POSSIBLE REWRITING OF BUDGET

Mr. Ian Deans (Hamilton Mountain): Madam Speaker, if the Minister of Finance is now in the process of rewriting his budget because of his inadvertence or stupidity, is it not reasonable to assume that the budget we will see will not be the budget which was intended to meet the problems of the country, and therefore will not be adequate to meet the difficulties which many people in the country have been facing? He can rewrite it in half an hour.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I can only repeat my previous point. If Opposition Members think that there was a serious leak, a leak which is contrary to practice and contrary to the proper conduct of a Minister of Finance—

Mr. Stevens: Now you have got it.

Mr. Trudeau: —why would they object to the Minister of Finance changing his budget in some way?

Some Hon. Members: Oh, oh!

Mr. Trudeau: What the Opposition is arguing is that a budget becomes a budget, and unchangeable, at any point in time. That is not our view. A budget becomes a budget, and every precedent that has been quoted has had to do with a budget, when that has been delivered in the House of Commons. There has been no budget delivered in the House of Commons. There has been a peek at a document which might or might not—

Mr. Clark: Which Marc Lalonde called a budget.

Mr. Trudeau: —have been brought into the House of Commons, but we will only know tonight if that so-called peek was at the document and at the pages which were going to be part of the budget. Why does the Opposition not wait to see in fact if that peek was justified by what has been written, or whether it was a peek at something that did not make its way into the final budget. We will see.

Mr. Hnatyshyn: Get him to write you a letter like he did in the Gillespie affair.

EXISTENCE OF VIDEOTAPE

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, my question is directed to the Prime Minister. It is the practice, as he knows, for Finance Ministers to show the Prime Minister their budgets. Was he shown the budget prior to the photo opportunity yesterday? Is the budget that he was likely shown prior to that opportunity the same one which will be presented tonight? I do not want him to say anything about what is going to be in it.

In addition to that, he has accused the media, the television networks and the radio networks, of speculation. How does he explain away—

An Hon. Member: Agreed.

Mr. Nielsen: His supporters in the back benches say, "agreed", that it is all speculation. How does the Prime Minister explain away the existence of a videotape, a copy of which I have and a copy of which I am sure he has seen by now, that provides living proof in living colour of the actual text of the French version of two pages of that budget which, translated, have resulted in ten separate leaks that I put on the record this morning in the discussion in the House? How does he explain away the existence of that tape?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, there are several questions there. Dealing with the last one first, how do I explain it? I explain it by the fact that the Minister of Finance, following previous practice, invited the media, the cameras, for a photo opportunity into his room. It has been done before. He did it again. He did it in the same way. Wisely or unwisely he trusted the cameramen to take pictures of the situation, but not to try to find out what was in the budget, much as when there is a lockup before the budget, a lockup which has been made for many, many years with the written press, a lockup of several hours, during which they are

privileged to the content of the budget before it is delivered in the House. There is an amount of trust there that some member of the press will not use the fact that he has had this privileged access, to cause a leak of that document. The whole thing is built on trust.

An Hon. Member: You don't let them out.

Mr. Trudeau: I have heard some members of the press say that they should storm out of the lockup and spill the beans. I think the Opposition and the media generally have to make up their minds. If they do not want any advance knowledge of the budget, even under a privileged situation, I suppose we can achieve that too. But I do not think it would be in the interests of the country or of Parliament because even Members of the Opposition Parties, as the Hon. Member knows, are invited to that lockup so that, when they stand to comment on the budget that night, they will have had some advance knowledge of the budget. It is founded on trust by the Minister of practices which generally have been respected. If in some cases they are not respected, I think the judgment should be on whether the question of respect should be continued or whether the practice should be changed. Once again, I do not think that, on the basis of the incident which happened yesterday, Parliament will be inclined to recommend changes.

Mr. Nielsen: I am glad to hear from that answer that the Prime Minister is backing away from his general accusation that the media, all of them, were acting on mere speculation. The fact of the matter is that if he has viewed that tape, which I am sure he has, he will have seen that a telephoto zoom lense zeroed in on two pages of the budget, one dealing with the deficit and one dealing with conclusions. From a blow-up and freeze of those frames was extracted the fact that there was to be a deficit of $31.2 billion and a job-creation program costing $4.6 billion, together with eight other, translated into English, leaks which I put on the record this morning.

BUDGET SPEECH—PRIME MINISTER'S POSITION

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, if the Prime Minister does not concede the fact that that was clearly the budget speech so labelled on the videotape, and so admitted by the Minister, does he not at least concede that those leaks were in that document, however they might want to change it between now and eight o'clock tonight? I think it would be a rather despicable action on the part of the Government should that attempt be made.

Some Hon. Members: Oh, oh!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I think I answered earlier the twisted logic about what is despicable and not. The Hon. Member asked me earlier if I had seen a copy of the budget speech. Yes, I saw a copy. I think it was the third draft. I saw it just before the weekend. As far as I know, it embodied all decisions taken until then by Cabinet. It was final then. If it had leaked in that form, I suppose Hon. Members opposite would be complaining about a budget leak, but it so happened that since I read it and talked to the Minister of Finance, he got back to me and he made more changes. He said I have—

● (1450)

Some Hon. Members: Oh, oh!

Mr. Trudeau: Contrary to the Opposition, this is a living Party. We are thinking all the time.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Nielsen: We all know that on that side it is the Party of the living dead, and we have known that for some time. The Prime Minister seems to be gasping his last. He is treating this as one huge joke. We treat it with a good degree more gravity than he and his braying donkeys behind him.

TIMING OF POSSIBLE CHANGES

Hon. Erik Nielsen (Leader of the Opposition): May I ask the Prime Minister whether the additional changes which we are obviously going to see at eight o'clock tonight were made between the recording of that videotape and now in the House of Commons, and certainly by eight o'clock? We all know that there was a Cabinet meeting this afternoon. No doubt they will try to brazen this out by bringing in changes, altering a decimal point or altering a few pertinent phrases in that budget. Does the Prime Minister really believe that he can get away with that and that that will cure this gross breach of the normal secrecy that surrounds budgets? Does he not agree that he should ask for the resignation of the Minister of Finance who, if he were self-respecting at all, would have submitted that resignation after he discovered his error yesterday?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member is now assuming and presuming that those pages that he proports to have seen will be changed by tonight. I have not said that. They may be changed and they may not be, but it would be interesting to know if we were damned in both cases. If there is a leak and we change them, there is no more leak. Therefore, perhaps we should change them. On the other hand, if we change them, it is a despicable practice because, having permitted the press a peek, we should be bound forever to that text as though it were the laws of the Medes and the Persians.

POSITION OF FINANCE MINISTER

Hon. Edward Broadbent (Oshawa): Madam Speaker, I have a question for the Prime Minister concerning a basic matter of trust that ought to be involved in terms of the Government's relationship to the people, and particularly in terms of the relationship of the Minister of Finance to the people of Canada.

Out of the report last night there was a factual assertion, namely, the claim that the deficit for the coming fiscal year would be $31.2 billion. The news of that has caused speculation, as has already been referred to, in terms of the Canadian dollar. Does the Prime Minister not realize, that, on the one hand, if the budget appears with that figure in it tonight, the Minister of Finance must resign or, as he seems to be implying, does he not understand in terms of the integrity of the Government, that that figure already having come out and been used, if the Minister of Finance gets to his feet tonight and changes or omits that figure, he has violated a very basic question of trust and, as Minister of Finance, will no longer bear the kind of personal integrity that he needs if a Government is to maintain its respect?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not agree with the first leg of that two-legged stool, but on the second leg, the Hon. Member talks about violating a basic question of trust. Is he saying that the Minister of Finance, once having thought of an economic policy and putting it on paper in a first draft, must hereafter never change it like the laws—

Mr. Stevens: First draft?

Mr. Trudeau: First, second, third or tenth—that he is not allowed to change it lest he offend the Opposition and those speculators?

Just a few months ago the Leader of the New Democratic Party was suggesting that we should reduce the deficit. A few days later he was suggesting that we should increase it. That may be wishy-washy economic policy, but it is certainly not a matter of a breach of any trust. It is a matter of him having changed his mind.

In the case of the Minister of Finance, it is well known that he has been working on this budget for the past several months. He has met with groups all across the country. He has had discussions with Members of his own Party, members of the labour unions, industrial leaders and so on. He has been improving his budget all the time. He may have decided to continue improving it between Friday and Monday, and between Monday and Tuesday. We shall see, Madam Speaker.

NORMAL PROCESS OF BUDGET PREPARATION

Hon. Edward Broadbent (Oshawa): Madam Speaker, is the Prime Minister telling the House that the Minister of Finance, who is absent, is busy in his office making some last minute changes to the budget? Is he telling the House that is the normal way of functioning? The lockup that has normally been provided for journalists has been postponed and delayed, maybe for the rest of the day. Will he really admit that what he is trying to do as Prime Minister, instead of living up to his constitutional obligations in such a serious situation, is to get away once again with trying to escape an issue by a mere technicality, redefining what a budget is and insisting on some absurd legalism that, by definition, we only have a budget when it is presented tonight and that what was presented yesterday to the press and the country, and claimed to be the budget by the Minister of Finance, should be defined out of existence? What he is doing is defining out of existence the very integrity of the Government.

Some Hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, the Hon. Member is talking of some absurd legalism, as he puts it. Let us look at this legalism to which he refers. He quoted to me before the case of the British Chancellor of the Exchequer, Mr. Dalton. I put it to him that if between the time when Mr. Dalton had told the reporter that there was going to be a tax on cigarettes and the time when he stood in the House of Commons in Westminster and delivered his budget—if he had changed that and put a tax on chocolates instead—

Mr. Broadbent: He did not change it.

Mr. Trudeau: The Hon. Member tells me he did not change it. I want to know about this legalism. Is he telling me that Dalton, having realized that perhaps he had made an indiscretion, would not be entitled to go into the House of Commons and deliver a budget which did not have that tax on cigarettes? Is that what he is telling me? If so, he is really—

An Hon. Member: He had honour.

Mr. Trudeau: Hon. Members opposite talk about honour. I wish they would think a little bit with their intelligence rather than with their mouths.

FINAL BUDGET FORM

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, my question is directed to the Prime Minister. I assume the Prime Minister has now seen and approved, in final form, the budget which will be presented to the people of Canada tonight. If he has not seen and approved it in final form, I hope he will tell the House that. If he has, can he tell the House whether it was from that approved final document that information was obtained by a TV cameraman?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, I do not think the Hon. Member should be asking me to tell him what is going to be in the budget tonight and what is not going to be in the budget tonight. I told the House that I have seen some drafts of the budget. I was discussing it again today with the Minister of Finance. I may be meeting him again later in the afternoon to discuss it more.

It would be too bad if the Opposition thought they had a leak and they do not have one, but they cannot have it both ways. They cannot claim to have seen a leak before they have seen the budget. They must see the budget first and then decide (a) if there was a leak, (b) if there was a peek, (c) if it is relevant to the tradition of this Parliament, and they have many questions that they can perhaps ask themselves after they have seen the budget.

• (1500)

What they should not be doing is preventing the budget process from proceeding as it should, the budget from being read tonight, and I would hope that at least some of the debate would be on the substance of the budget and not on the process of the budget, because what the people of Canada want is economic results.

Some Hon. Members: Hear, hear!

POSSIBILITY OF CHANGE IN DOCUMENT

Hon. Elmer M. MacKay (Central Nova): Madam Speaker, what the people of Canada want is a little less sophistry and a little more honesty from the Prime Minister. Obviously the Prime Minister did not answer my question.

Mr. Clark: You personify corruption.

Mr. MacKay: Is is apparent that he refuses to answer my question. I will ask him again. Has he already seen and approved in final form the budget that the people of Canada and this House will be receiving tonight, or is it one of these chameleon-like budgets that will be changed up until the last possible moment? What about the copies of the budget that have been sent across the country? What about the press lockup? Does the Prime Minister still hold that this budget that has been so carefully guarded with this unprecedented secrecy is the same budget that the Minister of Finance held up to the TV cameramen, or has it been changed? Surely he can be honest enough to tell us.

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, if I were to answer that question it would not be a matter of honesty, it would be a matter of indiscretion, and the Hon. Member wants me to commit that indiscretion. He wants me to tell this House that something that has been purportedly from the budget will in fact be in the budget and be leaked. I will not tell him. But when he accuses me of sophistry, I wish he would explain what sophistry I just committed.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

Madam Speaker: As Hon. Members are aware, pursuant to a special order of the House, tomorrow the House will be considering Government Orders, while Private Members' Business will be considered on Friday. Consequently, the Order Paper and Notices will be published on Friday and not on Wednesday.

PETITION

MR. FULTON—NORTH SLOPE DEVELOPMENT

Madam Speaker: I have the honour to inform the House that the petition presented by the Hon. Member for Skeena (Mr. Fulton) on Monday, April 18, meets the requirements of the Standing Orders as to form.

* * *

[*English*]

PRIVILEGE

MR. NIELSEN—REPORTED LEAK OF PROPOSED BUDGETARY MEASURES

The House resumed consideration of the question of privilege of Mr. Nielsen.

Mr. Harvie Andre (Calgary Centre): Madam Speaker, at one o'clock I was addressing the point of privilege raised by the Leader of the Opposition (Mr. Nielsen) respecting the matter of the Minister of Finance (Mr. Lalonde) having leaked portions of the budget that is to be revealed later this evening.

It has been established very clearly that there has been important information leaked to the public, information that dramatically affects public financial markets, from a document identified by the Minister of Finance as the budget. It has also been clearly established that that leak is in violation of the Minister of Finance's oath of secrecy and his responsibilities. You have indicated to us, Madam Speaker, that it is necessary to show how those two actions, first the material being leaked, second the violation of the Minister's responsibilities, affect the privilege of the House and that is what I would like to do.

Section 16 of Beauchesne defines very clearly the privileges of Parliament. This was quoted earlier by the Right Hon. Member for Yellowhead (Mr. Clark) and I quote again:

> The privileges of Parliament are rights which are "absolutely necessary for the due execution of its powers".

The privileges of Parliament are absolutely necessary for the execution of its powers. As well, reading from Section 21 of Beauschesne:

> The most fundamental privilege—

Which is absolutely necessary for the execution of the powers.

> —of the House as a whole is to establish rules of procedure for itself and to enforce them.

To reinforce that, Madam Speaker, Section 20(3) of Beauchesne states that at the beginning of each session the Chair claims from the Governor General on behalf of the House, and I quote:

> —all their undoubted rights and privileges, especially that they may have freedom of speech in their debates, access to Your Excellency's person at all seasonable times, and that their proceedings may receive from Your Excellency the most favourable construction.

This House has the absolute right to establish procedures, rules and requirements. One of the absolute rights of the House, established over hundreds of years, is the right to hear the Government's budgetary proposal before anybody else, or simultaneously with anybody else.

Madam Speaker shakes her head. Madam Speaker has made up her mind in advance of any argument.

Some Hon. Members: Oh, oh!

Mr. Andre: Madam Speaker, it is argued that we have no right to demand from the Crown knowledge of the Crown's taxation plan prior to anybody else except those under an oath of secrecy. If that is true, think what follows. The laws of Canada result from legislation passed by this House, by the Senate, given Royal Assent and then proclaimed.

Throughout the history of our legal system, courts have ruled that retroactive legislation is, generally speaking, not enforceable simply because you cannot require people to obey a law that they do not know about and will not be passed until some time in the future.

The exception to that rule is laws emerging from a budget, because at the time of the budget, aside from the speech which is a political event, the substance of the budget is tabling notices of Ways and Means which say to this House and the rest of the country: "These are the Government's plans for alterations in existing tax law or new tax law", and so on. The law then becomes effective. It has been our practice that once the notices are tabled in this House, the taxman can start collecting, people can be required to fill out forms based on that notice of Ways and Means, and it is anticipated that there will be legislation passed to bring it back retroactively.

Madam Speaker: I am sorry to interrupt the Hon. Member, but I would like him to keep to the point. We have discussed this question of privilege now for over two hours and it is absolutely essential, if Members want to contribute to the enlightenment of the Chair, that they stick to indicating to the Chair how the privilege was breached.

The Hon. Member is now discussing the process of the presentation of the budget. I think all Members of this House are aware of that process and it is not necessary to describe the process so as to be able to adjudicate this question of privilege.

I would urge Hon. Members, because I will not be able to hear them indefinitely, to bring forward arguments that are of a nature that will help me to rule on this question. I would ask the Hon. Member to stick to the specific point of privilege.

Mr. Andre: Madam Speaker, I was endeavouring to do precisely that. Because of that fundamental method by which we impose taxes in this country, and if there is any purpose for an elected Parliament, it surely has to be to oversee the Crown's taxing plans and in fact to authorize them. The Crown cannot tax without authority.

• (1510)

If the Chair is suggesting that the Crown need not inform the House of its plans, that in fact the Minister of Finance, if he chooses, could give his budget and notice of change in income tax to his Chamber of Commerce, or to his friendly television reporter, or his tax adviser or somebody else, before giving it to the House, and that that is not an offence against the privileges of Parliament, then I humbly suggest there is no reason whatsoever for us to be here. If in fact the Chair is suggesting that the Minister does not have to give us the first public indication of his intention, and without violating the privileges of the House can give it to whomever he pleases, then frankly we might as well adjourn this House forever. If we have any purpose it surely has to be that. That is why the action concerning King John was taken at Runnymede, where Parliament came from—to prevent the Crown from going off and doing what it wanted. For the Chair to suggest that those centuries of tradition are immaterial and that the Minister of Finance can do whatever he blooming well wants is an absolute absurdity.

Nothing could be more fundamental to the privileges of every Member elected by Canadian citizens than that we be told of the budget by the Minister of Finance in this House and not learn about it from television reports or speeches that he makes to the Chamber of Commerce or by some other method. Nothing is more fundamental than that, Madam Speaker. Any self-respecting Minister of Finance would resign.

That is not your job. Your job is to protect the rights of this House. If you are not going to protect that fundamental right, you are not protecting any of our rights and there is no reason for us to be here.

I repeat, the most fundamental privilege of this House according to Beauchesne is to establish the procedures and rules, to establish processes, and not just the written ones. Citation 20 quite clearly sets out the common law practices. The centuries of tradition of the way budgets are presented is equally binding, equally part of our traditions.

One of the privileges that we as elected representatives of the people of Canada demand is that we be the first to be given public evidence of the declaration of the Crown's taxing plans. That is at the root of this institution and any failure to recognize that as a breach of our privilege is, in essense, a slap in the face to every Canadian who elected us and sent us here.

Mr. Doug Lewis (Simcoe North): Madam Speaker, I wish to address a few brief remarks to this question of privilege and perhaps to wrap up the argument for this side.

I would say at the start that it was our hope that the argument could continue on the basis of the precedent set in the case of the Hon. Member for Kenora-Rainy River (Mr. Reid). Immediately after the motions under Standing Order 43 were dealt with, on the orders of the day on July 24, 1975 at pages 7886-9, he made his argument on a question of privilege. It was on the basis of that precedent that we were attempting to argue at the start of Question Period that the

question of privilege should have flowed through. In those days the House commenced proceedings at two o'clock. Under the new Standing Orders, these days the House begins at eleven o'clock. You quite properly recognized the question of privilege at eleven o'clock and gave it the importance it deserved under Standing Order 20(1), which reads as follows:

Whenever any matter of privilege arises, it shall be taken into consideration immediately.

We were a little upset that the precedent set in 1975 was not followed. We felt that the argument should have been allowed to carry through with continuity.

Be that as it may, I support the argument of my colleague the Hon. Member for Calgary Centre (Mr. Andre) that the privileges of all Members of the House have been breached in that we read about and saw on television matters which were obviously in the budget which will be presented tonight. It is a breach of our privileges as Members that this material was disseminated through the media before it was presented to the House. The effect on the market, the effect on what action private citizens will take, has yet to be seen. The question of whether or not the Prime Minister will stand on tradition has yet to be known.

I would argue from a different point of view that every Member of Parliament has confidentiality, has privilege as set forth in Citation 16 of Beauchesne, which reads as follows:

Parliamentary privilege is the sum of the peculiar rights enjoyed by each House collectively as a constituent part of the High Court of Parliament, and by Members of each House individually, without which they could not discharge their functions and which exceed those possessed by other bodies or individuals.

I would submit to you that the Minister of Finance (Mr. Lalonde) has a privilege and a right; that privilege and that right is to have matters which he considers to be confidential kept confidential.

The question is whether the Minister of Finance let slip information which is in the budget deliberately or accidentally. If it was deliberate, it is a breach of the Minister's oath of office; if it was accidental, the disclosure of that in the media is a breach of the Minister's confidentiality, his privilege.

We would argue that in either case, whether you take the argument of the Hon. Member for Calgary Centre or my argument, the privileges of a Member or Members of the House have been breached. It is a matter of sufficient importance that we, as her Majesty's Loyal Opposition, and that Members of the New Democratic Party, concentrated the entire Question Period on it. You will know that does not always happen. I suggest to you that the fact that Members from all across the country representing the Opposition saw this as being of sufficient importance to devote the entire Question Period to it, lends weight to the argument that there has been a breach of the privileges of Members of the House.

If you find there has been a breach of privilege, we would move:

That a Special Committee be appointed to inquire into all the circumstances relating to or associated with the disclosure of budget information by the Minister of Finance on Monday, April 18, 1983, that the Committee consist of eleven Members of the House, and that the Committee have power to send for persons, papers and records.

Madam Speaker: I think I have heard a sufficient number of interventions on this particular matter. Hon. Members will understand that I obviously want to take some time to examine all the arguments that have been put forward.

I want to tell the House that I will rule on this question a little before the adjournment of the House. May I add that I will rule whether the Minister of Finance is present or not. Obviously it will be necessary to rule on the question today.

I am sorry, my English has played tricks on me. I did not mean adjournment. We are going to be back in the House at eight o'clock. I meant that I would rule just before we rise at six o'clock.

Mr. Lewis: Madam Speaker, I rise on a point of order. In view of the importance of this matter, would it be possible that I, as House Leader of the Official Opposition, and the House Leader of the New Democratic Party, have notice of your ruling so that we will be sure to be in the House?

Madam Speaker: Yes, I can do that. I will give notice to Leaders of the different Parties.

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, there are circumstances which you may or may not be aware of which may very well tend to compromise the Chair in the decision it is about to make. I do not know whether you are aware that the arrangements for a lockup were made by the Minister of Finance (Mr. Lalonde) to occur at 4:30 o'clock today. As a result of a question of privilege we raised this morning, the word now from the Minister of Finance to the media and ourselves is that the lockup will not occur until such time as the Speaker rules on the question of privilege.

● (1520)

Now, there are two points. I am speaking of compromising the Chair, Madam Speaker. There are two points, before you shake your head in the negative, finally ruling out the possibility that the two points I have to make might be valid. There are two points that have to be made here. We have had a clear indication from the Prime Minister (Mr. Trudeau) today in a Question Period which might be taken as having let them off the hook, as it were, by explanations that were allowed by the Chair over my objections of the moment—

Mr. Dionne (Northumberland-Miramichi): Get on with it.

Mr. Nielsen: If "Disco Duck" would stop interjecting and listen to what I am saying—

Mr. Dionne (Northumberland-Miramichi): Why don't you stop and get on with the business of the House?

Mr. Nielsen: We are very much on the business of the House. One of the points, Madam Speaker, is that obviously, as indicated by the Prime Minister, changes are being made to

the documented budget speech that was telephotoed yesterday afternoon.

Mr. Pinard: How do you know that?

Mr. Nielsen: Because the Prime Minister said so.

Mr. Pinard: No way.

Mr. Nielsen: He said so when he was answering questions today. He admitted that the—

Mr. Pinard: He said he did not know.

Mr. Nielsen: —documents photographed yesterday were going to be altered. That is clear.

Mr. Pinard: That is your conclusion.

Mr. Nielsen: The Chair, by delaying its decision, will be I suggest aiding and abetting the Government, which will have the luxury of the time between now and whatever time it takes to print those changes to set about giving effect to those changes that will be printed. That is precisely what is happening. The longer the Chair takes to make its ruling, the more opportunity the Government will have to make those changes.

The second point, Madam Speaker, is that the Chair should make its ruling on the basis of submissions made. The evidence before the Chair is all that is needed to make a decision. The Chair should not wait for any budget presentation. The Chair has indicated that the ruling is going to come down some time before six o'clock and that gives me some comfort with respect to that second point. But the first point is one which could very well compromise the decision of the Chair and place some doubt upon its impartiality—

Some Hon. Members: Oh, oh!

Mr. Nielsen: —if the view is taken that the longer it takes to make that decision gives the Government the opportunity to make those changes so clearly indicated by the Prime Minister today.

I urge the Chair to make the decision early. Indeed, as is often done in the practices of this place, the Chair might give some indication as to its predisposition at this point before preparing the final written ruling which will be coming down, as the Chair has indicated, before six o'clock. If we could have some idea now as to the Chair's reception of the submissions made with respect to there being a breach of the privileges of the House and a breach of the Minister's oath, that would make us rest a good deal easier on this side.

[*Translation*]

Mr. Pinard: Madam Speaker, the Acting Leader of the Official Opposition (Mr. Nielsen) is acting like a schoolteacher, and I find his attempt to tell the Chair how to direct the proceedings of the House entirely unacceptable. His habit of giving the Chair advice on how to act is truly obnoxious to any self-respecting parliamentarian. We have taken note of your intention to examine the arguments submitted and announce your decision in due time and you indicated that this would preferably, and at the latest, be a little before six o'clock this evening. We are of course agreeable to this very sensible decision, out of respect for this institution and for the Chair.

The Acting Leader of the Official Opposition also brought up the lock-up of media people and Members of the House. I submit, with due respect, that this is not the concern of the Chair, and that the Chair should ignore these considerations because these arrangements are made directly by the Minister of Finance (Mr. Lalonde) with the Parties concerned. There is no connection at all with parliamentary procedure or the Standing Orders of the House, and, with due respect, I again submit that the Hon. Member's urging the Chair to make a quick decision—to which we have no objection, I must admit—because of the delay this would otherwise involve in connection with the lock-up, that the Hon. Member's argument is not a concern of the House, and that it should not be given any consideration at all.

[*English*]

Mr. Nielsen: Madam Speaker, it would set my mind at rest, and certainly those of all of us over here; and my remarks can be discounted entirely if the Government House leader would give us his assurance now that the lockup will proceed as planned at 4:30.

Miss MacDonald: Well?

Mr. Nielsen: Is he prepared to give that assurance, Madam Speaker, that the lockup will be proceeding at 4:30?

[*Translation*]

Mr. Pinard: Madam Speaker, the Member for Yukon (Mr. Nielsen) is being very stubborn. I just said that the lock-up is no concern of the House, and now he expects me to answer one of his questions on the subject. The matter is totally irrelevant here. The lock-up is a matter to be decided by the Minister of Finance with Hon. Members, Party representatives and the media. That should be clear, it seems to me. I do not intend to argue about the lock-up. It is irrelevant, and I would appreciate no further questions being asked about the subject because I think it is a waste of time.

[*English*]

Mr. Nielsen: Madam Speaker, the fact is that the lockup is not going ahead because that budget speech and its changes have not yet been completed and will not be completed; and the longer they have to delay until six o'clock, the better it is going to be for the Government to hide its tracks.

Mr. Rossi: That is your opinion.

Madam Speaker: Well, if ever I was in doubt as to the isolation in which a Speaker is held, I have the proof today. I had no knowledge whatsoever of the lockup taking place at 4:30 o'clock, six o'clock or any other hour. I was, rather, under the impression that the lockup was taking place at the time at which the budget was being delivered. So that my decision to

rule later this afternoon before six o'clock, of course, has nothing to do with that.

Hon. Members have discussed at length the question of privilege. I hope they do understand, without implying that the Chair is compromised in any way, that if arguments are made over a period of over two hours, nearly three hours, obviously the Chair has to reflect upon those arguments and it does take some time.

However, I can tell Hon. Members that, having sat through all of those arguments, I have heard them, but I hope Hon. Members realize that before ruling the Chair does try to look at the blues to see whether all of the impressions the Chair has gathered from the arguments which the Chair has heard are in fact corroborated by what I can see in writing. Therefore I hope Hon. Members will give me the time to look at those arguments.

I repeat, I will try to rule as quickly as possible, as was my desire, before six o'clock, and I will give notice to the Party House Leaders of the time at which I intend to make my ruling.

* * *

• (1530)

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 3,502 and 3,543.

[*Text*]

CANADIAN MEDIA CORPORATION

Question No. 3,502—**Mr. Beatty:**

1. What is the total cost to the taxpayer of Canadian Media Corporation's services as an agency of record?

2. On what date did the Corporation start to perform services for the Government?

3. Since the Corporation first started performing services, which agencies or departments had other advertising agencies reserve time and space for them and, in each case (a) which agency performed the function (b) what amount was paid either directly or indirectly for the services?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Advertising Management Group and the Department of Supply and Services as follows:

1. From October 1, 1980 to and including November 30, 1981, the total cost as an agency of record is $1,780,471.

2. October 1, 1980.

3. The only government agency which had other advertising agencies reserve time and space was the Canadian Government Office of Tourism. This was necessary because the Canadian Government Office of Tourism requires the services of foreign country agencies. (a) This activity is co-ordinated by the Richmond Advertising Agency of Toronto. (b) In 1982-83, the expenditure budgeted for foreign advertising was $2,027,000, with Richmond Advertising receiving $150,000 for co-ordination services.

Question No. 3,543—**Mr. Beatty:**

1. Are there guidelines that determine whether Canadian Media Corporation reserves media space or time for the Government and, if so, what are they?

2. Which organizations are exempt from having to use CMC's services?

3. What is the Government's estimate of any savings to date resulting from the employment of CMC?

4. Does the Government have confidence in CMC's ability to perform its duties competently and in a non-partisan fashion?

5. Does CMC serve as agency of record for the Chief Electoral Officer?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): I am informed by the Department of Supply and Services and the Office of the Chief Electoral Officer as follows:

1. Yes. In accordance with Treasury Board Policy on the Management of Government Advertising (Chapter 485, Treasury Board Administrative Policy Manual), the agency of record reserves media space and time for the Government. DSS is currently maintaining CMC, Canadian Media Corporation under contract as the agency of record.

2. CMC's services are used by departments and agencies listed in Schedules A and B of the Financial Administration Act and branches designated as departments for purposes of the Financial Administration Act. All other Government organizations are exempt.

3. After fees have been deducted from gross savings, the net savings to the Government amount to $1,221,000 from October 1, 1980 to December 31, 1981.

4. Yes.

5. No, CMC has never served as agency of record for the Chief Electoral Officer.

[*English*]

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

[*Translation*]

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

Some Hon. Members: Agreed.

* * *

[*English*]

BUSINESS OF THE HOUSE

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I believe that Your Honour will have received a motion under Standing Order 30 from me this morning. Under the circumstances, I would request that that matter be disregarded at this time.

Madam Speaker: Is the Hon. Member asking me to withdraw that notice for an urgent debate under Standing Order 30?

Mr. Nielsen: Yes, the circumstances of the debate this morning and this afternoon have made that unnecessary now.

Madam Speaker: Very well.

GOVERNMENT ORDERS

[*Translation*]

ATHLETIC CONTESTS AND EVENTS POOLS ACT

MEASURE TO PROVIDE GOVERNMENT OPERATED POOL SYSTEMS

The House proceeded with consideration of report stage of Bill C-95, An Act to provide for government operated pool systems on combinations of athletic contests and events and to amend the Criminal Code and the Income Tax Act, as reported (with amendments) from the Standing Committee on Communications and Culture.

The Acting Speaker (Mr. Corbin): Before proceeding with the report stage of Bill C-95, it is my duty to inform the House that we have examined the motions relating to the report stage of Bill C-95, an Act to provide for government operated pool systems on combinations of athletic contests and events and to amend the Criminal Code and the Income Tax Act.

I shall now inform the House how the motions are to be considered. Motion No. 1 in the name of the Minister of State (International Trade) (Mr. Regan) and motion No. 3 in the name of the Hon. Member for St. Catharines (Mr. Reid) concerning the groups of recipients listed in Clause 18, Subclause 3, of the Bill, are to be grouped for the purposes of debate and be voted on separately. Motions No. 2, 4 and 5 will be considered and voted on separately.

[*English*]

Hon. Gerald Regan (Minister of State (International Trade)) moved:

Motion No. 1.

That Bill C-95, to provide for government operated pool systems on combinations of athletic contests and events and to amend the Criminal Code and the Income Tax Act, be amended in Clause 4 by striking out lines 29 to 32 at page 2 and substituting the following therefor:

"(4) The directors appointed pursuant to subsection (1) shall include at least one person from each of the following three fields, namely,

(*a*) arts and culture;

(*b*) fitness and amateur sport; and

(*c*) medical and health research."

Mr. Joe Reid (St. Catharines) moved:

Motion No. 3.

That Bill C-95, to provide for government operated pool systems on combinations of athletic contests and events and to amend the Criminal Code and the Income Tax Act, be amended in Clause 18 by striking out lines 11 to 20 at page 8 and substituting the following therefor:

"of the XV Winter Olympic games to be held at Calgary, Alberta,"

The Acting Speaker (Mr. Corbin): Is it the pleasure of the House to adopt the said motions?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Hon. Gerald Regan (Minister of State (International Trade)): Mr. Speaker, in relation to Motion No. 1, it is the position of the Government that this amendment should be supported. However, we are unable to support the second amendment to which reference has been given. At this stage, I might just give the reasons for the particular amendment which outlines, in detail, classifications from which directors will be represented.

The Government is moving this motion to amend Clause 4(4) because it was felt that a problem arises out of the vague expression, "beneficiary groups", which is not defined anywhere in Bill C-95 but which is in the present or what will be the former subsection. The term "beneficiary groups" is used in relation to the whole Section 18(3), making it impossible to say who would be entitled under the new subsection 4 to representation on the Board of Directors.

This amendment was initiated by the Opposition to ensure that the directors will have representation from the groups which will eventually benefit from the operation of the sports pool. The Government is simply ensuring that the intention of the Opposition in that regard is secured by this amendment. The proposed Government motion sets out clearly that representation on the Board of Directors will include at least one person from the fields of arts and culture, fitness and amateur sport and medical and health research.

Hon. Members will be aware of the aims of Bill C-95, to establish a mechanism to manage and operate a sports pool, to supply supplementary and non-tax revenues for the deserving areas of arts and culture, fitness and amateur sport and health and medical research. In addition, the sports pool will provide non-tax revenues for the fifteenth Winter Olympics Games to be held in Calgary in 1988. It is the responsibility of the federal Government to support worthy projects of that type, and as these games will benefit Canada and Canadians in many ways this source of funds becomes extremely important to the staging of the games in this country. In any event, I will restrict myself for now to the remarks I have made on the first amendment.

Mr. Reid (St. Catharines): Mr. Speaker, the joining of Motion No. 1 with Motion No. 3 makes it somewhat difficult from our point of view. As the Minister points out, Motion No. 1 arises out of an amendment which we proposed in committee and adopted in a certain language, now reduced to the language of the amended Bill C-95 and the Bill which is now before Hon. Members.

Motion No. 1 is a refinement of that committee amendment which provided for representation on the Board of Directors by the beneficiary groups. However, Motion No. 1 before us, and to which I have no objection, simply makes it very clear that representation on the Board of Directors would only be by the more or less permanent beneficiaries of Bill C-95, and not by the Calgary Games or any special project or event which might be the recipient of funds.

However, if I might now address myself to Motion No. 3, we have consistently been opposed to the sports pool, and for very good reasons, the first being that we want to be consistent with our position throughout 1979. Accordingly, I would like to say once again on behalf of Her Majesty's Loyal Opposition that we have been and are in opposition to the Bill, so as to be consistent with the position of 1979.

Second, we recognize that gambling can become as compulsive as any other addiction. Accordingly, we are in opposition because lotteries have become Canada's major social disease. We are also in opposition because it is a form of taxation on the poor. Surveys have clearly shown that those least able to pay are those most likely to buy.

• (1540)

Finally, we submit that this is simply a poor Bill.

In relation to Motion No. 3, if this Bill should pass we take the position that if there is to be a sports pool it must relate to the Calgary Olympics, just as Parliament was prepared to accept a gambling game operated by the federal Government in support of the Montreal Olympics. We have taken the position that while we are opposed to a sports pool and the implementation of such a game operated by the federal Government, a Crown corporation or agency of the federal Government might logically be required to support the Calgary Olympics. This follows precedents of Parliament with respect to the Montreal Olympics.

However, we are very much concerned with the history of Loto Canada leading up to the 1979 agreement. Loto Canada was scandal ridden and was brought before this House on many occasions by reason of one abuse or another of those games.

We have been told that the Bill provides for three substantially permanent beneficiaries; arts and culture, fitness and amateur sports, research in health and medicare. The Bill goes on to provide for funding of the Calgary games and any other major event. The indication is that the funds available will not fully support any one of these.

Nevertheless, if the game must proceed, then let Calgary be the beneficiary so that Calgary, and indeed all of Canada, can take pride in a successful games that are properly and financial secure.

We indicate, therefore, through Motion No. 3 that Calgary be the sole and only beneficiary of the proceeds of any sports pool game operated by the federal Government.

Mr. Terry Sargeant (Selkirk-Interlake): Mr. Speaker, I welcome this opportunity to make a few comments on Bill C-95. In all of its promotion of this sports pool Bill, the Government has relied on its $200 million commitment to the 1988 Calgary Winter Olympics. The upshot of that, of course, is to suggest that anyone with the gall to oppose the Government's plans to get back into the gambling business must have some kind of perverted desire to see the Calgary Olympics fall flat on its face. Let me deal with that briefly before I get into the heart of the Bill.

For the record, I and my Party support the Calgary Olympics. Like all Canadians, we are proud that Canada will play host to the games. We wish the organizers every success. We think it is imperative, however, that the Government meet its $200 million commitment to financing those winter olympics. It can be done without resorting to the kind of schemes embodied in this Bill.

For the benefit of Members opposite and some of my Tory friends, I want to tell the House what the Hon. Member for Winnipeg North Centre (Mr. Knowles) said in 1976 when the Government tabled a document in the House which established Loto Canada. He said:

> It is because we believe that physical fitness, amateur sports and recreation are important aspects of Canadian life that we think they should be financed out of general taxation and, therefore, paid for on the basis of the ability to pay—

He continued:

> —if the Government gets into trouble with something else—health costs, veterans pensions, or what have you—which it cannot afford, it will say 'we can go in for gambling again,' and the whole business of taxation and redistribution of wealth would be completely shot.

That is what we have in this Bill. Hiding behind the skirts of the Olympic Games, the Government is asking us to approve a new slush fund for itself generated from the profits of Government-run gambling.

The federal Governments' last two forays into legalized Government sanctioned gambling were to be on a temporary basis. The Olympic lottery was established in 1973 as part of a fund-raising package for the 1976 Summer Olympics in Montreal. The last draw was to be in December of 1976. But then, through order in council, the Government extended its tenure in the gambling business until 1979. When the present Minister of Energy, Mines and Resources (Mr. Chrétien) tabled the document on Loto Canada in 1976, he argued again the need for Government-run gambling to ease the burden of the deficits incurred by the 76 Olympics and the 78 Commonwealth Games in Edmonton. Loto Canada was expected to be in business from January, 1977 until 1979.

With this Bill, however, there is not even the slightest hint that there might be a termination date. Bill C-95 reveals the Government's intention to get into the gambling business on a permanent basis. As my colleague from Winnipeg North Centre predicted, the Government is going in for gambling on a permanent basis and the whole business of taxation and the redistribution of wealth is being undermined.

That is not the only prediction he has made which history has proven accurate. In 1976, the Hon. Member for Winnipeg North Centre said that the day would come when health costs,

veterans' pensions or other programs considered by the Government vital enough to be funded from the consolidated revenues of Canada would have to depend on the profits from gambling for funding.

What will this betting scheme support? Revenues from the sports pool are targeted not only for the Calgary Olympics but also to support arts and culture, fitness and amateur sports, worthy capital projects of national interest and medical and health research. Where will it end? It is a sad day when the future of Canadian health care depends on raffles and gambling schemes for funding.

Let us look at the facts. In the last ten years the federal Government has reduced substantially the proportion of funding it provides for medical research. In 1971 the federal Government provided 72 per cent of Government support for medical research. By 1979-80 that proportion had dropped to 59 per cent. With that trend in mind I think good questions to pose to the Government are: how much more will federal funding for medical research deteriorate? Will Canadians see the proportion of medical research support derived from federal tax revenues decline further when and if money is allocated from sports pool profits to medical and health research?

What we really have here is not funding for the Olympics. That is not the salient point of this Bill at all. What we have in Bill C-95 is an attempt by the Government to get back into the business of gambling on a permanent basis. It is an attempt to get back into the business of gambling, not only to finance the Olympic games but medical and health research, arts and culture and fitness and amateur sports as well. The scope of Bill C-95 is not limited to the Government's current desire to start a sports pool. A fact which should be remembered is that through clause (2)(b) of this Bill, the Government may embark on whatever gambling enterprise it deems lawful and desirable through order in council.

When the then Minister of Fitness and Amateur Sports, the present Minister of State for International Trade (Mr. Regan) who is introducing the Bill in the House today, was flogging this Bill to the media he argued that both the federal and provincial Governments need a non-tax source of revenue for certain undertakings. Lotteries and his proposed sports pools are his idea of a voluntary form of taxation. He has certainly put a pretty face on what amounts to abandoning fair taxation in favour of Government-run gambling. We should expect no less from a Government that has given us a Liberal advertising body called the Canada Unity Information Office.

What is the nature of the Minister's voluntary taxation—his non-tax source of revenue? For one thing, it is a form of taxation that takes proportionately more from the poor than it does from the rich. When one thinks about it, it is not really surprising that it is the poor and not the rich who fall for other Government betting schemes. Lotteries, this sports pool and other Government-run gambling are turning millions of Canadians into gamblers. The rags to riches, easy money outlook bred by lottery advertising is naturally appealing to poorer Canadians.

A 1977 profile commissioned by Loto Canada found that 54 per cent of the buyers of lottery tickets earned less than $20,000 a year. A similar study conducted by Gallup found that 73 per cent of people who earned less than $6,000 a year took part in Wintario. This is the clientele government betting schemes appeal to.

The Government Members will say, "What about bingo? Does the NDP want to get rid of bingo because it is a game of chance and appeals to the poor too?" No, we do not want to purge the country of bingo. We have nothing against bingo because bingo is totally unlike the lottery system. Bingos bring people together to participate in a social event, but buying a lottery ticket is an act consummated alone.

• (1550)

The main motivation behind buying a lottery ticket is to find a magic solution to all of one's economic problems. That is the pitch the Governments of this country have been selling in their aggressive marketing of lotteries in the past. The manager of one provincial lottery admitted as much. He said:

> We base all our marketing strategy on greed. It is our big selling point. People do not buy tickets because they want to help a cause. They buy a ticket because they want to win.

There we have it. Thousands of Canadians are living in poverty or so close to poverty it amounts to basically the same thing, and the Government is giving them a crack at bettering their lot. Of course, no one is told what the incredible odds are of winning the big prize. In the Western Express, for example, the odds are one in 500,000. You have a more of a chance of being struck by lightning than you do of winning the grand prize in a Canadian lottery; and that will be no different with this sports pool.

The Government is trying to hoodwink people by claiming that this sports pool is really a game of skill. Simply predict correctly the final score of 12 to 16 hockey or baseball games and you can take home the big prize. Who do they think they are kidding? Instead of having the winning number selected by a computer, the winning ticket will be determined by chance, by the outcome of a dozen or more sporting contests. I do not know how that can be considered a game of skill. The chances of guessing correctly the outcome of a dozen or more hockey games could be as high as one in one trillion. With that many games involved in each pool, even the most knowledgeable sports fans would have stumbled across an incredible piece of luck if they picked the correct final score in every game.

Are you signalling that I have only a moment left, Mr. Speaker?

The Acting Speaker (Mr. Corbin): Yes.

Mr. Sargeant: I will sum up by saying I think it has become obvious that we are opposed to this form of voluntary taxation. We are opposed to this piece of legislation and we will vote against it in the House when it comes to a vote.

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, right now we are dealing with two amendments. I have a bit of a problem in following the Chair's ruling with respect to the grouping of Motions Nos. 1 and 3. First, Motion No. 1, and I

want to speak to it first because, with respect, Sir, it is quite a bit different from Motion No. 3, which deals with who shall be directors.

The Acting Speaker (Mr. Corbin): Order. I appreciate the Hon. Member's remarks. The Chair, as Hon. Members understand, is sometimes given a grouping of Motions with the assumption there is similarity between them. However, upon second examination of the grouping which the Chair made earlier, I have asked that the matter be re-examined to ascertain whether there is similarity. The remarks of previous speakers that there is no similarity might be quite valid. In any event, that matter is being reviewed at this time, and if need be we will reverse that arrangement. The Hon. Member for Mississauga South (Mr. Blenkarn).

Mr. Blenkarn: With your permission, Sir, I will devote my remarks entirely to Motion No. 1.

I think this Motion tends to mislead the House. Motion No. 1 refers to the appointment at some time of directors, one of whom must presumably come from arts and culture, one from fitness and amateur sport and one from the medical and health research field. The Motion does nothing about the quantum of directors.

This new sports pool corporation is really "gamble on the cook's sports pool or we will organize the game in a way that will result in someone winning." Aside from the problem that could well arise with interference in the results of professional and amateur sporting events with this whole sports pools concept, what we have is a motion produced by the Minister which is really a motion to paint a better picture on a Bill. It is pretty to paint a good picture on this Bill. The Minister says of my 15 directors we might as well give one directorship to somebody representing arts and culture, we might as well give one to somebody representing fitness and amateur sport, and one to somebody representing medical and health research; the rest can go to my favourite Liberal hacks.

One result of sports pools and betting is the accumulation of some free slush money for Governments. This is unaccountable money. If the Government wants to do a good deal for a favourite cultural group it is able to dip into a free pot and pay out. It may want to do something or provide a new building, stadium, or even a domed stadium. It is good politics to have a building built in somebody's riding. Therefore, the Government can dip into the pool and do something in the way of a grant for one person as opposed to another. After all, they are all represented on the board, are they not?

Out of a board of 15 directors there will be one for arts and culture, one for fitness and amateur sport and one for medical and health research, plus 12 hacks from the Liberal Party to make sure the Government in power has control over this wonderful free pot. The Government will be able to dip into it, honey dip it and do what it wants with the money.

Where does the money come from? It is supposed to come free. It is taken from those least able to pay and given to those the Government wants to look after.

The money does not come from the highly mobile or big wage earners, it comes from pensioners, pensioners in many cases who are at or below the poverty line. They are the ones who buy the $5 tickets, the $10 tickets, the $1 tickets, or whatever, because they hope somehow that lightning will strike them and they will be relieved of their misery.

That this Parliament with this phoney director-system set out in Clauses 3 and 4 of this Bill, made more phoney by the amendment produced by the Minister, should approve the kinds of things that happen in a gambling operation designed to fool the poor, fool the least competent in our society, bring in the suckers and rip them off, is unconscionable. We would be better to allow the setting up of Las Vegas casinos. At least they have a tendency to attract jetsetters. At least that is what they do. At least Las Vegas casinos bring in the highflyers who can afford to lose a buck or two. What do these sports pools bring in? Do they bring in the highflyers? Not on your life. Do they bring in the people who are worried about amateur sport? Not on your life. They bring in the little people who desperately want to improve their position and somehow want to get out of the box of poverty and hardship. The sports pools rip them off.

What are the rip-off figures? The last time we had Loto Canada 28 cents out of every dollar want to discounts, wholesalers or advertising. I suppose it went back into the economy. Only 27 cents was profit. That is all there was in it for amateur sports, culture, medical research, athletes or perhaps an olympic game or two; and 45 cents was used for prizes to the lucky. Those are not good odds.

• (1600)

Why do we not tell people to gamble on the stockmarket? Maybe they would make something, maybe we would build the country. But what do we do? We organize the system, approve it as a moral position of our country, rubberstamp it and make it look good because, after all, we will put on the board of directors one person from arts and culture, one from fitness and amateur sport, and one who will represent medical health and research. Of course the rest of the group will represent the Government in power and the Government's right to dip into the pot and look after whoever it wants to look after.

The Bill, the amendment and the concept that we can somehow slide over the sleaziness of the Bill by appointing people, only three out of 15, to represent the supposed beneficiaries of this supposed benefit to society, are wrong, and the House should tell the Minister that they are wrong.

The Acting Speaker (Mr. Corbin): Order, please. Earlier the Chair advised Hon. Members that it would have the arrangement of motions for debate and subsequent voting re-examined in light of the statement read earlier today by the Chair, taking into account the well-founded comments made by Hon. Members previously in the course of debate. The Chair finds that all motions should be debated separately and voted on separately in due course. Therefore the House is now debating

Motion No. 1 which the Chair has already read. In due course I propose to again read Motion No. 3 in its proper numerical order.

However, having informed Hon. Members earlier at the beginning of debate that Motions Nos. 1 and 3 should be debated together but subsequently voted on separately, it would be incumbent upon the Chair at this time to see if Hon. Members who have already spoken wish to speak again. Presumably it would have to be on Motion No. 1. The Chair is extremely conscious of the fact that it should not deprive any Member of his or her privilege to speak on any motion before the House.

If there are no Members having already spoken who wish to speak again specifically on Motion No. 1, I will recognize the Hon. Member for Edmonton North (Mr. Paproski).

Hon. Steven E. Paproski (Edmonton North): Mr. Speaker, I am surprised that we should even be discussing this Bill in the House at a time when there are so many people unemployed with so many serious things happening in the country. This Bill must be part of the $4.6 billion job-creation program which we will probably see this evening. It is sort of a pork-barrel creation for Liberals at $35,000 annually. Lotto Canada was supposed to have been exterminated, but it is still hanging in there somewhere with $16.5 million in the kitty collecting interest. The fitness and amateur sports people and the cultural people just do not know what the Minister will do with it.

I would like to give a bit of history in this regard. It surprises me that we have Bill C-95 to establish another lottery or sports pool without the Government having contacted its provincial colleagues in lotteries to say it intends to go ahead with something like this. The Government has not contacted any of the Ministers who had anything to do with lotteries since the agreement of 1980. I checked this out today to make sure that I was right. The only agreement they have is the one between the Government of Canada and the different Provinces regarding the $24 million connected with the CPI, which now amounts to $34 million annually being received from the Provinces.

The Minister said that they would be able to make more money out of this new pool. What will happen to the $34 million? Will they cancel out this particular agreement? The Provinces will say no, that if the federal Government wants to get into the lottery business and the sports pool business, that is fine, but it has lost itself $34 million annually. The federal Government is duplicating services as far as lotteries are concerned. What has happened to the $94 million or $98 million which is now in the kitty as of this quarter? Approximately $47 million goes to fitness and amateur sport. Why have the sporting fraternities not complained a little to the Minister? They always say that they do not have enough money. What has happened to them over there at 33 River Road? Why have they not complained to the Minister, saying that they have not received any of the $47 million? They are supposed to receive a piece of the action. Where is all this money?

Mr. Regan: What a lot of baloney.

Mr. Paproski: I know the Minister of State (Multiculturalism) (Mr. Fleming) went ahead and spent a little money on a few things for a cultural event. I think he might have received some funds from that particular kitty, but the poor fitness and amateur sport people, what did they receive? In my short tenure of office, they were on my doorstep every day saying that they did not have enough funds. Now, after three years of obtaining money from the provincial Government without any effort or any work whatsoever and with all this money in the kitty, I do not hear them complaining. Privately they do. Privately they say that the feds are real rats and will not give them any money.

I have heard this Bill many times called the Calgary Olympics Bill. What a bunch of baloney. Who is the Minister trying to kid? How can he even say things like that—

The Acting Speaker (Mr. Corbin): Order, please. I regret to interrupt the Hon. Member, but the House is now debating Motion No. 1. The Chair has been following the remarks of the Hon. Member attentively. Perhaps he could tell us in what way his remarks are directed to the contents of motion No. 1.

Mr. Paproski: Certainly, Mr. Speaker, but I thought the House should have a little history of what is happening in order to be well aware of what the Minister is trying to do by establishing this lottery Bill or this gambling Bill. I know he will set up a board of directors. He will get its members from arts and culture, fitness and amateur sport, and medical and health research.

• (1610)

First we had an agreement with the Provinces which was related to just fitness and amateur sport and culture. Look what they have done with the fitness and amateur sport portfolio. They have given it to some poor little man in the other place who can hardly walk. That is where the fitness and amateur sport people have a Minister to look after them, in the other place.

Let me get to the back to the creation of directors. These will be order in council Liberal appointees at around $35,000 to $40,000 a year. Many of them are waiting for the jobs because when we got rid of Loto Canada there were about 6,000 Liberal hacks who were relieved of their kiosks which paid $35,000 annually. When we used to ask whether they were making any money, they would say no, but they received $35,000 annually to sit in a little booth and rip off the people of Canada.

I cannot believe this Minister, a really fine gentleman, going into something like this. He is familiar with amateur sport. I am told that he used to be a broadcaster. He has all kinds of other talents.

I cannot believe this job creation program that the Government is trying to establish today with this sports pool. Is there not something much better to get into without hurting the Provinces? This will not only be duplicating a service, the

federal Government will be shafted by their provincial counterparts because it will be deprived of $34,000 million. It will not receive that money.

Since January 1, 1980 the kitty has built up to $94. Half of that is $47 million. The Calgary Olympics will be in 1988. I do not think we have to worry about that because this Government will no longer be in power. Those individuals opposite will be sitting on your left, Mr. Speaker. They will not have to worry about lotteries, the olympic games, or anything else.

The university games were supposed to receive money from the agreement now in existence. They have not received any. The Calgary Olympics was supposed to get money from this agreement. It has not received a cent. This was put in as part of the agreement. I think there must be a few Liberals in Calgary. I cannot understand it, they are not complaining enough. They should get after this Minister. I am surprised that some people in Edmonton do not give the Minister a block from the blind side when he comes to Edmonton because he sure has not done a job for them. No wonder the Liberals are dead in the Province of Alberta. It is unbelievable what this Goverment had done to them.

The Hon. Member for Mississauga South (Mr. Blenkarn), the Hon. Member for St. Catharines (Mr. Reid) and my friend from Selkirk-Interlake (Mr. Sargeant) have all expressed their feelings. They know exactly what is happening. It is funny that we on this side know what kind of ding-a-lings the people of Canada will get, yet over there all they do is smile. Let me tell them, whether it be two months from now, six months from now or whenever the next election comes along, we will show you who the ding-a-lings are, and who is going to get ding-a-linged.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I do not know if I can be as amusing as the speaker who just completed his remarks. I will try and stick a little more closely to the motion before us. I might offer a few comments on what was said by the Hon. Member for Edmonton North (Mr. Paproski). If it had not been for the action of that Member when he was Minister, we would not have the proposed Bill before us at this time. We would have Loto Canada receipts to do that which this Bill proposes to do.

The Hon. Member talked about ripping off the public by those who were selling the Loto Canada tickets. I believe the people involved in that operation will take some resentment from that remark, particularly since he was so anxious to pass it off to his kindred folk in the Provinces. Is he now suggesting that they are continuing to rip off Canadians?

He then accused the Government of turning over responsibility for this Bill to a poor little guy in the other place who can hardly walk. I find that they resemble each other physically. That little guy in the other place may not be a great walker, but he has considerable ability to run.

It is appropriate that Motion No. 1 to amend Bill C-95 be adopted by this House because it ensures that the arts and culture, fitness and amateur sport and medical and health research will be represented on the board of directors. That is entirely worthwhile and probably should have been in the original Bill.

It was strange to hear the Hon. Member for Mississauga South (Mr. Blenkarn) condemn that proposal as being an opportunity for the Government to get its friends on the board of directors. Exactly the opposite is true. What makes his condemnation even more strange is that it was his Party which proposed this motion in Committee. The Government accepted it because it thought it was a good idea. When it accepted that proposal, it did not expect the Opposition to change its position. I therefore urge the Members of the opposition to at least be consistent when debating Bill C-95.

I was surprised to hear the remarks of the Hon. Member for Edmonton North regarding the Calgary Olympics. I am surprised he does not want the proceeds from the lotteries that will be established under Bill C-95 to go to the Fifteenth Olympic Games in Calgary.

Mr. Paproski: That is not true.

Mr. Dionne (Northumberland-Miramichi): The Hon. Member says that is not true. I suggest he make his position clear because he has not done that to date. He cannot have it both ways.

Mr. Paproski: Mr. Speaker, I rise on a point of order. I would like to straighten out the Hon. Member. I know he really does not mean to say what he is saying at this time because that is not what I said. I said that there are moneys available now amounting to $47 million which the federal and provincial Governments have that could go to fitness and amateur sport with the other $47 million for culture. Between now and 1988 there will be sufficient funds if the federal Government keeps on getting $34 million under that particular agreement. Forget about this Bill at this time. I was referring to the agreement that we now have. At $34 million annually between now and 1988 there will be sufficient funds to look after the piece of the action which the federal Government is supposed to provide for, I believe in the area of $200 million. That includes coins, stamps and all the other little things. If it puts aside the moneys it is now getting from the lotteries, there would be sufficient money not only for the university games in Edmonton this year, but for the Olympics in 1988.

• (1620)

Mr. Regan: On a point of order, Mr. Speaker. The Hon. Member for Edmonton North (Mr. Paproski) estimates the money coming from the Province because of Canada moving out of Loto Canada at $34 million a year and if put aside, it would provide the money necessary for this cause. In fact, it has not been $98 million that has been received, but to date the total amount received has been $78 million.

The Acting Speaker (Mr. Blaker): Order.

Mr. Regan: That money has been spent and it has been fully accounted in the House. If the Hon. Member looks at page

22588 of *Hansard* he will see that outline of where the money went.

The Acting Speaker (Mr. Blaker): Order. May we have some order, please. The Chair recognized the Hon. Member for Edmonton North (Mr. Paproski) on what I understand to be a valid point of order under Standing Order 41 which reads:

No Member, unless otherwise provided by Standing or Special Order, may speak twice to a question except in explanation of a material part of his or her speech which may have been misquoted or misunderstood, and the Member is not to introduce any new matter, but then no debate shall be allowed upon such explanation.

Therefore, it is not in order at this point to allow the Hon. Minister to continue his remarks as they are more in the nature of a statement than a misquote or a misunderstanding.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I am speaking to Motion No. 1 and not to the point or order of the Hon. Member for Edmonton North, except to say that if I have misrepresented his point of view I will certainly have no hesitation in apologizing to him. I do not find any relief from the so-called explanation he gave in his so-called point of order.

Let us look then at the revenues expected by the Calgary Olympic Committee from the Government of Canada for the XV Olympiad. The Committee is anticipating income of $200 million from the Government of Canada. It was in 1980 that Loto Canada was turned over to the provinces for their plunder, and I use that word because the Hon. Member for Edmonton North said it was a rip-off. Since that time, the Government of Canada has received $78 million, and the Hon. Member for Edmonton North says that between now and 1985 there will be no trouble getting $200 million from that source to give to the XV Olympiad Committee. One would have to stretch mathematical probability a bit to get that amount.

More important, if that were the course the Government took, then there would be absolutely nothing left for any other activity, whether it be in culture and art, fitness and amateur sport, or in assistance to medical and health research. His proposal would see all revenue of the federal Government coming from the former Loto Canada going to the XV Olympiad. I contend that that would not come anywhere close to the $200 million the Olympiad Committee anticipates. Therefore, I think this is another attempt by the Official Opposition to have it both ways.

I support Motion No. 1 and hope it will be incorporated in the Bill so that the appointment of a board of directors will indeed require representatives from arts and culture, fitness and amateur sport and medical and health research. In that way we will be certain the interests of those groups are represented first-hand at the meetings of the board of directors.

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, as I rise to speak on Bill C-95 I return to that with which I am familiar. There are social organizations in everyone's constituency; service clubs, bingos, church groups that want to organize and sell tickets in some form to raise money to entertain children, or to participate in whatever sport may be their choice. I wonder how much the general public can support in the way of donations? Here we are begging again. As I said, we are giving our local communities opposition.

How far should we go in our support? How far should we go in asking people to support this and support that? This sports pool will probably be just another method of taking money away from families that should be spending it on some of the more essential things in life rather than on a dream of some far-off place in the future, a dream of pie from the sky dropping down to them.

I have said before that I think our society is over-organized. We have so much competition. How far can we go with this competition? Who are we going to hurt? As was stated here earlier, the people who probably can least afford to buy these tickets are the ones who buy the most. Their money should be spent on food, clothing, on other more tangible goods rather than on the hope of winning the lottery.

I was very convinced of this not too long ago when I saw the number of people lined up to buy Wintario lottery tickets. There were long lines of people; but there is only one winner. There is only one person who gets the pie in the sky. One individual from Montreal won a lot of money.

Lotteries like that collect a great deal of money, and in this way take money away from families that should have it for every day needs.

When visiting my riding, I witnessed a chap I happen to know buying tickets. He was gambling with these tickets that he was going to win. He had tickets from different organizations. I realize that there are some restrictions put on these lotteries by the provincial Governments, but this chap, as I said, was going for the pie in the sky. He was spending money that he would never get a return on in any way, shape or form. He spent $25 that he will never see again on that long-shot chance.

I am concerned by the moral side of the issue as well. I think that we are probably disturbing a lot of people in our church groups with so many lotteries. We are going to spend money here and we are going to spend money there. That money is spent without any assurance of return. This certainly gives me, as I am sure it gives many Members in the House today, reason for concern.

Think of our farmers who have on several occassions marched on Parliament Hill and other places; they are all in this fierce world of competition for the dollar. What do we do with our dollars? In so many instances, we waste our dollars.

Tonight we will have a budget. I cannot help but think of it. What is the Government going to do for many of these people? Are we taking the wrong approach by collecting some of this money? We are not giving our people any guidance, and I think this is something we should consider. We have the racetrack and a great many other places where we spend money. I do not call this money frivolous, I call it hard-earned money for many of these people. As I said, these people need a little guidance on how to spend this money. I think this would

be a much better society if the Government provided that guidance. Sure, we all like to get something for nothing; that is human nature. The Government is supposed to give guidance, but what has this Government done? It would be hard to count what the Government has done. There is nothing to count as far as I am concerned.

I have been involved with sports all my life. I know what it means to build an arena, I know what it means to build a community centre. We have to assess the success of these projects after they are built. Did we build too many of them, did we build some of them too big, can the community afford to operate this complex? These are all questions that come up.

With those few remarks at this stage of Bill C-95, I ask of the Hon. Members to think about the measure. Think about the less fortunate people in life, those who look to us for guidance. Do we make things too easy for them? Do we give them too much encouragement to throw their money away because the state will look after them? This is what concerns me. Some people become too dependent on the state. They are asking the state for everything. This takes away the initiative to get out and fend for themselves and their families. These are some of the things we are probably encouraging with these pie-in-the-sky deals. With these few remarks I will yield the floor to someone else, Mr. Speaker.

● (1630)

The Acting Speaker (Mr. Corbin): I was about to call the Hon. Member to order. Perhaps as a general admonition I should call the attention of Members to the fact that we are debating Motion No. 1 which concerns the appointment of directors from various endeavours such as art, fitness, medical health and research. I trust that Hon. Members will make an effort to stick with the subject matter of the motion.

Mr. Reid (St. Catharines): I rise on a point of order for clarification of a ruling the Chair made earlier, and to emphasize that each Member may speak for his allotted time of ten minutes on each of the four motions following Motion No. 1 which is before us at this time. I gather that the ruling of the Chair was that Motion No. 1 would be separated from Motion No. 3. This would permit a Member to speak again on Motion No. 3 when it reached its turn. When we conclude any discussion on Motion No. 1 which has to do with appointments to the board of directors, we might then move to Motion No. 2 and continue the debate with respect to that motion.

The Acting Speaker (Mr. Corbin): So there is a clear understanding of the process, the five motions will be debated in their numerical order. They have now been totally dissociated where they were previously associated. Each individual motion will be debated separately and, if need be, voted on or disposed of separately.

Is the House ready for the question on Motion No. 1?

Some Hon. Members: Question.

The Acting Speaker (Mr. Corbin): Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Motion No. 1 (Mr. Regan) agreed to.

The Acting Speaker (Mr. Corbin): We will now proceed to consideration of Motion No. 2 (Mr. Reid (St. Catharines)).

Mr. Reid (St. Catharines) moved:

Motion No. 2.

That Bill C-95, An Act to provide for government operated pool systems on combinations of athletic contests and events and to amend the Criminal Code and the Income Tax Act, be amended in Clause 14 by striking out lines 11 to 22 at page 6 and substituting the following therefor:

"14.(1) The objects of the Corporation are to organize, operate and manage, alone or jointly with the governments of any one or more provinces with which the Corporation has entered into an agreement or agreements for such purpose, pool systems in accordance with regulations made pursuant to section 16."

He said: Mr. Speaker, Clause 14(1) of the Bill provides for the operation of a sports pool and goes on, in paragraph (b), what we call the Mack truck clause, to allow the Crown corporation to be established under the act to operate any other lawful game which the Governor in Council might direct or decide upon. That is a Mack truck clause.

In my opening remarks I said that this was a poor Bill, and I specifically referred to this provision as an example of an open-ended item for any kind of game which the Crown corporation might wish to become involved in. We know that the Bill contains an amendment to the Criminal Code, so that whatever amendments are required can be made to the Criminal Code to allow any Crown corporation to operate the game referred to.

This Party is on record as being in favour of the 1988 Calgary Winter Olympic Games being properly funded, so that Calgary and Canada will be the hosts of the 1988 games. This could be a milestone in Olympic history.

The offer made by the Provinces was to share and if the Minister was prepared to negotiate further, to assume the commitment made by the Government of Canada to Calgary in the amount of $200 million so that it would not have to become involved in a lottery at all. The Minister continues to say that he must have passage of this Bill so that he might bargain or argue from strength to meet the demands of the Provinces. Who is the Minister trying to kid? If the Government is interested in sport or in the success of the Calgary games, let the Minister separate the funding of the Calgary games from the sports pool.

There has been enough indication that the sports pool is doomed to failure before it gets off the ground. The Government knows full well that even with passage of this Bill today it will still be a matter of many months or years before Calgary will see revenue from the sports pool to assist it in its promotion of the games.

We as a Party know that support is needed for arts and culture, medical and health research and is badly needed for fitness and amateur sport. How can any of the beneficiaries

named in the Bill plan, develop or organize without any commitment on funding? It is a poor Bill indeed when not one of those beneficiaries can count on any percentage of funds if as and when a division of funds takes place. It is our position that the responsibilities of Government cannot be met by games of chance, lotteries or sports pools.

In Committee we were primarily concerned with two things. The first was whether it would be reasonable to expect the sports pool to generate the sufficient funds to finance the Calgary games or to meet the $200 million commitment of the federal Government. The second was the assurances that any of the beneficiaries might have that they would receive any funding at all.

On the first matter, the Minister responsible reduced his exaggerated original estimate of $100 million net per annum by a Committee announcement that it might only be some $80 million net.

The Hon. Reuben Baetz, the Ontario Minister of Tourism and Recreation and Chairman of the Provincial Lottery Corporation appeared before the Committee. He was the only person who appeared before the Committee who had any experience in a lottery or in funding. He pointed out that at best the federal Crown corporation to be established under the Bill would receive no more than $30 million to $40 million per year gross. That is a far cry from the $80 million the Minister said they would receive under a sports pool game.

● (1640)

I want Members of this House to consider an additional fact, Mr. Speaker. The Minister responsible could not offer a single scrap of evidence to support his claim, while the Province of Ontario had data, information and documents to support its presentation before committee.

Let us look at these facts as well. On November 30, 1982, the Province of Quebec launched its Hockey Select sports pool concept game, based on Canada's most popular game, hockey. The gross from the second weekly draw, the most lucrative during the whole of the season, was $136,000. It has been steadily going downhill from that time to the end of the hockey season. By January, 1983, the weekly gross was down to $70,000; in February it fell to $40,000. Indeed, Quebec is considering the discontinuation of Hockey Select or the sports pool game. I would ask the Minister, if he cannot sell pool tickets in the Province of Quebec on the Montreal Canadiens and the Quebec Nordiques, where does he expect to sell his sports pool tickets?

Mr. Paproski: In Nova Scotia.

Mr. Reid (St. Catharines): Government Members like to talk about the success of pools in Europe. They talk about the great success of Lotto or whatever game they refer to. But the results they quote are far more fiction than fact. Let us look at some of these lotteries. In Belgium the sports pool receives 1 per cent of the lottery games; in the Netherlands, 10 per cent; in Poland, 7 per cent; Switzerland, 5 per cent, and so it goes.

If those percentages were transposed to the Canadian lottery market, it is easy enough to see that the provincial estimate of sports pool revenues is much more readily justified, and that the federal Department's projections are simply a figment of someone's imagination still not supported by facts or figures. Any honest, realistic assessment of sports pool revenues will lead to the conclusion that such a game will not produce the funds necessary to meet the expectations of the beneficiaries described and referred to in Bill C-95. What that means, simply and clearly, and what the Provinces point out, is that the federal Government will get into the lottery business and run the risk of losing that new-found $30 million per year. The Government will put us back into pre-1979 years of competition with the Provinces when Loto Canada was the biggest media spender in the country.

The Provinces view the inclusion of Clause 14(1)(b) as a deliberate indication of an intent by the federal Government to get back into the lottery business, and deliberate contempt for an agreement which the Provinces entered into in good faith. They have paid $94.5 million to this federal Government since 1980 and have assumed an additional sum of $29.8 million, which was a commitment by the federal Government to the building of certain arenas across this country. Over $120 million have come from the provinces to federal coffers under that agreement.

It was stated in committee by some Government Members that it is not the intention of the federal Government to get back into lotteries. It is incumbent upon the Minister to say clearly whether or not it is the intention of the federal Government to become involved in lotteries.

If it is alleged that Clause 14(1)(b) is needed as a back-up measure to guarantee the success of the sports pool, and if it is intended that such a back-up is not going to be a lottery, then I challenge the Minister to spell it out and tell us just what is the nature of the game the federal Government proposes to use as a back-up to a failure or a doomed sports pool. Why should Government Members over there be so anxious to vote for a provision which puts them in a position where they will be voting for a gaming operation about which they know nothing? There is no indication of any kind about the nature or type of game the Government proposes to use. Are we as a Parliament, or is the Government of Canada to be involved in an operation of a Las Vegas-type of video electronic gambling parlour-casino? What, Mr. Minister, do you propose to use as any other lawful game as referred to in this Act? Withdraw Clause 14(1)(b); better still, withdraw the Bill.

Some Hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. NIELSEN—REPORTED LEAK OF PROPOSED BUDGETARY MEASURES—RULING BY MADAM SPEAKER

The House resumed consideration of the Question of Privilege of Mr. Nielsen.

Madam Speaker: I am now prepared to rule on the question of privilege raised previously by the Hon. Leader of the Opposition (Mr. Nielsen).

I listened, of course, to a wide range of arguments in relation to this question of privilege and have since read the arguments presented by a number of Hon. Members. The responsibility of the Minister to safeguard the secrecy of the budget until it is presented in the House was underlined in those presentations. Many references were made by Hon. Members to a Minister's oath of secrecy and the implications of a budget leak in constituting a violation of that oath. The main thrust of the arguments, as I understood them, concerned the propriety of ministerial conduct, the economic effects of the premature release of budget information, and the right of the House to be informed of the contents of the budget before it becomes a matter of public record.

All these matters of course are of a very crucial political importance, and there are very good reasons for preserving budget secrecy. Those reasons have been enumerated by Hon. Members. But budget secrecy is a political convention. So also is the practice whereby the Minister presents his budget in the House before declaring it in any other public forum.

In the present case the Minister of Finance (Mr. Lalonde) is charged with responsibility for a budget leak. There is a procedure, namely a substantive motion, which is provided under our practice, for the purpose of making direct accusations against holders of certain offices, including Ministers. We have ample precedents for this principle and I would refer Hon. Members to the decision of Speaker Michener on June 19, 1959, in relation to the Pallett case. In the course of his ruling he said:

> In my view, simple justice requires that no Hon. Member should have to submit to investigation of his conduct by the House or a committee until he has been charged with an offence.

This kind of allegation is not a matter for the decision of the Chair. It is not a matter which should be pursued by way of a question of privilege either. The Hon. Leader of the Opposition (Mr. Nielsen) himself acknowledged that it was not for the Chair to decide whether or not there has been a budget leak or to pass judgment on the Minister.

In neither of the British cases referred to was the matter raised by way of a question of privilege. The J. H. Thomas case, which arose in 1936, involved impropriety. The matter was investigated by a tribunal of inquiry, an extra-parliamentary body, and the Minister subsequently resigned. The Dalton case involved an indiscretion. It was raised by way of a private notice question on November 13, 1947, and the Minister resigned shortly afterwards. The matter was then investigated by a select Committee of the House. I would point out that the House is free to pursue this course in the present case should it choose to do so. The point I would emphasize is that it is not a matter for the Chair and the Chair should not be involved in any decision which the House may take in this respect.

Reference was also made to a case which arose on July 24, 1975, when a Member raised a question of privilege as the result of an article which claimed that he had leaked budget information and passed it on to businessmen. In this case, the Speaker found that a prima facie case had been established and the matter was referred to the Standing Committee on Privileges and Elections. This case is not, however, relevant to the present one as the Hon. Member in question was complaining of a libel which reflected upon his integrity and thus hampered him in the fulfilment of his duty as a Member. The case was based on a newspaper report and the Hon. Member was not the subject of a charge by his fellow Members. The complaint was his own.

Finally, I would refer to my ruling of November 18, 1981 which is consistent with the precedents I have quoted. In the course of the ruling I stated:

● (1650)

> Certainly the matter of budget secrecy is not dealt with through questions of privilege and there are very important precedents which I will recall to Hon. Members. There were cases in Great Britain, the ones concerning Mr. Thomas and Mr. Dalton where there was an allegation of breach of secrecy . . . Nor were they dealt with under privilege. A committee was set up in one case, and a tribunal was set up in the other. Neither case was brought before the committee which normally deals with matters respecting the privileges of members. In one case there was a special committee which dealt with a particular matter; in another case there was a tribunal. This was necessary because of the special powers which are needed to investigate such cases.
>
> Those two important precedents which I took from records of the United Kingdom convince me—and, I hope, the House—and give me the authority to say that a breach of budget secrecy cannot be dealt with as a matter of privilege. It might constitute a very important grievance for members. Such action might have a very negative impact on business or on the stock market. It might cause some people to receive revenues which they would not otherwise have been able to obtain. All of these are possible consequences of breaches of budget secrecy, but they have no impact on the privileges of a member. They might do harm—irrevocable in some cases—to persons or institutions, but this has nothing to do with privilege. It has to do with the conduct with a minister in the exercise of his administrative responsibility . . . it is in that respect that a formal charge must be made. That charge must allege that a minister has been derelict in his administrative responsibility, has breached his oath or whatever hon. members might want to allege.

I must therefore find that I am unable to deal with this matter as a question of privilege.

* * *

ATHLETIC CONTESTS AND EVENTS POOLS ACT

MEASURE TO PROVIDE GOVERNMENT OPERATED POOL SYSTEMS

The House resumed consideration of report stage of Bill C-95, to Provide for Government operated pool systems on combinations of athletic contests and events and to amend the Criminal Code and the Income Tax Act, as reported (with amendments) from the Standing Committee on Communications and Culture.

Mr. Jim Hawkes (Calgary West): Madam Speaker, I rise today to speak on the sports lottery Bill. I do so with a sense of confusion as to why we are here on this particular occasion debating this particular piece of legislation. I also do so as a Member of Parliament for the City of Calgary, which will be the site of the XV Olympiad. I also clearly recall the sense of elation which most Calgarians and certainly the Olympic

Development Committee felt when, after petitioning the world community for the right and privilege of hosting the XV Olympiad, that Olympiad was granted to the city of Calgary.

It was granted in part because different levels of Government, federal, provincial and municipal, provided the world community with guarantees relative to their portion of the funding. The guarantee provided by the federal Government was on the order of $200 million.

I stand here, recognizing the fact that the Minister of State for Fitness and Amateur Sport (Mr. Perrault) introduced a Bill to establish a sports betting pool approximately a year and a half ago. This is only the second day the House of Commons has been able to debate that Bill. Because of earlier proceedings, it is a short debate today. However, in the meantime, Ministers of the Crown have been running around the country saying that the Conservative Party is filibustering and blocking this particular piece of legislation.

We have also been told by Ministers of the Crown that there is no other way for the federal Government to provide the money to the XV Olympiad other than through the passage of this Bill. I suggest to the House that both statements, no matter which Minister made them or where they were made, have no basis in fact.

I said on a radio program that I felt it was an example of one of the least honest statements I had ever heard a Minister make. To imply that the Conservative Party is responsible for filibustering the Bill when it has been around for a year and a half, and today being only the second day on which the Government has brought it forward for debate, is simply to stretch the truth to the point at which it is unrecognizeable.

Also, to suggest to the Canadian people that the federal Government's funding commitment in relation to those Olympics is dependent on passage of the Bill is also pure nonsense.

Hon. Members who were listening to the debate earlier this day heard our spokesperson indicate, in a statistical sense, the difficulty which such a sports pool Bill is facing. If one lays aside the moral arguments and all the others relative to it, it is less than clear that the passage of the Bill will produce anything but expenses for the federal Government. It is less than clear that one thin dime of revenue will ever be produced to go to those olympics. On that basis alone, the world community and the Olympic development authority in Calgary should feel alarmed.

The Province of Quebec, as has been mentioned earlier in the House, put in place a betting pool. That is the Province in which interest and attendance at hockey games and so on is presumed to be the greatest in the country. This is a sports betting pool based on hockey and the revenue from it is going down, down, down.

One must consider the wisdom of this piece of legislation. The first thought one should have in relation to a Bill of this kind relates to the size of the market. Is the market for lotteries in Canada a growing market? Is our population exploding? Do we have more and more people who want more and more lottery tickets, or do we have a saturated market? It is a well known fact that as the economy goes down, the poorer segments of a society buy more lottery tickets. The thought of instant riches has more appeal the more difficult our lives become. In these tragic times in Canada, with 1,600,000 unemployed Canadians and more people on welfare than there have ever been before, if one looks at the statistics one finds that on a per capita basis Canadians are buying more lottery tickets than they have ever bought before. In what one might call a perfect market condition for lotteries, a sports betting pool is losing its share of the betting market.

Where is the wisdom in Hon. Members of this Chamber approving a piece of legislation to establish something which will cost several millions of dollars to set up during what will surely be a downturn on the market side, when in fact it has already been proven in one major Province that the idea will not work and will not produce revenue?

What I am suggesting to the House is that Hon. Members opposite, acting on direction of the Minister, are likely to force passage of this legislation which will then take money out of the pockets of the Government, will increase the deficit, and will not likely produce any revenue. Where is the wisdom in that? That is the first thing wrong with it. The moral arguments have also been raised. Do we, as responsible Members of Parliament acting on behalf of the Canadian people really want to put out there in the marketplace another tax on the poor? Where is the wisdom in Members of this House of Commons, acting collectively, putting another tax on the poor? Surely Government Members know that it is a tax on the poor, that it is the poor segment of the society which contributes to that tax. Why do Hon. Members opposite want to impose an additional tax on the poor?

This morning, in the Standing Committee on Health, Welfare and Social Affairs, the Minister of National Health and Welfare (Miss Bégin), said "I despise lotteries". Every Member of every Party sitting around that table this morning felt the same. If that is any kind of representation of the feelings of Members of the House about the wisdom of this Bill, then surely it must be possible to predict that it will be defeated when it comes time to vote.

• (1700)

If the Bill is not defeated, what conclusion can we draw? Will we look at Liberal Members opposite and see that they have a different understanding of the purpose of this Bill and really applaud an extra tax on the poor, or will they put Party discipline ahead of what is good for the country? I will look very carefully at what the Minister of National Health and Welfare does when this Bill comes before the House for a vote, because she said of the record this morning with great clarity and feeling, "I despise lotteries". As a free thinking Member of Parliament, if she despises lotteries and does not believe in extra taxation on the poor, it seems to me logical that she would have no choice but to stand in the Chamber and vote against the creation of that lottery and that tax. To do otherwise is to admit to Canadians that Party discipline comes ahead of conscience and commonsense.

I hope this Bill will quietly disappear and that Cabinet will reconsider its action. There is already $34 million a year in rent coming to the federal Government because it got out of the lottery business under our Government. We produced revenue without expense to the federal Government. That is sufficient money to fund the Olympics, if that is the fund the Government wants to take it from.

More importantly, if this Bill were to proceed there certainly would not be any money available for at least a year. We are in an economic downturn with some small signs of recovery. Our economic prescription on this side of the House would be to accelerate public works projects and to stimulate the economy through the production of goods and services which last. May I suggest that the money that is to be spent on the Olympics in Calgary is for those kinds of facilities. It should be spent now. The projects should not have to wait. The Government should kill the Bill, sign a cheque and give the money to Calgary now so it can get on with the work and create some jobs, instead of hopes and dreams.

Hon. Gerald Regan (Minister of State (International Trade)): Mr. Speaker, in relation to this motion by the Opposition, we must oppose the deletion of the portion of the clause they wish to delete because it provides the power to the Government, if necessary, to undertake other activities of this type. Let me give one example in that regard.

It has been stated by a number of Members who have spoken today that in return for the federal Government getting out of the field of Loto Canada, which was yielding $80 million a year, we are now receiving something in excess of $28 million a year from the Provinces. That money is divided evenly between culture and sport and all of it is being expended as it is received by the programs.

Since the Hon. Member for Edmonton North (Mr. Paproski) had misinformed himself on this subject and thought it was sitting in some mythical pot and not being used, I would suggest that any Hon. Members who wish to know what the actual situation is in this matter might refer to page 22588 of *Hansard* of February 7, where the Parliamentary Secretary to the President of the Privy Council (Mr. Smith), in answer to a written question, outlined exactly what had happened to all of those funds.

Be that as it may, those moneys are used as the money from Loto Canada would have been used for programs that exist in fitness and amateur sports and in culture and would not have been available and are not available for the purposes of a new program. They are committed, needed and are part of the ongoing expenditures of those departments. Indeed, if there is to be support for the Calgary Olympics, there must be a new source of support.

I wish to say that the reason we cannot agree to the deletion of this clause is that if, as has been suggested by the Hon. Member opposite, the Provinces stop sending that money as part of their agreement when we establish a sports pool, then there is no question that we would want the right immediately to go back into lotteries. Therefore we need that power.

I want it quite clearly understood that sports pools are different from lotteries. The establishment of sports pools does not break any agreement that may exist, and we question whether any agreement exists. If the Provinces do not send the money it would suit me fine, because Loto Canada or its equivalent would be re-established.

I would like to comment on the remarks of the Hon. Member for Calgary West (Mr. Hawkes) on this motion. I hope that what has been said by the Hon. Member for Calgary West and how he said it has been noted by the people of Calgary. If we have ever seen anyone put up every kind of faulty argument against a project that is aimed at assisting his particular area, we have seen an example of it from the Member for Calgary West this afternoon. First, he says that the federal Government guaranteed $200 million for the Olympics. The record clearly shows that we said we would provide money out of non-tax revenue. If the Hon. Member is suggesting, as one or two backbenchers over there suggested previously, that in the unlikely proposition that they came into power they would pay it out of general revenue, then let them say that publicly. I do not think that they will find public support for the use of tax dollars to that extent. The use of a sports pool is quite a different matter.

The Member for Calgary West complained that we said the Conservative Party was filibustering. We have said quite clearly that there was debate in the House on second reading of this Bill after it was introduced for first reading. It then went to committee where there were a number of long sessions involving much debate and many questions over a substantial period of time. When the Bill came back to the House, the Conservative Party would not agree to a time limitation, as is customary with most Bills of this type, in order to get it through and allow them to either vote for or against it, but at least permit democracy to operate and let a decision be made. If the Bill passes, this would also allow Calgary to begin to receive some benefit, as well as other organizations which would benefit from this cause.

The Hon. Member says they want to go ahead with this but it has failed in Quebec. It is strange that they and Reuben Baetz from Ontario who has the benefit of countless of millions of dollars for programs in Ontario because they have the lotteries that were given up by the previous Government, come before the committee and say that this will not be a success and should not be entered into. I have to question his reasoning when he says he actually feels that there may be an element of competition. The research we have undertaken has shown that sports pools appeal to a very different clientele than lotteries. Indeed, all the research in other countries indicate that as well. We chose this method, rather than returning to lotteries, to try to minimize the conflict with the Provinces.

I would have thought that a Member whose area was as interested or involved as that of the Hon. Member for Calgary West would have taken the trouble to do his homework before coming here to speak. He said that the Province of Quebec tried the sports pool and it failed. So would any lottery that a Province undertook if it tried it on the same basis that the

Province of Quebec tried its sports pool. It did not put up any particular prize. It did not advertise that there was a prize of $100,000; $500,000 or $1 million. It merely said that a portion of the amount from the number of tickets sold would be available for first prize. If not many tickets were sold, perhaps the prize would be $10. Try a lottery on that basis and see how much money you make out of it. They did not want to succeed with their sports pool. The Hon. Member for Calgary West (Mr. Hawkes) should have known that. He should have taken the trouble to have found that out before coming in here and saying what he did. He mentioned the size of the market. We talked about the different clientele.

• (1710)

I am not terribly in favour of lotteries myself. I do like sports pools a little better than lotteries, I think, because they involve the skill of a person who follows the sport—

Some Hon. Members: Oh, oh!

Mr. Regan: The Hon. Member laughs. I bet I can decide the scores of the Stanley Cup better than he—

Mr. Fennell: I would not want to boast about that.

Mr. Regan: —because I have a little skill.

Mr. Fennell: That is not skill.

Mr. Regan: The Hon. Member would not want to boast. He can take that sort of sophisticated attitude that sport is nonsense.

An Hon. Member: That is a crap game.

Mr. Regan: The Hon. Member says it is a crap game. He might be good at marbles, but I doubt it.

Some Hon. Members: Oh, oh!

Mr. Regan: Several Members on the other side, and I am speaking particularly of the Hon. Member for Mississauga South (Mr. Blenkarn) and the Hon. Member for Victoria-Haliburton (Mr. Scott), talked with that superior attitude that we as legislators should decide whether or not people are allowed to spend their money in a certain way, and that we should regulate, it. Probably we should say that no working man is allowed to buy more than 12 pints of beer a month. Probably we should say that a person is not allowed to go to bingo more than twice a month. That is the attitude they show in their words when they say quite clearly, it is very bad for working people, and this is a tax on the poor. All of the statistics show it is not a tax on the poor. People who buy sports pool tickets where they exist and, indeed, those who buy lottery tickets come equally from all income segments. Just to say automatically it is a tax on the poor without having done homework again is something about which I complain.

Mr. Reid (St. Catharines): Surveys prove it.

Mr. Regan: The surveys prove exactly what I just said. The statistics are quite clear on the subject. All income groups spend approximately one-third of 1 per cent of their annual income on this subject.

I want to say there are two or three things which the likeable rogue from Edmonton North mentioned.

Mr. Deputy Speaker: I regret to interrupt the Minister of State for International Trade (Mr. Regan) but the ten-minute period allotted to him has expired. He may continue with unanimous consent.

Some Hon. Members: No.

Mr. Deputy Speaker: There does not appear to be unanimous consent. Therefore I recognize the Hon. Member for Grey-Simcoe (Mr. Mitges).

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, it is a pleasure for me to take part in this debate on Bill C-95, to provide for Government operated pool systems on combinations of athletic contests and to amend certain sections of the Criminal Code and the Income Tax Act. The extent of the Bill is to establish the Canadian Sports Pool Corporation.

Once this corporation is in full swing, its net earnings will be paid to the Receiver General of Canada, another name for the Consolidated Revenue Fund. The Consolidated Revenue Fund will pay out funds in support of one or more of the activities such as art and culture, fitness and amateur sport, medical research, the 1988 Calgary Olympics and other worthy capital projects of national interest in those fields.

Bill C-95 will also amend Section 188 of the Criminal Code to allow the Government of Canada to operate and manage a pool system of betting, either alone or together with one or more of the Provinces. This Bill, Mr. Speaker, will also amend Section 40(2)(*f*) of the Income Tax Act so that neither gains nor losses from betting will affect taxation.

The Secretary of State (Mr. Joyal) has stated that $200 million has been pledged to the 1988 Calgary Olympics, and he stated as well I believe that all this money would be coming from this proposed sports pool and from no other Government source.

However, the Secretary of State has failed to acknowledge that under the 1979 federal-provincial lotteries agreement there are funds available as well for the federal Government to assist not only the 1988 Calgary Olympics but international amateur sports events that take place in Canada. The Calgary Olympics is also assured funds from the sales of stamps and coins. So I say again that the Secretary of State should acknowledge such additional funds for Calgary in any further statements on this matter.

During the committee hearings, Mr. Speaker, there was considerable testimony given by interested groups on the pros and cons of this Bill. The race tracks of Canada were alarmed about the detrimental effect this Bill would have on track racing all across Canada. Evidence was presented to demonstrate the negative effect lotteries have had on horse racing

bets, not only in Canada but in the United States as well. I was happy to see that positive consideration was given to their request to exclude horse racing as a sports pool category for the placing of bets.

I believe representations were also made by the Inter-Church Committee on Lotteries; the Council of Executive Directors of the National Sport and Recreation Centre; the Province of Ontario; the Canadian Conference of the Arts and others. All in all some eight amendments were passed in committee in an effort to accommodate representations and to improve and make Bill C-95 a better Bill.

It has been estimated by the Secretary of State that the net annual return from this pool would be about $80 million. This figure has been contested by others who estimate that the gross annual return would not exceed $30 million and the net return to the federal Government would be in the neighbourhood of $15 million. In my opinion, Mr. Speaker, it is pretty difficult to estimate any figure with any degree of accuracy. Hopefully for those who stand to benefit from this pool it will be around the $80 million mark.

Although the committee in its deliberations was not prepared to move an amendment committing the funds to a fixed distribution formula, it has been suggested that the funds be allocated on the basis of 40 per cent for major amateur sport or cultural projects and 20 per cent each for fitness and amateur sports, arts and culture and medical and health research. However, because of the commitment of up to $200 million for the Calgary Olympics, it is evident that far more than 40 per cent of the net proceeds would have to be paid to Calgary over the short term. Therefore it is quite evident that the percentages may not be strictly adhered to.

I do not doubt, Mr. Speaker, that there could be a lot of unforeseen difficulties that may arise once the Canadian Sports Pool Corporation is in operation. I hope any difficulties that may arise will be dealt with in an efficient and business-like manner so that the worthy organizations the sports pool will be supporting will receive the necessary assistance and financial backing that they so well deserve.

However, having said all this, there is no question, as the Member for St. Catharines (Mr. Reid) has already stated, that this legislation poses some serious questions. Bill C-95 not only seeks to establish a new Crown Corporation to conduct and manage a sports pool, but to establish as well any other lawful gaming activities as the Government may direct. It could operate a bingo, a video slot machine game or whatever. Therefore it should have the courage to come to Parliament for that authorization because this particular clause in the Bill is nothing but a blank cheque. It is mind boggling to realize that Bill C-95 will allow the Government to try its hand at any game going. The Government says it may not do this but who can say what may take place in the future?

This legislation as well does not stipulate the designation of the Auditor General as the Corporation's auditor, especially in view of the ill-fated problem experienced with Loto Canada a few years ago. Loto Canada was one of a number of Crown Corporations singled out by the Auditor General as operating far too independently of Parliament. To add insult to injury, the Government's insistence that it choose the auditor for the Sport Pool Corporation can only leave us with the thought that the Government has no intention of letting Parliament scrutinize the Corporation's books or dealings. To me this is certainly a positive indication that the Government must have something to hide, must have something it does not want scrutinized, such as a possible way to cover up any sign of favouritism, political or otherwise, as to who gets the grants. If the Government denies this, then it should have no objection to having the Auditor General do the auditing. Since the Government does object to the Auditor General, then one can only draw the obvious conclusion. This only confirms, Mr. Speaker, what many Canadians are already aware of, that this Government has lost the trust and confidence of all the people of Canada.

• (1720)

Mr. Neil Young (Beaches): Mr. Speaker, I rise to speak in opposition to Bill C-95.

Mr. Deputy Speaker: Order, please. The Hon. Member for Northumberland-Miramichi (Mr. Dionne) is seeking the floor on a point of order.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise on a point of order. I realize it is difficult for the Chair to see this part of the Chamber from this particular angle, but I have been standing up ever since the debate on this amendment began and I have not yet been recognized.

Mr. Deputy Speaker: The Chair does its best to recognize everyone concerned. At the moment the Hon. Member for Beaches (Mr. Young) has the floor.

Mr. Young: Thank you, Mr. Speaker. I rise to speak in opposition to Bill C-95 for many of the reasons which have been mentioned by previous speakers in this debate. My opposition has absolutely nothing to do with a perceived or conceived lack of support for Canada's position on the winter Olympics. My opposition stems from my belief that the Government's further intrusion into the gambling industry, whether or not it likes to recognize it as such, is in fact just that and gives its stamp of approval to gambling.

Based upon figures I have seen in the past, contrary to what the Minister said in his remarks a few moments ago, there is clear indication that the individuals who are more likely to take part in lotteries or sports pools are those at the low end of the income scale. In fact, the Minister's argument that this is not a form of gambling as much as it may be a form of voluntary taxation is of great concern to me.

In my view the Government's entrance into this field over the last several years is nothing more than an additional tax on the poor. The available statistics which have been gathered by the Government and by Government agencies certainly give a clear indication of that. A 1977 profile commissioned by Lotto Canada found that 54 per cent of the buyers of lottery tickets earned less than $20,000 per year. A similar study conducted

by Gallup found that 73 per cent of people earning less than $6,000 per year took part in Wintario. This is the clientele to whom the Government's betting schemes are really appealing.

The matter of grave concern to myself and to other Members, particularly those in my own Party, is found in the Clause before us at this time. It talks about a voluntary taxation through a sports pool to fund an addition to the games, to support arts and culture, worthy capital projects of national interest and medical and health research. I always considered support for arts and culture and support for medical and health research to be a responsibility in the best interest of Canadians as a whole and certainly Canada as a society. I considered this to be a responsibility of all Canadians not just those people at the low end of the income scale who may be tempted because of the economic conditions in which they find themselves as a result of Government policy to try to find a way out of those difficulties by buying dreams through the kinds of programs about which the Government is talking. That is what the Government is doing. It is selling dreams. The chances or the odds of an individual who participates in that kind of activity, these lotteries or sports pools, actually coming out a winner are decidedly low.

When we consider what the Government has done recently in terms of its support for medical and health research, post-secondary education and other policy areas which come under the Established Programs Financing Act, we should be extremely concerned. We see the Government beginning to talk about supporting necessary Government services through voluntary taxation by legalized Government-supported gambling. That is a matter of extreme concern to me. It is not a question, as the Minister mentioned earlier, of Governments, politicians or elected officials telling people on what they can or cannot gamble. That is not the question. The question is whether the Government is actively promoting the raising of taxation for very necessary services through gambling under the programs it is introducing. That is the point which must be addressed in this debate. Throughout his remarks I did not hear the Minister address that issue.

The Minister dragged into the debate a whole number of red herrings, but I did not once hear him give an argument which would justify me or Members of my caucus giving any semblance of support or speaking in favour of this kind of activity or this kind of Government initiative.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, it is obvious the Hon. Member for Beaches (Mr. Young) had the same speech writer as the previous speaker from his Party. I want to make a few brief remarks on Motion No. 3. The Hon. Member for St. Catharines (Mr. Reid) said it was brought in because of the Clause of the Bill it was amending, as they referred to it, the Mack truck clause. If it is a Mack truck Clause; certainly it is a "get the Tories off the hook" amendment.

Mr. Deputy Speaker: Order. I believe the House is currently debating Motion No. 2. Is the Hon. Member directing his remarks to that motion?

Mr. Munro (Esquimalt-Saanich): I will take over then.

Mr. Deputy Speaker: Just a moment. Does the Hon. Member want to direct his remarks to motion No. 2?

Mr. Dionne (Northumberland-Miramichi): Yes, I do, Mr. Speaker. I am sorry, I just used the wrong number. Rather than Motion No. 2 I said, "motion No. 3".

We have witnessed a fair amount of Tory sleight of hand in the speeches we have heard on this particular Clause. I support this Bill with somewhat mixed emotions. The garbage we have heard from the other side of the House helped me decide to support it. Hon. Members of the New Democratic Party want all these activities supported from general Government revenue. It seems that they do not take cognizance of the fact that Canada economically, socially and developmentally is still very much a developing country, and that there is not the necessary revenue for the Government of Canada to support everything.

• (1730)

We had the opportunity to support cultural, recreational and research activities through non-governmental revenue until the Hon. Member for Edmonton North (Mr. Paproski) gave it away. We no longer have it. They have made much of the fact that the Calgary games—

Mr. Paproski: Mr. Speaker, I rise on a point of order. I would like to straighten out the Hon. Member for Northumberland-Miramichi (Mr. Dionne). It is wrong for a Member to say things like that. I have a lot of admiration for that Member, however he should realize that this Minister never sat down and talked with his provincial counterparts in order to see if any of these moneys—

Mr. Deputy Speaker: Order. With all due respect to the Hon. Member for Edmonton North, the rules permit only ten minutes per speaker. The Chair has recognized the Hon. Member for Northumberland-Miramichi. I am sure there will be another opportunity to intervene.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, that was a very fine ruling. The Hon. Member was not rising on a point of order, but to debate a different issue altogether.

The Hon. Member for Calgary West (Mr. Hawkes) will have to answer to the people of Calgary for the position he took when he rushed in, made a few remarks and rushed out. He will have to answer for his opposition to this Bill.

I support the Bill because of the commitment made by the Government of Canada to the XV Olympiad. Whether it is in Calgary, Vancouver or wherever, I as a Canadian am proud that we will have the Olympiad in Canada. I believe that we should have top-notch facilities. I do not agree with the NDP that some of the poorest communities in this country should be taxed for general revenues to pay for sports facilities they will probably never see. This is a fair and equitable way of providing non-tax revenue to the Government to fulfil its commitment to the City of Calgary in the provision of these facilities.

I am also here to support this Bill because of the gobbledegook we have heard from the Tories and NDP about how this is a tax on the poor, how we are forcing the poor to support activities in which the wealthy will participate. I have never taken the view that because you are poor you are ipso facto stupid. I resent the argument that if you are poor, you are too stupied to know whether you should buy lottery tickets or participate in a sports pool. I want it on record that I do not believe that poverty is synonomous with stupidity.

Hon. Steven E. Paproski (Edmonton North): Mr. Speaker, I will not take too much time as I know others want to speak and we may be able to get this Bill through. As Conservatives, we like to co-operate. The Minister of National Health and Welfare (Miss Bégin) is in the Chamber. Are you now in charge of lotteries? Am I to understand that the Minister of National Health and Welfare is in charge of lotteries? I hear you really want lotteries in Health and Welfare. Do you really think that lotteries are the greatest thing in the world for research?

Mr. Deputy Speaker: Order. Will the Hon. Member please direct his remarks to the Chair.

Mr. Paproski: I want to expand a little on what was said by my hon. friend from Northumberland-Miramichi (Mr. Dionne). It will cost the Government $55 million up front money to get into this so-called sports pool. Nothing like that has been mentioned here.

The Minister of State for International Trade (Mr. Regan), who is in charge of lotteries, had the greatest opportunity in the world in the last three years to sit down with his provincial counterparts in charge of lotteries. He could have told him that we would be bidding for the Winter Olympics, and whether Calgary, Vancouver or somewhere else got it, we will need one or two lotteries that go directly to funding the olympics. Do you know what the provincial people would have said if the Minister had had the courtesy to call them together or visit them? They would have said that they wanted to support the Olympics. They would have been delighted to give him three or four draws annually from their lotteries in order to help the various sporting events and the games in Calgary.

Mr. Dionne (Northumberland-Miramichi): On a point of order.

Mr. Deputy Speaker: The Hon. Member for Northumberland-Miramichi will know that there is a ten-minute period allowed. His point of order should be a point of order.

Mr. Dionne (Northumberland-Miramichi): My point of order is that I believe the Hon. Member is inadvertently misleading the House. I am sure he would not do it deliberately. He is suggesting that if the Minister had negotiated, he could have reversed the give-away that this Minister made when he was Minister of Fitness and Amateur Sport.

Mr. Deputy Speaker: Order.

Mr. Paproski: I am really surprised at the Hon. Member for Northumberland-Miramichi. He should stick to transport. He is a great Chairman of the Transport Committee, but he should forget about lotteries. He is so far behind that he thinks he is first.

I will repeat only one more time that I do not know who made the studies for this Minister. I am sure they are sitting in the gallery and gloating. They spent a whole year and close to a million dollars studying the different games to see whether they could do something about getting into Loto Select, the loto pool, gambling or whatever it is.

The Minister hopes this will not go through because it will cost $55 million. Will he go to Cabinet and ask for $55 million or will he take the money that the poor people from Fitness and Amateur Sport were supposed to get? The Minister now has $47 million in the kitty and $16.5 million of that lottery fund is supposed to go for scholarships for our athletes. It is in there, but it will not go to the athletes.

The Minister should have had the courtesy to talk to his provincial counterparts. Before we began this debate today I had the opportunity to talk with three or four of the Ministers concerned. They told me they would have been delighted to hear from him, but they have not heard from him in three years. This guy is going out on his own and doing these things by himself. He will have to go to his Cabinet colleagues and tell them it will cost $55 million up front money to start this game of chance, this betting game, this double tax. He will ask them to help him out because the cannot start this poker game until he has $55 million on the table. We will have to watch this Minister because he is a cagey one. He left Fitness and Amateur Sport and now he is in International Trade. God only knows where he will be after the next election.

• (1740)

Mr. Scott Fennell (Ontario): Mr. Speaker, I find it rather interesting that the Hon. Member for Edmonton North (Mr. Paproski) is talking about the Minister, the former Secretary of State, presenting this Bill to the House. Where is the Secretary of State (Mr. Joyal)? What relationship has the Minister of State for International Trade (Mr. Regan) to the lotteries? He has better things to do so that this country can sell its products. I think the truth of the matter is, he happens to be from Halifax and the current Secretary of State happens to be from Quebec, and probably does not agree with this Bill because he knows it is unpopular in his Province. That is a good point that we should keep in mind.

I have finally found out what are the skills of the Minister of State for International Trade. His skills are picking out who is going to win the hockey game. Thank God, he has some skills!

Mr. Deputy Speaker: With respect to the Hon. Member, there is a rule of relevance in debate in relation to the subject matter before us. The Chair suggests to the Hon. Member that possibly the subject matter of the motion might be spoken to.

Mr. Fennell: Thank you, Mr. Speaker. I think you will acknowledge that I am usually relevant. I was just getting

warmed up so that I could explain why I disagree with this Bill. I was trying to put the players in place.

Our motion is basically very discreet. It is to do one job, finish it and get on with the show.

I have had substantial background in amateur sport. I happened to be the president of one of the senior sport federations at the time they were all dragged to Ottawa. The former Minister of National Health and Welfare who then was responsible for this was the man that blackmailed us into coming to the city.

I do not like this lottery because I look back at the past and I see Nancy Greene a great Canadian hero. We did not have lotteries then. We had private citizens who helped finance her to become the world champion.

Some Hon. Members: Hear, hear!

Mr. Fennell: What happened when we moved sports and brought the lottery into Ottawa? We built up a tremendous administration.

The point I make is that I do not believe in lotteries. Lotteries are immoral. The Minister tries to justify them on the basis of skill. That is like saying that the Minister of Finance (Mr. Lalonde) justifies his ability on the basis of throwing dice. It is ridiculous to have this Government debate a crap game. I am sorry, Mr. Speaker, but that is exactly what it is.

This Bill is only talking about raising enough money to build a palace in which to hold a sports event. If you want to do something worthwhile for sport in this country, we must talk to the grassroots of the sports people in this country we must help them so we can be proud of them when they go overseas. Those are the people I am talking about. That help could be provided by removing the $100 present tax deduction on our tax form and allowing 150 per cent write-off against income for any donations to charitable organizations. We do not go to the lower income people to get our tax money. We go to the middle and upper income people to provide the basis of what is wanted by the people.

Our decisions about the lottery are all being made for us here in Ottawa. I think that is the wrong way to do it. Let the people decide. We should not decide here in Ottawa how the money to support these projects should be raised. Let the people decide what sports they want to support.

If you are going to build a coliseum or whatever you need in Calgary, then work out a deal with Calgarians. Obtain a third from the federal Government, a third from the Province, and a third through private donations. The people will come up with the money if you give them a reasonable tax break. We are trying to impose the wishes of bureaucrats in Ottawa upon Canadians across the country. That is not fair.

I have seen people in my own riding who have won lotteries. There have been tragedies. My wife is a professional in the social field and she has seen damage done to families who have won money from the lotteries. It is an indirect taxation and it affects those people who can least afford it.

The Hon. Minister tells me that there is a skill involved. Well, it is a million-to-one shot kind of a skill. If that is a skill, I would prefer to put my efforts into something with more favorable odds. I notice they took horse racing out of this Bill. That is interesting. If you are going to throw in hockey teams, why not throw in horses?

Mr. Paproski: Eugene Whelan says no.

Mr. Fennell: Was it Eugene Whelan? Whether it be hockey players or horses running around a track, it is all flesh and blood.

The major point made by the Hon. Member for Edmonton North was that the Minister had never gone to the Provinces to try and work out a reasonable proposition. He has never tried to work it out. Consider Wintario and the Provincial lottery. Look at the cost involved in administering those funds compared to Loto Canada which took in something like $750 million and netted $211 million out of that. The cost of administration was immense. When the Conservatives were in power, we disassembled that monstrosity. Bringing them back is a way of patronage to Liberal supporters.

I feel that in a country where every incentive to the private sector and to the citizens to get a job is removed by the Government economic policy the ultimate in socialism is to give one chance in a million to win a million bucks. One of the ambassadors to Canada brought up this point. He said, "You know, if they put the incentive to those people to invest in common stock and equity in this country, the country would be working again". Instead we are putting it into a crap game. An example of the Government's involvement in sports this year is the Canadian ski team which, at the last race of the year, was told to cough up $2,000. That is shameful. That is the kind of administration we have in Ottawa. The Minister makes fun of this but he does not know these people as I do. They were juniors when I was in that organization.

I maintain that this Bill should be defeated. I do not think this motion is strong enough. I would plead with the Members on the other side not to vote for this. It is immoral. If you have any sense of moral being, do not vote for this Bill. The churches do not want you to support it. Why should we give sports a greater advantage than we give churches which are having a hard time covering their parish costs? This is wrong.

An Hon. Member: Why do they hold lotteries all the time?

Mr. Fennell: They do not hold this type of lottery. They have bingo games at which they work hard to bring the people together, to create a community resource and a community adventure. This is strictly gambling, Mr. Speaker. This is the same thing as going to the State of New York to the lottery shops or the horse-betting shops and betting on a horse race. This is totally wrong. The funds are going to the wrong place. It is not helping the amateur sports enthusiast. It is hurting the amateur sports enthusiast because it is only looking after the cream of the crop. We must start building a base in this country just as we should be building a base in our armed forces at the grassroots. We have nothing but generals and

colonels. I am sorry I am using that as an analogy, but we must start building a base of sports that is for all people across this country and not just the select few.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise to speak on this pig-in-a-poke sort of operation that we have before us today and I call it a pig-in-a-poke for good reason. I do not know how many Members on the other side have read the Bill, aside from the Minister who presented it and spoke on it. I found his comments rather amusing. The Minister responsible for the Bill is not in the House so I do not think it is of any great interest to the Government.

• (1750)

On page 6 of the Bill, Clause 14 sets out the objects of the corporation as being to "organize, operate and manage pool systems" in accordance with regulations made pursuant to Section 16. That is enough to make the Bill into a real pig in a very real poke because we do not know what those regulations are.

Clause 16 provides that the Governor in Council may make regulations which regulate "the organization, operation and management of pool systems" and describes the terms and the portion of moneys to be paid into the Consolidated Revenue Fund. These are the regulations that the Governor in Council may make with respect to the operation of the corporation.

Clause 17 provides that the Minister shall cause a copy of the regulations made under the previous section to be laid before Parliament. We do not know what those regulations are, yet under the provisions of the Bill we are being asked to agree to the existence of a corporation which will organize pool systems which are to be regulated according to regulations we have not seen. If that is not a pig in a poke I do not think I have ever seen one. It is preposterous that the Government should ask us to agree to the creation of an institution to be run in accordance with regulations we have not seen.

The amendment before us proposes that the second portion of Clause 14 should be eliminated. I am at a loss to understand how any self-respecting Government could come forward with the objects of the corporation as set out in paragraph (b), to conduct and manage in accordance with the regulations such lawful gaming activities etcetera.

On page 14 of the Bill the Government has proposed a change in the law to make this lawful. The Criminal Code is to be amended to make the activities under this Bill lawful. If there is anything that stretches the credibility of a Government more than that I do not know of it. I hope any action of any Government would be lawful, but this Government wants to make special provision in the Bill to amend the Criminal Code so that the corporation it is to create will act in a lawful fashion. I think the House should be ashamed of itself, Mr. Speaker. Surely lawfulness should exist; laws should not have to be amended to fit corporations, yet that is what we are being asked to do.

The other element of the Bill which has me worried is that it creates another Crown corporation in complete disregard of the comments of the 1982 Report of the Auditor General on page 45, paragraph 2.6 which reads as follows:

> Increasingly, the corporate form is being chosen by Government to achieve public policy objectives . . . With assets of approximately $67 billion, liabilities of over $57 billion, annual expenditures of over $30 billion, and more employees than government departments, Crown-owned corporations require an improved framework for accountability to both Parliament and Government.

I have already spoken about accountability. We are being asked to see the creation of something which will subscribe to regulations we have not seen. I do not know what got into the Government, that it should propose this on the floor of this House. It is as outrageous as what happened yesterday.

In addition to that, we are asked to amend the Criminal Code in certain respects so that it will fit in with the activities of this particular corporation. In other words, it is suggested that what we are doing is creating a corporation which will be involved in unlawful operations, until we agree to make them lawful. I become speechless when I think of that sort of conduct by a Government.

Clause 14 would permit the corporation to engage in unlawful activities to be made lawful in Clause 33.

Mr. Paproski: What is the Government going to legalize next?

Mr. Munro (Esquimalt-Saanich): It has legalized many things since 1968. I find it beyond belief that any Government should present a Bill of this sort enabling a corporation to perform functions which are obviously not legal, but have to be made legal with this particular law.

In his 1982 Report the Auditor General said that the agent status for Crown corporations occupied a twilight area in Canadian jurisprudence. In other words, this Crown corporation will be able to plead, before the courts that it is immune from the law in many respects as have other Crown corporations. I have for example the quotation from representations made before the Supreme Court of Canada in January this year.

May I call it six o'clock, Mr. Speaker.

Mr. Deputy Speaker: Order, it being six o'clock p.m., pursuant to Order made Wednesday, March 30, 1983, I do now leave the chair until eight o'clock.

May I remind Hon. Members that at that time the House will consider a Ways and Means Motion of the Hon. Minister of Finance (Mr. Lalonde).

At 6 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Marc Lalonde (Minister of Finance) moved:

That the House approves in general the budgetary policy of the Government.

He said: Madam Speaker, my dominant concern in preparing this budget has been to help the more than one and a half million Canadians who want to work but cannot find jobs.

Economic recovery is under way in Canada. The recession that has crippled us for over a year has bottomed out. Industrial production is up. Housing starts are up. Inflation is down and so are interest rates. Even more importantly, business and consumer confidence is on the upswing. When I started my pre-budget consultations, last November, few expected recovery to begin in 1983 without massive fiscal stimulus. By late March, a significant shift in opinion had occurred. The prevailing view was that the economy was already on the mend.

Yet the pace, scope, stability and duration of the recovery remain highly uncertain. Employment has started to grow again, but unemployment remains very high and will decline only gradually. Unemployment is particularly high among young people. We must do all we can to relieve the anguish and hardship that unemployment is inflicting on Canadian workers and their families. More importantly, we must shorten as much as possible the time it will take for the private sector to expand and provide jobs for the unemployed.

Much will depend on developments abroad that are largely beyond our control, such as the strength of the recovery in the United States, Europe, Japan and the Third World. Much will also depend on the collective behaviour of Canadians and on the response of the private sector to the measures I am proposing in this budget. Sustained recovery will depend on our ability to take full advantage of growth opportunities as they arise this year and next, and through the rest of the eighties. It will depend on the self-discipline, solidarity and sense of national purpose we will be able to muster to that end—all Canadians, labour as well as business, federal and provincial governments alike.

BUDGET STRATEGY

This recovery budget, therefore, has two central and inseparable goals. The first is to make sure that recent stirrings of growth pervade the whole economy as quickly as possible. The second is to make the recovery a durable one by beginning immediately to create the conditions required for sustained growth and development during the rest of the eighties. Underlying these goals is the government's determination to ensure that Canadians are provided with the jobs they need—good jobs, permanent jobs, satisfying and well paid jobs.

The pursuit of these twin goals calls for actions that take hold immediately but that are also geared to the medium term. The first goal demands additional stimulus this year. But the second goal would be unattainable without decisive action now to reduce the deficit in future years. Expenditure restraint will therefore continue, and measures will be introduced to raise more revenue as the recovery buoys up income and employment.

• (2010)

[*Translation*]

Strong, lasting recovery and the significant reduction of unemployment we need will come primarily through the private sector: the economy's main engine of growth. I shall accordingly introduce measures to strengthen the financial position of Canadian businesses, farmers and fishermen, improve their capacity to undertake productive investment, and assist them in obtaining more equity capital. Measures in support of resource industries, agriculture and human resources development will be announced. Other initiatives will seek to enhance our technological base, research and development effort, export performance, productivity and competitiveness.

A significant increase in private investment can certainly not be expected before next year. In view of the personal hardship and social costs resulting from high unemployment, I have concluded that the recovery must be given an additional boost in its early stages. Federal capital projects planned for later in this decade will therefore be speeded up. More funds will be allocated now to direct support for employment. Some tax relief will be given to low-income workers. More support will be provided to lower income groups through the child benefit system. Housing programs will be expanded.

Canadians have supported the 6 and 5 program introduced in last June's budget. The government remains committed to this program. We have come a long way together in reducing inflation. It is essential that this progress continue as we recover. This will require the continued cooperation of all Canadians. But it also demands responsibility in the exercise of monetary and fiscal policies. Our monetary policy seeks to achieve the lowest interest rates consistent with continuing resistance to inflation and with international circumstances. The actions I will announce tonight will ensure that the government's financial requirements will not compromise the continuing implementation of responsible monetary policy.

These considerations have shaped the broad policy framework of this recovery budget. It builds on the spirit of the 6 and 5 program and establishes an effective framework for national recovery. I have been guided in its preparation by the basic principles of economic management set out in my Economic Statement of October 27, 1982. This is a fiscally responsible budget. I have maintained and improved the social security system we have built over past decades and that has helped millions of Canadians weather the recession. I am relying primarily on the dynamism and creativity of the private sector to bring about durable recovery. My budget is outward-looking and avoids protectionist measures, in recognition of the fact that recovery in one country at the expense of others is neither feasible nor desirable.

[*English*]

The budget also reflects extensive consultations with the private sector as well as provincial governments. I thank the many groups and the thousands of individual Canadians, including the Members of this House, who have advised me over the past five months, at the many meetings I have held in all parts of the country or through written submissions. Their suggestions and recommendations have been considered seriously and many are being implemented. I likewise express my appreciation to provincial ministers of finance and treasurers, with whom I met in December and March to review our respective economic and fiscal policies and consider how best we could cooperate to bring about recovery.

SPECIAL RECOVERY PROGRAM

The Government is introducing tonight a $4.8 billion Special Recovery Program to spur recovery and restore as quickly as possible the economy's capacity to generate the new jobs Canadians need.

Some Hon. Members: Hear, hear!

Mr. Lalonde: As most Canadians are now aware, I received a group of photographers in my office yesterday as part of a pre-budget "photo opportunity" session. A copy of the proposed budget speech was on my desk. I held it up and rapidly turned the pages. A cameraman was standing behind me and, unknown to me, photographed several pages of the proposed speech. The cameraman was thereby able to obtain some information about the contents of the proposed budget. This was clearly contrary to the spirit of this "photo opportunity" session, but the fact remains that the event occurred.

Traditionally, a budget leak involves premature disclosure of a tax matter. Fortunately this is not the case. However, in some quarters any matter or fact connected with the budget might be considered to be of this character. To remove any doubt, I have decided to change the portion of the budget which would otherwise have been prematurely in the public domain.

I have decided to increase the Special Recovery Program to $4.8 billion. This additional $200 million will be added to the Special Recovery Capital Projects, details of which I will give in a moment. The monies will be set aside as a special fund to be spent on projects akin to those already contemplated in the Special Recovery Capital Projects.

As a result of this action, the deficit and financial requirements of the Government for 1983-84, 1984-85 and 1985-86 will be increased $100 million, $50 million and $50 million, respectively. Other appropriate adjustments should be made in reading the printed material distributed tonight. This will no doubt cause some confusion, since the printed material distributed across the country and in the House is no longer accurate. For this, I apologize.

There is some irony in all of this. During the past week, I have debated with myself and with my advisors about the precise nature the budget measures should take. My concern has been that in my desire to be fiscally responsible, I would not provide enough stimulus for the economy to secure the recovery and generate employment. Obviously, this is a matter of delicate judgement and there is no absolutely correct answer. Be that as it may, the events of the past 24 hours have led me to follow what my instincts have been urging me to do all along. If I err in this budget, I want to do it on the side of more jobs.

Some Hon. Members: Hear, hear!

Mr. Lalonde: This national investment program will strengthen the structure of the Canadian economy and raise its growth potential. Its operating principle is to undertake now, in the early stages of recovery, investment that would have been required in any event during the eighties. The program will provide equal support for private and public investment, but all initiatives are designed ultimately to improve the financial position, growth prospects and job creation capacity of the private sector. Over half of planned expenditures and tax incentives will be incurred this year and next, to give the economy the early boost it needs.

The Government's overriding priority is to ensure that Canada has the capital equipment, productive facilities, skills and knowledge we need to meet the competitive challenges that will arise from world-wide recovery. The Special Recovery Program will also provide new and immediate job and business opportunities for Canadians throughout the country—not only those living in the communities where new facilities will be built, but workers and suppliers in all sectors and all regions.

● (2020)

My Cabinet colleagues will provide further information in the days ahead on the projects to be launched immediately in areas under their responsibility. But I want to outline briefly tonight the key features of the program's two main components, Special Recovery Capital Projects and Special Recovery Incentives for Private Investment.

SPECIAL RECOVERY CAPITAL PROJECTS

The Government of Canada is committing $2.4 billion for Special Recovery Capital Projects selected and designed to build, expand or improve public facilities that directly support private sector expansion and the steady improvement of our economic performance essential for recovery.

More than a hundred projects have been selected. They are in the advanced planning stage. All have a lead time to start-up of less than six months. Work on most of them will start this spring or early summer. Canadians will be working on Special Recovery Capital Projects sites in all parts of the country. Earth will be moved, steel will be rigged and concrete will be poured in the coming months to implement those projects. Canadian firms will start getting orders for the wide range of goods and services required to complete them—construction materials and engineering services, planes and

ships, advanced electronic and laboratory equipment, to mention just a few.

There will be no red tape and no delays. All projects are being put on a "fast track" to ensure that they start on time, progress as planned, and are completed as quickly as possible. All applicable government planning, approval, tendering and other procedures are being streamlined to facilitate fast-tracking. All departments and agencies are being instructed to give priority attention to the swift implementation of the projects for which they are responsible, within the cost estimates that have been established. The government will also seek the active cooperation of the private sector and of provincial authorities to make sure that projects stay on track and within cost. The co-operation of management and labour organizations in the construction industry will be critical to ensure effective implementation of these projects.

My colleague, the Minister of State for Economic Development (Mr. Johnston), will assume overall responsibility for Special Recovery Capital Projects. He will be assisted by a special committee of Cabinet. A Special Recovery Capital Projects Board has been established to co-ordinate the management and execution of projects on time and on budget.

Almost 30 per cent of outlays on construction, materials and procurement for Special Recovery Capital Projects will take place in the current fiscal year. Seventy per cent of the funds committed for these projects will have been spent by March 31, 1984, and the rest over the two succeeding years. As a result, the projects will give the economy a boost when it is most needed. They will be phasing out as private investment accelerates and begins to make heavier demands on the capacity of the construction and other industries.

[*Translation*]

Madam Speaker, Special Recovery Capital Projects form an integral part of a broad action plan designed to generate more growth and more jobs. They will not only provide employment in the near term, but also increase permanently the capacity of the economy to create employment. Most selected projects had already been included in the capital plans of federal departments and agencies for the latter part of the decade, because of the contribution they would make to national development. The amounts spent on accelerated projects over the next four years will result in lower government spending in later years.

The projects will focus on six key areas: transportation, research and training facilities, resource development, vessel procurement, land and tourism development and high-technology procurement. The projects are future-oriented, aiming to build and upgrade research and high technology centres, transportation infrastructure and other facilities and services that will enhance the long-term growth potential of Canadian industry. They will provide much-needed support for several currently weak sectors of the economy, such as construction, shipbuilding, fisheries and forestry.

The impact of Special Recovery Capital Projects will be felt throughout Canada and increase economic activity in most major urban centres and many smaller communities. Some provinces have already introduced their own capital projects programs. These provincial initiatives will also help strengthen the recovery. I hope other provinces will take similar action in their forthcoming budgets. The overall result will be a more modern and efficient stock of public capital, to assist Canadian firms in their drive for improved productivity and competitiveness and to create more jobs for Canadians.

[*English*]

SPECIAL RECOVERY INCENTIVES FOR PRIVATE INVESTMENT

The second component of the Special Recovery Program is directly aimed at accelerating productive investment and job creation in the private sector. I am proposing tonight important changes in the federal investment tax credit. These changes will not increase the level of existing incentives, but will make them more readily usable by firms undertaking new investments after today. Firms will also be eligible for support from a Special Recovery Investment Fund and a Special Recovery Export Financing Fund. The cost of these measures will be $2.4 billion over the next four fiscal years.

Businesses in Canada can now earn a credit against federal income taxes on eligible investment. The credit is at least 7 per cent of investment costs. In designated areas of the country, the credit can be as much as 50 per cent of the cost of investment. Until now, there have been limits on the extent to which this credit could be used to reduce income taxes, and unused credits could be carried forward for no more than five years.

For eligible investment undertaken after today, I am proposing to remove the limits on the ability to claim the investment tax credit. I am also proposing that credits earned in a year may be used to reduce taxes in any of three previous years or seven subsequent years. In addition, the investment tax credit will be extended to heavy equipment used in the construction industry.

These changes in the federal investment tax credit will be permanent. They will increase the ability of firms to use the existing credit, and thus enhance its effectiveness. They will provide about $1.3 billion of support for private investment over the next four fiscal years.

However, all too many Canadian businesses are not presently in a position to pay taxes because of their weak profit position or the losses that the recession has inflicted on them. This applies particularly to small businesses in all parts of the country. For firms that are not now in a taxable position, the investment tax credit is not a strong incentive to invest. Yet they, too, must be encouraged to do so as early as possible if the recovery is to take hold and to last. They must also be assisted in securing the equity capital required to finance investment. I am, therefore, proposing two further but temporary changes to the federal investment tax credit.

First, I propose that a portion of investment tax credits earned between today and April 30, 1986 be designated as a Special Recovery Refundable Investment Tax Credit and

refunded directly to business. For small business corporations and unincorporated businesses, that portion will be 40 per cent of credits that cannot be used to offset taxes in the year they are earned. For other businesses the refundable portion will be 20 per cent.

● (2030)

Second, I propose that a Special Recovery Share-Purchase Tax Credit be established. Firms that invest and issue new equity will be able to flow-out their investment tax credits to the purchasers of new equity issued by them. Purchasers of new common shares issued by such firms after June 30 of this year and before December 31, 1986 will be able to use these credits to the extent of 25 per cent of the value of the shares. The credits that can be passed on to new investors will be limited to investment tax credit earned after today. Provisions will be made to ensure that institutional investors, such as pension plans, that purchase qualifying new equity can claim the share-purchase tax credit as a cash rebate from the federal government. The measure will allow companies to attract new equity faster and at lower cost, to finance investment now and over the medium term.

I estimate that these two measures will provide over the next four years an additional $640 million in federal tax benefits to support investment and new equity issues. They will be particularly beneficial to small- and medium-size businesses, and to all firms that need to improve their balance sheets and financial position by issuing new equity in order to resume investing. They will help speed up investment and increase production and employment in Canada.

SPECIAL RECOVERY INVESTMENT FUND

I am also announcing tonight the creation of a Special Recovery Investment Fund to strengthen private investment in the early stages of the recovery. The fund will have a budget of $300 million made available to it.

The fund will be managed by the Minister of Industry, Trade and Commerce and of Regional Economic Expansion (Mr. Lumley). It will enable the minister to deploy financial resources across the full range of his departments' programs with the speed and flexibility needed to bring onstream major private investment projects with special national, regional or sectoral importance. Further information on the operation of the fund will soon be provided by the responsible minister.

SPECIAL RECOVERY EXPORT FINANCING FUND

A Special Recovery Export Financing Fund of $180 million will also be established. This fund will enable the Export Development Corporation to seek out export opportunities more aggressively than it would otherwise be able to do because of funding constraints. The fund will be drawn upon when the corporation requires funding beyond its regular programs to support the efforts of Canadian exporters to win large contracts. The corporation will have the financial capacity to enter into financing arrangements in 1983 totalling about $2.8 billion, a 15 per cent increase over the financing arrangements it concluded in 1982.

The effectiveness of the Special Recovery Fund and the Special Recovery Program will depend critically on the response and cooperation of the private sector. The government is committing $4.8 billion and is taking decisive action to revitalize Canadian industry and increase the capacity of the economy to generate new jobs. But decisive action is also required in the private sector.

I urge Canadian firms to take the fullest advantage, as soon as they can, of the investment recovery incentives I have just announced. I ask them to focus not only on outlays that increase plant capacity, which in many cases may be justified only at later stages of the recovery, but also on outlays that raise plant productivity and cut production costs. Such investment need not and should not cause workers to be laid off. I invite Canadian workers and the unions that represent them to consider what they themselves can do to facilitate an early resumption of industrial investment.

[*Translation*]

I said earlier, Madam Speaker, that I am prepared to accept now, while the economy is in the initial stages of recovery, an increase in the government's financial requirements to fund the Special Recovery Program. Private credit demands will remain relatively weak this year and next. It cannot be argued that support for private investment under this program will "crowd out" such investment. But we must look ahead. I am concerned about the impact of continuing high federal deficits on confidence and investment over the medium term. I have therefore concluded that this program should not cause a permanent increase in the national debt.

Accordingly, I am proposing that all incremental costs of the Special Recovery Program, both direct outlays and revenue forgone, be funded over time by a Special Recovery Tax. Specifically, I propose a one percentage point increase in the general rate of manufacturer's sales tax, from 9 per cent to 10 per cent, and similar one percentage point increases in the sales tax rates levied on construction materials, alcoholic beverages and tobacco. The imposition of this tax will be delayed so as not to impede the recovery in its early stages. The Special Recovery Tax will not become effective until October 1, 1984. It will remain in effect until December 31, 1988.

THE FINANCIAL STRENGTH OF THE PRIVATE SECTOR

Canadian businesses have been battered by the recession. In the 15-year period preceding 1981, the average share of business profits in our gross national product was 11.2 per cent. It fell to 10 per cent in 1981 and plunged to 6.2 per cent in 1982, a post-war low. Profits must return to more normal levels if the recovery is to endure. Businesses must reduce their debt loads before they can borrow to finance new investment.

Otherwise, they will not be able to invest and the recovery will fizzle out.

In our overriding concern for the hardship and anguish that unemployment has inflicted on Canadian workers and their families, we may sometimes lose sight of the fact that most Canadians are employed by the private sector. The combination of high inflation, high interest rates, falling demand and dwindling profits that marked the recession, severely strained the private sector. Short-term borrowings and credit lines were stretched to the limit. Balance sheets were thrown out of kilter and debt burdens rose dramatically.

As a result, jobs disappeared. No employer likes to lay off skilled and experienced workers or turn away promising and well-trained job seekers. They have done so, and massively over the past year and a half, because the most severe recession since the Great Depression left them no other choice. Some people lost their jobs because the firms they worked for went bankrupt. Others were laid off when their employers, faced with mounting costs and falling demand for their products, no longer had any other option.

● (2040)

[*English*]

The worst is now over, but it will take time for firms to reduce their debt load and resume investing at the level required to create the new jobs Canadians need. I am determined to speed up this process. The Special Recovery Program I have just outlined will encourage and enable Canadian firms to undertake new investment more quickly. But I have concluded that more needs to be done to strengthen the capacity of the private sector to create jobs. To that end, I am proposing the following changes in the tax system.

INDEXED SECURITIES INVESTMENT PLAN

I will be tabling a paper containing draft legislation to implement a new Indexed Securities Investment Plan (ISIP) as of October 1, 1983. This innovation is an important element of the Government's recovery program. The plan will encourage Canadians to invest a greater proportion of their savings in listed common shares of Canadian companies. Together with the Special Recovery Share-Purchase Tax Credit, it will help Canadian corporations raise additional equity capital and reduce their reliance on debt financing. The Indexed Securities Investment Plan is also a significant step in our systematic search for ways to remove the distorting effects of inflation from our tax system. Extensive consultations with the financial community have taken place in past months on all aspects of the plan.

TAX TREATMENT OF BUSINESS LOSSES

Business losses can now be carried back one year and forward five years to reduce income subject to tax. I am proposing that these provisions be broadened to allow business losses to be carried back for three years and forward for seven years. The full three-year carryback will take effect immediately for small corporations, farmers, fishermen and unincorporated businesses. For farmers and fishermen, the carryforward provisions will be extended to ten years rather than seven. For other businesses, the increased carryback will be phased in over two years. Taxpayers will also be allowed an increased three-year carryback of capital losses against capital gains. This will also be phased in. These measures will make it possible for firms to take better advantage of existing tax provisions. The resulting reduction in federal taxes will improve the cash flow position of the private sector by $270 million this year. Additional benefits of about $95 million will also flow to Canadian firms if all Provinces harmonize their tax systems with these measures, as they have generally done in the past.

ENERGY TAXES

I have had to contend in recent months, like my provincial counterparts and Finance Ministers the world over, with a volatile international oil market that continues to inject considerable uncertainty into economic and fiscal forecasts. Lower oil prices will assist the recovery in Canada and bolster the economies of our trading partners. Businesses and consumers will get some relief, and our progress in bringing down inflation will be reinforced. However, revenue losses to the federal treasury will be substantial, and activity in the oil and gas sector will be lower than anticipated. I am proposing tonight the following measures to address these issues.

First, I am deferring reintroduction of the Incremental Oil Revenue Tax on conventional oil for one year, from June 1, 1983 to June 1, 1984. This measure will reduce federal revenue by about $225 million and add to the industry's cash flow. The main beneficiaries will be Canadian companies that are typically the most aggressive in searching for new supplies of oil and gas.

Second, I am proposing modifications to the Petroleum and Gas Revenue Tax for enhanced oil recovery projects, to encourage the commercial application of techniques designed to increase the amount of oil recovered from reservoirs. These modifications will have the effect of eliminating liabilities under this tax until such time as these projects pay back their capital costs. Both of these measures will encourage activity and employment in western Canada.

Third, recent developments in international oil prices have eliminated the need for a two-price régime for aviation fuel and marine bunker fuel. Together with my colleague, the Minister of Energy, Mines and Resources (Mr. Chrétien), I will be taking the necessary steps to terminate this régime, effective May 1, 1983.

The Canadian Ownership Special Charge has already made a sizeable contribution to increasing public ownership in the oil and gas industry. The Government remains strongly committed to the objective of oil self-sufficiency through raising Canadian ownership of oil and gas resources by increasing exploration and development of new reserves. It is the Govern-

ment's intention to maintain the Canadian Ownership Special Charge at its current level and use the revenues in support of this objective.

MINING DEPLETION ALLOWANCES

The mining industry in Canada has been hit hard by the world recession. The tax measures I have already announced will provide substantial relief to this important Canadian industry. I am proposing tonight a further measure to increase incentives to investors who finance mining ventures. The 33⅓ per cent depletion allowances for mining exploration will be made deductible against the non-resource income of these investors. This change should attract needed capital to the sector and should particularly benefit junior mining companies.

SMALL BUSINESS

I have been particularly concerned in preparing this budget with the financial difficulties that Canada's small businesses must overcome to contribute to national economic recovery. Small firms are one of the most dynamic and innovative elements of the private sector. That so many have managed to pull through the recession is a tribute to the dedication and entrepreneurial spirit of Canadians.

Small businesses have been significantly assisted by federal programs during this period. They will benefit from all budget measures announced tonight. But I want them to recover as soon as possible. This is why I have set the Special Recovery Refundable Investment Tax Credit available to small businesses at 40 per cent, double that for other firms. This is why I have made immediately applicable to them the new three-year carryback provisions for losses.

To further assist Canadian small businesses over the recovery period, the Government will make substantial changes in the operating mandate of the Federal Business Development Bank. These changes will enable the Bank to play a more dynamic and supportive role in advising small businesses on their total financial needs and assisting them in meeting these needs. My colleague, the Minister of State for Small Businesses and Tourism (Mr. Rompkey), will provide further information on the expanded role of the FBDB in the next few days.

Small-business organizations as well as others have urged me to simplify the tax system and thereby reduce the paper burden and compliance costs it imposes on taxpayers. I have kept their representations in mind throughout my budget preparations and avoided complex changes wherever possible. I have concentrated on making existing tax incentives more effective, rather than introducing new ones. The proposed draft legislation for the Indexed Securities Investment Plan is quite technical, but I have been assured that financial institutions will be able to administer it effectively for investors.

Simplification of the tax system cannot be approached in a simplistic way if we are to meet effectively and equitably the varied circumstances of Canadian businesses. To pursue this effort, the co-operation of the private sector is needed. I am, therefore, pleased that the Canada Tax Foundation has accepted my suggestion to hold a national symposium on the subject this summer. I want to assure the Foundation that my Department will participate in this symposium and in follow-up activities.

● (2050)

FARMING

Canadian farmers will derive benefits from Special Recovery Projects and from the tax measures I am introducing to facilitate investment and strengthen the financial position of the private sector. Of particular advantage to them will be the special provision allowing farming losses to be carried forward ten years, rather than the seven years applicable to other business losses, in addition to the three-year carryback also available to them.

In recognition of the exceptional financial difficulties being faced by many farmers, the Government is also extending tonight the Special Farm Financial Assistance Program administered by the Farm Credit Corporation. An additional $100 million will be made available this year for these special FCC loans to farmers in financial distress, bringing the total available in 1983-84 to $150 million. Eligible recipients will be entitled to interest rebates of four percentage points for the first two years. As in the past, I expect that these loans will enable the recipients to remain in agriculture and to become commercially viable contributors to Canada's agricultural economy.

I would be remiss if I did not emphasize in this budget the critical importance of the Government's Western Transportation Initiative for national recovery. The program, proposed by my colleague, the Minister of Transport (Mr. Pepin), calls for federal expenditures of $3.7 billion over the next four years. I point out that even though many of the Special Recovery Capital Projects will enhance agricultural and transportation development, they do not include any of the capital outlays arising from or associated with the Western Transportation Initiative. These two major national programs have been designed to reinforce each other.

HOUSING

The housing industry has made great strides towards recovery in recent months. Home buyers and builders have benefited quickly from the steady decline in interest rates. Mortgage rates are now in the 11 to 13 per cent range, down from last year's highs of 19 to 20 per cent. This drop has made homes much more affordable for Canadians. The reappearance of five-year mortgages has reduced uncertainty for potential home buyers and homeowners alike. Housing starts, which reached a low of 96,000 in the third quarter of 1982, recovered strongly in the fourth quarter and reached a level of 177,000 in March. This strength is expected to continue through 1983 as a result of lower mortgage rates, higher personal incomes and the additional stimulus I am announcing tonight.

The Government is committing an additional $355 million to spur recovery in the housing industry. Five existing programs are being extended or expanded. These programs have all proven successful and support an industry that employs a large number of people and uses materials primarily made in Canada. Their expansion will create jobs in all parts of the country through the construction and renovation of housing units. I am also proposing a new housing tax incentive.

[*Translation*]

First, I am making available an additional $120 million for the Canadian Home Renovation Plan. This program provides grants of up to $3,000 to low- and middle-income Canadians wishing to renovate their homes.

Second, an additional $40 million is being allocated over two years for the Residential Rehabilitation Assistance Program. This program is directed to the improvement and repair of substandard housing in designated areas.

Third, the annual allocation of social housing units is being increased by 2,500 units in 1983, which will maintain the total allocation at 25,000 units. This will provide additional support to the housing needs of low-income Canadians.

Fourth, an additional $40 million is being committed for Indian on-reserve housing in 1983-84. This is supplementary to a special increase of $22 million per year approved recently by the government, starting this year.

Fifth, I am allocating $30 million more to the Canadian Home Ownership Stimulation Plan, which should be sufficient to extend this program until about the end of May. This program, introduced last June by my predecessor, has been highly successful. Over the past nine months, about 200,000 Canadians have benefited from the $3,000 home ownership grants it provides.

The Minister responsible for the Canada Mortgage and Housing Corporation and the Minister of Indian Affairs and Northern Development will shortly provide more detailed information on these measures.

[*English*]

I am also announcing tonight important changes to the Registered Home Ownership Savings Plan to assist eligible individuals purchasing newly constructed homes. It is expected that this new tax incentive will provide about $125 million to new homeowners.

RHOSPs were introduced as a tax-exempt savings vehicle designed to encourage Canadians to save towards a down payment on a home. Currently, tax deductible contributions up to a total of $10,000 can be made to a RHOSP at the rate of up to $1,000 per year. There are now more than half a million Canadians with RHOSPs. Individuals eligible to contribute to a RHOSP who buy newly constructed homes and associated furnishings before the end of 1984 will be able to deduct from taxable income in one lump sum the amount needed to bring their total deductions up to the $10,000 limit.

Home buyers and others will need new furnishings in 1983. Canadians have delayed purchases of furnishings and appliances as a result of the uncertainty caused by the recession. I am therefore proposing a special, short-term incentive for RHOSP holders to spur consumption of these items. Rules governing the use of RHOSPs will be changed to allow once-and-for-all tax-free withdrawals in 1983 of any amount currently in a RHOSP for purchase of designated home furnishings or appliances, even where the holder does not take advantage of the above measure to buy a newly constructed home.

DIRECT SUPPORT FOR EMPLOYMENT

The measures I have just announced will create jobs in the private sector. But I am realistic. Unemployment is very high. It will take time for the employment effects of the Special Recovery Program and of the other measures I have just announced to be fully felt. We cannot turn our backs on those who are bearing the economic, social and human burdens of unemployment. That is why the Government has not only maintained social programs during the recession but acted to strengthen them and make them more effective.

• (2100)

I am proud to be associated with a Government that has not, despite intense fiscal pressures, forsaken its compassion or its obligation to support those Canadians who most need help. The Government has taken significant actions in the past ten months to contain the rise in unemployment. To reinforce these actions, I am announcing tonight a seven point package of new or expanded employment initiatives, requiring additional funding of $710 million over the next two years. This new allocation will raise to $1.5 billion the funds committed this year to support directly the creation of jobs for those Canadians most seriously affected by the recession. This is almost $900 million more than last year. The Government will have in place in this fiscal year the largest program of direct support for job creation ever undertaken in Canada.

An additional $280 million, of which $180 million are new funds, will be provided for the expansion of the NEED program. Support will continue to be channelled through the private sector, federal departments, municipalities, voluntary organizations, labour unions and provincial Governments participating in the program. I am pleased to report that the private sector, and small businesses in particular, are making increasing use of the NEED program.

I invite the private sector to expand this use of the NEED program in the months to come.

Authorized spending on community employment under Section 38 of the Unemployment Insurance Act will be increased by $100 million over the next two years. Under this program, workers who have been laid off may continue to receive benefits while voluntarily participating in productive activities of value to their community. A further $150 million will be provided for increased spending on local employment-

intensive projects under existing Government construction and other programs.

Employment opportunities are improving for Canadian workers, but youth unemployment rates are expected to remain high for some time. Young people with little or no job experience will have difficulty finding work until skilled and experienced workers laid off during the recession have been recalled. The Government has acted to address this problem. Over 270,000 young people are now benefiting from federal training and employment programs.

[*Translation*]

But more needs to be done to provide young people with employment opportunities in this critical phase of the recovery, Madam Speaker. A cooperative strategy for youth employment is essential. It must involve business, unions, all Governments and young people themselves. It must focus not just on job creation and training but also on work experience. To help ease the difficult transition from school to work, I am announcing tonight that an additional $280 million is being committed in this budget to meet the needs of young Canadians who have not been able to find jobs.

Ninety-five million dollars will be allocated to establish, in consultation with the private sector, a Youth Wage Subsidy and Internship Program. Work experience, coupled with training programs ... No children allowed—let them go to meetings of candidates for the leadership of the Progressive Conservative Party.

Some Hon. Members: Hear, hear!

Mr. Lalonde: Work experience, coupled with training programs, will ensure that young people gain from the kind of on-the-job skills that are demanded in the permanent job market. These funds will also be used to expand the Youth Job Corps Program, which offers young Canadians vocational training courses, education, counselling and work experience.

I am also providing an additional $40 million for Katimavik over the next two years. This youth program was established in 1977 to serve Canadian communities, assist the personal development of participants, and provide young Canadians with opportunities to acquire a greater understanding of their country. It is expected that an additional 4,000 participants will be added to the existing 1,700 over the next two years.

In addition, I am committing $75 million to fund an Extended Youth Training and Employment Program to be run by the Department of National Defence. This program is designed to provide employment in a military context that includes general as well as basic trades or vocational training for approximately 5,000 young people. The program will provide job experience for a period of about a year and will help those involved make the transition from school to work.

I have made available $70 million to increase funding for student employment this summer. This increase raises the Government's total commitment to this program to $170 million this year, as recently announced by my colleague, the Minister of Employment and Immigration (Mr. Axworthy). The Government is also providing additional support, as I will indicate later, to young Canadians who wish to continue their studies on a full or part-time basis.

Over and above these special youth employment initiatives, the massive effort the Government will pursue to improve the skills and training of Canadian workers will be largely directed at young people. Total federal support for human resource development will be increased to $1.2 billion this year. I expect that about half of the beneficiaries of these programs this year will be young people.

The Minister of Employment and Immigration, the Minister of National Defence (Mr. Lamontagne) and the Secretary of State (Mr. Joyal) will provide further details on these initiatives shortly.

[*English*]

EMPLOYMENT DEDUCTION

Working Canadians with modest incomes are having a difficult time making ends meet, even though they are now benefitting from lower inflation. I am therefore introducing a significant change in the employment expense deduction allowed under the Income Tax Act. Effective this year, this employment deduction will increase from 3 to 20 per cent of employment income, subject to the current maximum amount of $500. This measure will return this year about $130 million of federal revenues to Canadians with employment income below $16,700. About four million low income Canadians will benefit from this measure this year.

CHILD BENEFITS

I am proposing tonight four changes in the tax components of the federal child benefit system to provide additional income support for lower income families, working parents and others in need. I am not making any changes to family allowances.

First, I propose to double, starting this year, the Child Care Expense Deduction from $1,000 to $2,000 per child and $4,000 to $8,000 per family. These increases will ease the burden of child care expenses for families in which both parents work outside the home, as well as for single-parent families for whom the deduction is critical. I am also making changes to ensure that the deduction does not discriminate between men and women.

• (2110)

Second, I propose to maintain the enriched child tax credit introduced in the last budget. Under existing legislation, the credit would otherwise have dropped from $343 to $326 in 1983. I propose to extend the credit at $343 for the 1983 taxation year. I also propose to continue full indexation of this higher credit in subsequent years to protect its value for low

and moderate income families, and for single parent families for whom the credit is of vital importance. Over the last five years the credit has gone up from $200 to $343 per child, evidence of the Government's continuing commitment to families with children, in this country.

Third, I propose to hold at its present level the family income threshold above which the Child Tax Credit begins to be phased out. For the current and subsequent taxation years, the threshold will remain at its 1982 value of $26,330. Below this threshold, the maximum credit will be paid. Above the threshold, the credit will decline as family income rises. It will only cease to be paid for families with two children having a family income of about $40,000 or more.

Finally, starting next year, I propose to keep at its current level of $710 the tax exemption for children and other dependants under 18 years of age. This measure will complement the child tax credit changes by helping to ensure that limited Government funds are directed to the families that need them the most.

[*Translation*]

The net effect of these changes will be to increase federal support for lower income Canadians with children and for Canadians who have to incur child care expenses in order to work. In the current fiscal year, the changes will be roughly self-balancing. Over the following three fiscal years, they will result in increased Government revenues. However, I am not removing these monies from the social security system that provides important social benefits to Canadians. I am designating them as a special Social Policy Fund that will be used to reinforce social programs available to Canadians in need.

[*English*]

For recovery to be sustained in Canada, and for real growth of our incomes and our living standards to resume, we must raise our sights beyond the period immediately ahead of us. A broad national effort is required over the remaining years of the decade to make sure that Canada remains one of the most productive, competitive and prosperous economies in the industrialized world. Our major trading partners will continue to move forward. To remain competitive, Canada therefore has no choice but to move forward too. We must put our businesses and our workers in a position to meet and beat the competition.

Many people are under the impression that productivity gains cause unemployment. Nothing could be more wrong. In fact, strong and steady productivity gains sustain the growth of employment.

Our collective search for the means to improve Canada's productivity performance will be complex and difficult. Success will not come overnight. Neither business nor labour will get very far if either tries to move forward without the cooperation of the other. We will have to do it together. A national cooperative effort is required. And for such a national effort to have any chance of success, Canadians will have to set rhetoric aside and stop "scapegoating" each other.

We will not get ahead if we continue to blame each other for the problems we face. We should recognize, for example, that the concerns of the labour movement for working conditions, the quality and safety of the work place, the involvement of workers in what they are doing, and the possibilities for self-development offered to them, are entirely legitimate and can, if properly addressed, improve our productivity performance. By the same token, we should acknowledge that businesses do not invest in more efficient and cost-cutting equipment just to throw people out of work. We should recognize that productive investment sustains employment and that too little of it causes unemployment.

There will always be tensions between labour, business and Government. But that should not prevent labour, business and Government from cooperating to improve the productivity and competitiveness of the Canadian economy. This is the key to higher wages and better profits. More importantly, it is the best way, in the long run, to provide Canadians with the jobs they need.

NATIONAL CENTRE FOR PRODUCTIVITY AND EMPLOYMENT GROWTH

The Government, therefore, intends to consult with labour unions and business organizations over the next few weeks to launch a national drive towards higher productivity and employment growth. These consultations will focus in the short term on the establishment of a national centre for productivity and employment growth.

What we have in mind is not a research institute. Rather, it is a place where labour and business can meet, away from the bargaining table, to talk and to take a hardnosed and practical look at issues of mutual concern that cannot be addressed adequately in the course of collective bargaining. Experience has shown that it is not enough to study or talk about these issues. Nor can progress be mandated, legislated or bought.

To make progress, ways must be found of bringing action where action is needed—the plants, offices and boardrooms of the nation. This can only be done by practical people who know what they are talking about, workers and managers. It is that kind of practical experience that, we hope, a national centre for productivity and employment growth will bring together.

The Government will shortly consult with labour and business representatives to appoint a founding committee for the proposed centre. This committee will be asked to recommend within three months an appropriate designation, mandate, structure and mode of operation for the centre.

[*Translation*]

Madam Speaker, the Government's broad policy framework for recovery places a high priority on technology policy and support for research and development. It is of critical importance for our economic future that we increase our R&D effort and that we support the development of "sunrise" industries. We must also promote more actively the dissemination and application of technological advances in all sectors of the economy.

The federal Government already provides massive support for science and technology. Expenditures on the natural sciences will amount this year to $2.6 billion. This includes over $450 million in direct federal funding of research and development undertaken by the private sector. Federal and provincial revenue forgone under tax incentives for private research and development is expected to be in excess of $200 million in 1983, even before the changes I will be proposing tonight.

I have already announced, under Special Recovery Capital Projects, two initiatives to enhance federal support for science and technology. First, over $290 million will be spent on research facilities critical to mastering new technologies. Fifteen new facilities will be built in all parts of Canada. Second, about $180 million will be allocated for high technology procurement. I am allocating tonight a further $100 million over the next two years for other new technology policy initiatives. My colleague, the Minister of State for Economic Development and for Science and Technology (Mr. Johnston), will provide detailed information on these initiatives shortly.

• (2120)

[*English*]

RESEARCH AND DEVELOPMENT

One of the most critical factors in meeting the challenge of technological change is the adequacy of research and development in the private sector. In line with the Government's commitment to consult on major issues of tax policy, I will be tabling tonight a paper entitled "Tax Policies for Research and Development" that reviews existing federal tax incentives for R&D and sets out proposals for change.

This paper shows that Canadian tax incentives compare very favourably with those of other countries. It identifies areas where they could be made simpler, more accessible and more effective. It proposes new provisions that will be of great benefit to small businesses who need help in financing R&D ventures. The overall impact of these new provisions, combined with the general tax measures already proposed as they apply to R&D, would be to increase the value of federal and provincial R&D tax incentives by some $185 million in the first full year in which they will apply. This is a clear demonstration of the Government's support for research and development in the private sector.

HUMAN RESOURCE DEVELOPMENT

To take full advantage of technological advances, Canada will increasingly need well-educated and well-trained workers. Moreover, workers will have to acquire new skills and knowledge throughout their working lives. With this in mind, I am allocating tonight an additional $155 million for human resource development programs. This will bring to $1.2 billion this year the funds allocated for skills development in occupations that are significant for economic growth. Over 250,000 Canadians, half of them young people, will benefit this year from federal support for human resource development.

With the National Training Act of 1982, the Government took steps to make the training system more responsive to our human resource development objectives. It was recognized that, in order to identify occupations in demand and ensure that training funds are allocated accordingly, a cooperative effort involving labour, business and Governments was required. This cooperation has already produced substantial dividends.

[*Translation*]

Young people are very much aware today of the importance of education for their career prospects. Because of weak employment opportunities, however, students face increasing difficulty in financing their education. The Secretary of State has proposed changes to the Canada Student Loans Act that will expand loan availability to include part-time students, increase the size of available loans and ease repayment conditions for those having difficulty obtaining employment upon graduation. I am providing an additional $60 million over the next two years to fund these changes. This will raise total funding for the Canada Student Loans Program to $141 million this year. Over 185,000 Canadian students will benefit from the program this year.

TRADE AND TARIFFS

The structure of the world economy is changing to reflect the emergence of new economic powers. The countries of the world have become more interdependent and more vulnerable to each other's actions. With almost 30 per cent of our GNP generated by exports, Canada shares this interdependence and vulnerability with other major industrialized countries. But international competition also provides Canada with the opportunity to exploit world markets, increase our productivity, rationalize our production and capitalize on our comparative advantage. We must recognize, however, that if we do not import from other countries they will not have the means to buy our exports and to repay our loans to them.

There are strong pressures for protectionism in the world today. I have felt them here in Canada. While I understand the concerns underlying these pressures, I believe they are shortsighted and counterproductive. I acknowledge that there may occasionally be overwhelming reasons for protection in particular cases, but these must be the exception rather than the rule. It is in Canada's abiding interest, as a major exporting nation, to maintain an open trading system subject to the rule of international law. This remains the Government's first priority in the area of trade policy.

[*English*]

I have announced earlier the creation of a Special Recovery Export Financing Fund of $180 million to improve Canada's export performance. I would now like to refer briefly to three other initiatives I am taking to improve the competitiveness of the economy. First, I am increasing the funds available to the Program for Export Market Development in each of the next

four years. Second, I am proposing a change in the tax treatment of Canadians working abroad. This will enhance the ability of Canadian firms to undertake projects in other countries. Third, I am commissioning a study, in cooperation with the Export Trade Development Board, of the impact of tax systems in Canada and other countries on the competitiveness of resource-based and manufactured exports.

I am proposing tonight a number of reductions in the rates of duty on goods from developing countries. These reductions are part of a series of adjustments being made to meet Canada's commitment to assist developing countries in their efforts to increase their exports and to improve their balance of payments. Most other proposed tariff changes provide for lower rates of duty or free entry for products not produced in Canada.

I also propose to double the limits on the value of goods that can be brought back to Canada free of duty and tax by returning Canadians under the tourist exemptions. Effective April 20, 1983, the quarterly exemption is being increased to $100 from $50. The annual exemption is being increased to $300 from $150.

OTHER TAX CHANGES

I would now like to propose two other tax changes.

The Minister of Communications recently announced a Broadcasting Strategy for Canada, designed to enable the nation's broadcasting system to respond to the technological and programming challenges of the 1980s and 1990s. A critical part of this strategy is the establishment of a fund to assist private production companies and independent producers. To help finance the expenditures associated with this new broadcasting strategy, I am proposing a tax of 6 per cent on the amount charged to subscribers for basic cable rental, pay TV and other programming services provided by means of telecommunications.

All individual taxpayers are currently allowed to claim a standard deduction of $100 in lieu of itemized deductions for charitable donations and medical expenses. Representatives of voluntary organizations have expressed concern that this deduction reduces the tax incentive for charitable giving since the deduction is not directly related to actual amounts given. I propose that all deductions for charitable and medical expenses be receipted, starting in the 1984 taxation year, to replace the standard deduction.

THE ECONOMIC OUTLOOK

I will be tabling with this budget a background paper on "The Economic Outlook for Canada", which sets out projections of economic performance.

Most forecasters expect that recovery will proceed at a moderate pace in 1983. The housing sector will be strong, along with inventory rebuilding, and these sources of growth will be supported by higher consumption and continued strength in our trade balance. But private investment will remain weak this year and will recover only as markets improve, excess capacity is run down, and the overall financial position of the business sector is strengthened.

The average level of our real gross national product is forecast to be 2.3 per cent higher this year than it was last year. Growth through the year will be fairly strong, and real GNP at the end of 1983 should be about 6.5 per cent higher than it was at the end of 1982. I expect strong growth to continue through 1984, at an average rate of 5.2 per cent. It will also become more broadly based as investment gathers strength.

• (2130)

Inflation should continue to decline, averaging 6.3 per cent this year and 5 per cent in 1984. Employment should grow fairly strongly in the course of this year and even more strongly in 1984. Over 600,000 more Canadians are expected to be working at the end of 1984 than at the end of 1982. But the job losses we have suffered in this recession have been severe and, as employment begins to grow again, many workers who withdrew temporarily from the labour force will once again seek work. This will maintain upward pressure on the unemployment rate. The unemployment rate is forecast to average 12.4 per cent this year and to fall to 11.4 per cent in 1984. Although the average level may only fall to 11.4 per cent in 1984, I expect unemployment to be on a clear downward trend through the coming years.

There are still many uncertainties about the strength and durability of the recovery. Growth in our trading partners is reviving, but questions remain about the likely course of interest rates in the United States and growth prospects in the Third World. Protectionism could damage our international trade and export opportunities. The impact of volatile world oil markets on economic growth and the international financial system is still unclear.

The indebtedness problems of developing countries will remain serious, but I am encouraged by the prompt and effective way in which Governments, international financial institutions and the commercial banks have responded to meet the threats that emerged late last year. As a result of recent decisions to augment the resources of the International Monetary Fund, the world is now better equipped to manage similar situations should they arise in the future. The Government, particularly through the Bank of Canada, as well as the major Canadian banks, have participated in these efforts in a way commensurate with Canada's international responsibilities and long-term interests.

Early next month, I will be meeting with my counterparts in other OECD countries. Following that meeting, the Prime Minister will join the heads of Government of the other major industrial countries at the Economic Summit in Williamsburg. On both these occasions Canada will continue to press our major trading partners to do all they can to ensure that world recovery strengthens and endures.

Within the current international environment, the framework for economic recovery set out in this budget will enable

us to improve our economic prospects in the near term and lay the basis for healthy growth in the medium term. The measures I have announced will help create more jobs for Canadians this year and in years to come. They will do so primarily by supporting growth in the private sector. Our unemployed relatives, neighbours and friends want to work, but they also want secure, productive and satisfying jobs. These jobs will have to come from a strong and dynamic private sector.

Ten months ago, the Government proposed the 6&5 program. Canadians were asked to join in a national effort to bring down inflation. That effort has brought results more quickly than most people expected. Millions of Canadians shared in this national effort by having their salary increase, or their family allowance indexing, or their pension increase, limited to 6 per cent in 1983. They will find that their real purchasing power has not decreased much, if at all, in these two years. Indeed, they will have fared better than many other Canadians who have seen their incomes grow by much less than 6 per cent in the aftermath of the recession. In the spirit of the 6&5 program, I am asking Canadians tonight to join in a collective effort to build a stronger economy.

[*Translation*]

THE DEFICIT

I have said many times tonight that the Government alone cannot bring about lasting recovery. But there is one area where it must, by its own actions, take the responsibility for ensuring satisfactory growth in the medium term. This is the management of the federal deficit and of the Government's financial requirements.

When I reported to the House in February, I gave estimates for the deficit and financial requirements for 1982-83. Since February, it has become apparent that expenditures have been about $300 million lower than anticipated and revenues almost $1.7 billion higher. This development provides a further indication that recovery has begun. Final figures for last year will not be available for some time, but I now estimate that the 1982-83 deficit will be about $2 billion lower than expected two months ago, or about $25.3 billion. Cash requirements will be about $23.5 billion.

The causes of last year's high deficit are well understood. The depth of the recession forced a substantial increase in Government expenditures, most of it to help those Canadians most seriously affected by the recession. At the same time, federal revenues grew by only 1.5 per cent. The deficit increased sharply, but its financing did not put upward pressure on interest rates. Indeed, interest rates moved down dramatically in 1982.

The fact that the deficit has reached such a high level means that it will inevitably take time to bring it down. Indeed, as I have indicated previously, because recovery will be moderate, because unemployment will remain high, and because oil prices have fallen abroad and will fall in Canada, the deficit would have been higher this year than last year even without the actions I have announced in this budget. The direct impact of all the measures I have announced tonight will increase the deficit by $1.9 billion and bring it to $31.3 billion for the current year.

Financial requirements, which are a better measure of the pressure that the federal Government will put on financial markets, will increase by less than the deficit. They are projected to reach a level of $26.7 billion, about $3 billion higher than last year. I have no doubt that these requirements can be financed this year without putting pressure on interest rates and without threatening economic recovery. Private investment will continue to be weak and savings rates to be high in 1983.

Over the medium term, however, the deficit problem is more difficult. In the absence of further action, the deficit would have declined after this year, but it would do so only very slowly. Government borrowing requirements would decline more quickly but would still be high in 1986-87.

[*English*]

It is important that Canadians understand how the deficit arose, how it ought to be interpreted and what its implications are for economic performance. I have found in my consultations with Canadians that there is a great deal of legitimate concern, which I share, about the level of future deficits. But I have also been struck by the complexity of the issues involved and the need for a balanced understanding of them. I will therefore be tabling tonight with this budget a background paper entitled "The Federal Deficit in Perspective". I hope that this paper will make a useful contribution to the continuing debate on this important subject.

This background document makes four important points, and I invite the Opposition to read it.

First, the federal deficit over the second half of the 1970s was not due to runaway expenditures. It was due in large part to a succession of tax cuts introduced in response to weak economic activity.

Second, the impact of the federal deficit on financial markets and interest rates cannot be looked at in isolation. From 1975 to last year, other Governments in Canada ran a consolidated surplus on a national accounts basis and this surplus helped to offset federal borrowing requirements.

Third, the so-called structural deficit, after allowing for the impact of economic cycles on federal revenues and expenditures, fell steadily from 4.3 per cent of GNP in 1978 to only 1.8 per cent of GNP in 1981. It rose in 1982, but will decline again through the medium term.

Fourth, because accounting procedures for Governments are distorted by inflation just as they are for companies in the private sector, the growth of the real value of the national debt is less than implied by the deficit numbers. This has important implications for the ability of the Government to finance its deficit without putting pressure on interest rates.

If we are to address the issue of deficits over the medium term in a realistic way, we must put rhetoric aside and look at the facts. We cannot eliminate the deficit quickly. To do so would require us to slash Government programs or to accept massive tax increases. Either course of action would jeopardize our prospects for economic recovery. But we must manage the deficit now to ensure that it will come down as quickly as possible. Simply put, as private demand for savings grows, Government borrowing requirements must shrink.

• (2140)

The first area we must look to is Government expenditures. In 1975, this Government made the commitment that, over the medium term, expenditures would grow no more quickly than the trend growth in GNP, so that the share of the federal Government in the economy would not increase.

This commitment was met until the recession last year. I am reaffirming this commitment tonight. "The Fiscal Plan" I will be tabling with this budget shows that total outlays as a share of GNP will fall steadily from this year to 1986-87. By that year, federal spending will be virtually the same size relative to the economy as it was in 1981-82, before the worst of the recession. To achieve this outcome will demand continuing diligence in restraining expenditure growth.

The second area is revenues. As I pointed out earlier, a succession of tax cuts in the second half of the 1970s caused federal revenues to grow much less rapidly than the economy. In 1974-75, federal revenues were almost 19 per cent of gross national product. This share fell to less than 15 per cent in the late 1970s. I am therefore proposing tonight changes in the personal income tax that will take effect only in future years, when the recovery is secured, to help reduce the federal deficit more quickly over the next four years.

Individual taxpayers are now eligible for a federal tax reduction of $200. This tax reduction was originally introduced in 1973 at a rate of 5 per cent of tax otherwise payable with a minimum of $100 and a maximum of $500. It is not an integral part of the basic structure of the personal income tax system and has been modified from time to time in response to changing economic circumstances.

I am proposing further modifications to this tax reduction applicable to 1984 and subsequent years. The federal tax reduction will become income-tested as of January 1, 1984. The $200 credit will be phased out in that year for taxpayers paying more than $6,000 in basic federal tax. Those paying less than $6,000 in basic federal tax, which is equivalent to income levels in the $35,000 to $40,000 range, will not be affected in 1984. The base amount of the credit will be reduced to $100 in 1985 and to $50 in 1986 and subsequent years.

These changes will take effect gradually and only when the recovery has firmed up. No taxpayer will be affected in 1983, and only those with high incomes in 1984.

[*Translation*]

The direct impact of all the measures I have announced tonight will be to increase the deficit by $1.9 billion in the current fiscal year and by $650 million next year. In the following two fiscal years, as the economy improves, these measures will reduce the deficit by $1.8 billion and $2.6 billion, respectively.

I believe that the nature and timing of these measures are both appropriate to our short-term economic situation and necessary to safeguard the ability of the private sector to provide jobs for Canadians over the medium term. I will continue to monitor the medium-term deficit and take appropriate action as necessary to bring it down as quickly as possible without compromising the performance of our economy.

Madam Speaker, I am tabling with this budget Ways and Means Motions to give effect to the tax and tariff changes I have proposed, and I also ask the consent of the House for tabling the budget papers to which I have referred.

Some Hon. Members: Agreed.

[*English*]

CONCLUSION

Mr. Lalonde: Madam Speaker, the most critical and also the most difficult step towards recovery is to break out of the recession mentality. It is to cure ourselves of the collective trauma engendered by present difficulties and to look once again squarely and confidently into the future.

This can be achieved only by an act of national will. The Government by itself cannot will the economy onto the path of lasting recovery.

But the Government has the capacity to act decisively to restore confidence in the ability of Canadians to mobilize brain and brawn, to muster our energies, and to make our economy more productive and more competitive. It has the capacity to strengthen our private sector and to enable it to provide once again the jobs Canadians need.

This is what this recovery budget seeks to achieve for Canada.

I set out with two goals: to ensure that recovery firmly take hold and that it be durable. To create the jobs Canadians need, I proposed actions that will go into effect immediately but that will also be geared to the medium term.

The budget provides targeted stimulus to boost the recovery. It introduces a $4.8 billion Special Recovery Program. This program will create jobs and make possible new private and public investment that would otherwise have been undertaken only later in the decade.

The budget provides more direct support for employment, more buying power for lower income Canadians and more stimulus for housing. It proposes actions to improve our growth prospects by strengthening the financial position of our

businesses, and by supporting the technological advances necessary for Canadians to compete successfully in the world.

[*Translation*]

The budget does not provide excessive stimulus for the economy. To have done so would have been irresponsible. Indeed, it would have jeopardized the recovery by increasing the deficit to levels that would have pushed interest rates up.

The budget proposes a national drive for higher productivity and employment growth. This is the high goal that the Government is urging all Canadians to strive for, individually and collectively, during the rest of the eighties.

We Canadians can reach this goal if we are prepared to work hard at it, to make tough and bold decisions, to resolve or set aside our differences, and to act as the national community we are.

[*English*]

The pain and the hardship of recent years have clearly shown that a new national partnership amongst labour, business and Governments is urgently needed in Canada. This new partnership for recovery is essential if we are to meet the tough competitive challenge of the eighties and provide the jobs Canadians need.

[*Translation*]

I want to repeat what I said earlier, Madam Speaker, because I think it is extremely important: A new national partnership among labour, business and Governments is urgently needed in Canada. This new partnership for recovery is essential if we are to meet the challenge of the eighties.

[*English*]

This budget has laid a firm basis on which to build this partnership. In the coming weeks, the Government will seek out its labour, business and provincial partners to get on with the job of speeding recovery.

Some Hon. Members: Hear, hear!

● (2150)

Miss Pat Carney (Vancouver Centre): Madam Speaker, we now know what it costs to save the Minister's face. It costs $200 million over three years.

Some Hon. Members: Hear, hear!

An Hon. Member: And he is not worth it.

Miss Carney: That is the amount by which the Minister has increased his spending and his borrowings this year for his $200 million photo opportunity. In comparison he is planning to spend only $95 million on a youth job program aimed at getting young people their first jobs. He obviously considers that saving his face is worth twice that of saving jobs for our Canadian youth.

Some Hon. Members: Hear, hear!

Miss Carney: The Minister calls this a recovery budget. What he is trying to recover is his lost prestige. He says his budget contains a job creation program. The only job that is being protected is his own.

In terms of the additional interest that it will cost for the $200 million photo opportunity, at 12 per cent interest it will amount to $1 million a month. That is the cost of the Minister's carelessness. That is the cost of his showboating. That is what Canadians will pay for this Minister's ego.

He does not tell us how he was going to spend the money. We know only that it will be added to the Special Recovery Program. But in addition to the budget which we received only a few minutes before he gave his speech in the House, he indicated that he does not know how he is actually going to spend the money. It will be added to a program which will spend $2.2 billion in the next few years in the country on 100 projects. Never before has it cost us so much to save something of so little value, the Finance Minister's reputation.

Some Hon. Members: Hear, hear!

Miss Carney: And never before has the Canadian taxpayer been asked to finance a potential pork barrel of such grandiose proportions. Many of the budget measures will be administered by the Minister's colleagues. For instance, the Special Recovery Capital Project Program at $2.2 billion will be administered by the Minister of Regional Economic Expansion (Mr. Lumley) assisted by a Special Committee of Cabinet. The line up will form on the right-hand side of the Chamber.

The Special Recovery Investment Fund of $300 million will be administered by the Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion. There are no details given. Another $100 million for new technology will be administered by the Minister of State for Economic Development and Minister of State for Science and Technology (Mr. Johnston). No details are given.

Further, the Canadian ownership charge levied on all products made from crude oil will be extended, probably to bail out Dome Petroleum and its banks. This is the tax, Hon. Members will remember, that was brought in to pay for Petrofina. If Dome is not available, other companies will be standing in line to be bailed out at inflated prices.

Further, the Liberals will be spending, but the Tories will be paying the bills since most of the major tax increases come into effect in the 1984 tax year. The spending is now, but the bills come later. As they said in the Department of Finance "It is Tory money we are spending."

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Miss Carney: This, of course, includes an increase in the federal sales tax on manufactured goods and a large personal tax increase which will hit hardest on married Canadians with children under 18 years of age since in effect the Minister is de-indexing the dependant child exemption.

We commend the Minister's efforts to increase the child tax credit, but he is collecting more than his share. Canadians face a personal income tax increase of $1.9 billion by the year 1986-1987. That is when we will be in power. Not only do Canadians face increased taxes in the future, Canadians face permanently higher deficits of at least $25 billion each year for the next four years. These deficits will total $112 billion. This will make a mockery of the Minister's statement that he wants a durable recovery. You cannot finance deficits of this magnitude without keeping interest rates high and possibly forcing them higher, and that will abort the recovery we so badly need.

The Minister also says in the opening line of his budget speech that his dominant concern is to help the more than 1.5 million Canadians who want to work but cannot find jobs. Yet his own economic projections show that 100,000 fewer Canadians will be working in 1984 than in 1981 when the Government introduced the disastrous MacEachen budget.

The unemployment rate the Minister of Finance (Mr. Lalonde) is forecasting will stay above 10 per cent right through to 1986. For young people whose current unemployment rate is 21.3 per cent, he proposes to add less than 30,000 new jobs over the next few years. If you add up the jobs in his budget proposal, they total 30,000.

Furthermore, in the October statement the Minister said that allocations for employment creation would be $1.4 billion. In his current statement, direct support for employment creation is shown as $1.484 billion. That is an increase of only $74 million. According to the figures we were given just before the Minister made his speech in the House, he has allocated $74 million for unemployed Canadians in new programs versus $200 million for his own reputation.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Miss Carney: The Minister said in his speech that he is looking to the private sector to help lead the way to recovery. The great intervenors have become the great entrepreneurs. The team that blew away $20 billion in investment, both domestic and foreign investment when it introduced the National Energy Program has now rediscovered the need for equity capital. This is the Government that hands $150 million to Canadair to produce jets that cannot be sold. These are the same people who poured $125 million into Consolidated Computer and sold that company for $100,000 to private interests which put it back in business.

The master minds of the previous budgets which turned a business downturn into the worst recession in 50 years have now discovered that they must rely on the private sector to lead us toward recovery. Yet there is very little in the budget for small business. There are many good proposals which we know the Minister had which would have increased the healthy cash or equity position of small business but although there are some investment tax credits there are a whole series of companies which cannot participate; small business companies in the service sector, for instance. It should be very clear to farmers and fishermen that this Government has written them off completely one more time.

Some Hon. Members: Hear, hear!

Miss Carney: Madam Speaker, because of the time I move:

That the debate be now adjourned.

Madam Speaker: Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, under the Standing Orders I move:

That this House do now adjourn.

Madam Speaker: Does the House agree to the said motion?

Some Hon. Members: Agreed.

Motion agreed to.

Madam Speaker: Accordingly, this House stands adjourned until tomorrow at 2 p.m.

On motion of Mr. Pinard, the House adjourned at 9.58 p.m.

HOUSE OF COMMONS

Wednesday, April 20, 1983

The House met at 2 p.m.

• (1405)

STATEMENTS PURSUANT TO S.O. 21

[*English*]

THE BUDGET

OBJECTION TO CONDUCT OF MINISTER OF FINANCE

Mr. Douglas Roche (Edmonton South): Madam Speaker, I want to object in the strongest terms possible to the outrageous conduct of the Minister of Finance (Mr. Lalonde) in deliberately altering his budget in order to cover up his leak of vital contents to a photographer.

First, the Minister broke his ministerial oath of secrecy. Honour, if not the law, would demand his resignation. Then by a calculated act of manipulation he changed the figures, justifying his action of adding $200 million by the claim of increasing job creation. This is both cynical and immoral. It is political trickery that will offend every decent person in Canada. What the Minister of Finance has done is to demonstrate conclusively that the Government is morally bankrupt.

* * *

[*Translation*]

THE BUDGET

FUNDS FOR CANADIAN HOME RENOVATION PLAN AND FOR JOB CREATION

Mr. Jean-Guy Dubois (Lotbinière): Madam Speaker, as far as the budget is concerned, there have been some comments just now on the formal aspects, but I think it is more important to emphasize the jobs that will be created. One area that has been the subject of many representations is the Canadian Home Renovation Plan. I believe that the Goverment's decision to earmark $120 million in additional funds for this program and to extend the program until March 31, 1984, was a very important one for the Department of Finance and the Minister of Finance (Mr. Lalonde), who thereby responded to requests from the people of Quebec and the Members from Quebec for additional funds for the program that would help create jobs in the construction industry. I think that in the circumstances, Canadians and Quebecers can be proud of their Members of Parliament, because their representations were effective and received a positive response from the Department of Finance.

[*English*]

WESTERN DEVELOPMENT FUND

ELIMINATION FROM BUDGET

Mr. Lorne Nystrom (Yorkton-Melville): Madam Speaker, in the 1980 Throne Speech the Liberal Government across the way said it would listen to Members of Parliament from western Canada. In the 1980 budget the Liberal Government introduced a Western Development Fund, which was a $4 billion fund to develop western Canada. In the 1981 budget the Liberal Government reduced the Western Development Fund to some $1.8 billion. Last night, as if by some stroke of magic, a puff of smoke or something, this fund was reduced to zero. There is no longer a Western Canada Development Fund. The rest of the country gets six and five while we in western Canada get zero and zero. That is the magic of the Minister of Finance.

There is no western plan, there is no western R & D, and there is no western manufacturing. About the only thing in the budget was hundreds of millions of dollars for big business. In many ways it is a Conservative budget, and the Government across the way should be charged with theft, theft of the Conservative Party's clothes and colours, for the kind of budget that it brought in last night. No wonder the Liberal Party is an endangered species in western Canada. It is about time the Liberal Government reinstated that money for the Western Development Fund.

* * *

THE BUDGET

ISSUE OF SECRECY—CALL FOR MINISTER'S RESIGNATION

Mr. Blaine A. Thacker (Lethbridge-Foothills): Madam Speaker, parliamentary government is now over 700 years old. Its development is the result of a long and laborious struggle by ordinary people to elect the representatives who will make laws on their behalf, and to set the rules of accountability to be followed by those elected officials. The office of the Prime Minister (Mr. Trudeau) is the highest office of trust and fiduciary responsibility. The incumbent must act in that spirit.

The office of Minister of Finance is especially one of trust. The present incumbent, as a lawyer, understands that concept better than anyone else. He swore an oath of secrecy on the

Bible and on his honour. The Minister of Finance set up tight rules of security for the press and for Members of Parliament. Yet, for personal glory and publicity, he called the media into his office and then broke his oath of secrecy by opening the budget documents. As a result, the financial markets and the value of the dollar have been affected, and unfair advantage has accrued to a privileged few.

Democracy is a high and difficult enterprise requiring the highest of political standards in the conduct of the public trust. Our very way of parliamentary life is at stake. The Minister of Finance must resign.

* * *

EXTERNAL AFFAIRS

RECOMMENDATION TO ESTABLISH NORTH-SOUTH STANDING COMMITTEE

Mr. Bob Ogle (Saskatoon East): Madam Speaker, on November 30, 1982, a sub-committee of the House of Commons tabled a report on Canada's relations with Latin America and the Caribbean. Until now there has been no response to that report from the Government. In the report the sub-committee spoke about the stability necessary in that part of the world; it spoke for the promotion of human rights; for trade and investment initiatives by Canada in the region, and for aid and development.

I request the Government of Canada at this time to respond to this report. It is important for the Government to do so because the situation is changing so rapidly in South and Central America that, unless the recommendations are looked at now, they will become historic recommendations.

Two weeks ago there were food riots in Brazil, the economic miracle country of Latin America. Mexico has had an economic collapse. Nicaragua has been invaded by foreign forces. El Salvador is still fighting a civil war and it has one million refugees.

I recommend that the Government of this country set up a continuing north-south standing committee so that this House and the Government become aware of the realities that are taking place in our part of the world. I would also recommend that the Government renew the mandate of the sub-committee similar to the Latin-American committee so that information to the House and to the Government will continue to be provided in a steady way.

* * *

[*Translation*]

AVIATION INDUSTRY

ECONOMIC ROLE AND IMPORTANCE OF CANADAIR

Mr. Marcel Roy (Laval): Madam Speaker, I am rising in the House today on behalf of 1,200 workers who are in danger of losing their jobs, and on behalf of an industry that represents 23,000 workers in Quebec and has a business turnover or over one billion dollars. I want my fellow Members to understand the major role Canadair and its sub-contractors play in our economy and the Canadian aviation industry. I also want to point out that those who are anxious to tarnish the reputation of Canadair are contributing or will contribute to a loss of jobs in the Greater Montreal area which cannot afford to be a victim of that kind of negativism. Madam Speaker, I beg the Right Hon. Prime Minister (Mr. Trudeau) and the Members of his Cabinet to intervene in this matter, because Canada must continue to develop the aviation industry, where Canadair is one of the major components, if we are to play a part in this very specialized high technology sector. Obviously, corrective action is needed at Canadair, but not by killing the patient who is just starting to walk again, in this case the Challenger which is just getting off the ground. This is an industry that is generating jobs for today, tomorrow and for the future. For heaven's sake, let us not repeat the tragedy of the *Arrow* which had a very promising future but was literally scrapped by the Progressive Conservative Government at the time.

* * *

• (1410)

THE BUDGET

ALLEGED GOVERNMENT IRRESPONSIBILITY

Hon. Roch La Salle (Joliette): Madam Speaker, I would like to take this opportunity to remind Canadians that this Government does not know the meaning of the word honour. Yesterday, for the second time in less than two months, the Right Hon. Prime Minister decided to cover for the Minister of Finance and his incredible blunder before the press. The public is not about to forget the disgraceful conduct of the Minister and the Right Hon. Prime Minister in the notorious Gillespie affair. Monday, after the consummate irresponsibility demonstrated by the Minister of Finance, the Right Hon. Prime Minister owed it to common decency and to his own credibility to ask his Minister to resign. As we all know, that did not happen. The Right Hon. Prime Minister, after a quick assessment of the facts, judged in his great wisdom that his Minister of Finance was worth an extra $200 million. Some people will say that is pretty cheap and others that the end justifies the means. However, it gets a little embarrassing when the taxpayers' money is involved, Madam Speaker.

* * *

[*English*]

HEALTH

SEXUALLY TRANSMITTED DISEASES

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, sexually transmitted diseases are seriously affecting the health of many Canadians.

The Canadian Public Health Association estimated recently that approximately 600,000 Canadians are affected with sexually transmitted diseases.

This increasing rate of infection is linked by some authorities to the dramatic and concomitant increase in the level of prostitution. Indeed, it is often cited as a major contributor to sexually transmitted diseases. Consequently, one approach to reduce the rate has been the consideration of the legalization of prostitution. The rationale behind this proposal is that persons in legalized prostitution would be subjected to medical examinations. However, the experience of infectious disease control medical officers is that routine forced medical examination of prostitutes in the general population is not practical, feasible, or effective.

Each of these diseases has its own specific incubation period during which the disease cannot be detected clinically or may be in a symptomless carrier state that infects but defies medical diagnosis.

In some countries minimal benefits have been reported in strictly isolated "red light" districts when medical examinations are conducted under military supervision and discipline.

It is accurate to say that compulsory, periodic medical examinations of prostitutes in a general population have proven valueless in controlling venereal disease. Indeed, such examinations may be considered harmful in that they create a false sense of security by providing spuriously favourable diagnoses.

* * *

CHARTER OF RIGHTS

OFFER TO INCLUDE PROPERTY RIGHTS

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, at page 3 of issue 46 of the minutes of the Joint Committee of the Senate and House of Commons on the Constitution, this Party put forward the following amendment to the Constitution:

> Everyone has the right to life, liberty, security of the person and enjoyment of property and the right not to be deprived thereof except in accordance with principles of natural justice.

Last Monday the Prime Minister (Mr. Trudeau), having seen the light like Saul on the road to Damascus, agreed to introduce that proposal if he could get agreement from this Party in the House of Commons. He has been good enough to provide me with the following amendment:

> Everyone has the right to life, liberty, security of the person and enjoyment of property, and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

The House will see that there has been only one change to our original proposal, that is, substituting the word "fundamental" for "natural". That resolution the Government voted against in Committee, along with its NDP allies. That resolution the Government voted against in the House of Commons, along with its NDP allies.

I hope the Prime Minister will be successful in persuading the NDP to do as we do now, to accept the Prime Minister's conversion and ask him to bring that motion into the House as soon as he possibly can on our undertaking to pass it in the 24 hours that he suggests, through all stages.

• (1415)

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

ALLOCATION OF EMPLOYMENT FUNDS FOR YOUNG CANADIANS

Miss Pat Carney (Vancouver Centre): Madam Speaker, I would like to ask the 200 million dollar Minister of Finance a question about his spending priorities. He told us yesterday that Canadians must borrow an additional $200 million to pay for his photo opportunity which leaked the budget. Although there are 621,000 young people out of work, he has allocated only $280 million in additional funds over the next two years to help young Canadians find jobs. Why is the Minister prepared to spend $200 million to save his own skin, and only $280 million for young Canadians?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I indicated yesterday that the additional $200 million will be provided for special recovery capital projects. This will be spent on projects that will be of benefit to the Canadian economy. This represents projects taking place all across the country that are on the books of the Departments for future years. We are advancing those projects. These projects will mean more employment for Canadians. This will mean fewer people unemployed. The money will be used to employ Canadians who are unemployed at the present time in various regions of the country.

The use of that money will be announced in the next few days and weeks. I invite my hon. friend to wait for the statements to be made by various Ministers in that regard. She will find that there are very worth-while projects to be undertaken that will significantly help those Canadians who are unemployed. Among them I hope there will be quite a number of young people.

As I indicated in my statement yesterday, this Government is spending hundreds and hundreds of millions of dollars for the young people of the country. Over half of the $1.2 billion in training allowances is being spent on young people. That is the extent of the commitment of this Government to the young people of the country in whom we have faith.

DISCREPANCIES IN BUDGET PAPERS TABLED AND CIRCULATED

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary is also addressed to the Minister of Finance who knows very well that that additional money which he had

to find to protect his reputation has not been allocated. It was added within a 24 hour period.

Yesterday we were told that the Minister was increasing the deficit by $100 million to save the integrity of his budget, through a supplementary budget speech which we were given moments before he spoke in the House. Today we find that the budget papers which we were given and which were circulated to Canadians across the country are not the same as the budget papers that were tabled in the House last night. On page 6 of his fiscal plan as tabled, there are no less than 21 changes in the documents he tabled; $100 million here and $100 million there. How many sets of books is the Minister keeping? Why can he not give Members of the House of Commons the same figures that he is tabling in the House?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member speaks about the supplementary budget speech. There is only one budget speech. It is the one I delivered in this House. That is elementary. The budget statement is the one which the Minister of Finance reads in the House when he delivers his budget speech. I also indicated yesterday that I was tabling on the Table of this House the official documents, and those documents have the necessary corrections, as the Hon. Member knows.

I finally stated that indeed there were thousands of copies across the country that would be made available at the time that I would be speaking and that corrections would be required, bearing in mind the changes I decided to make in the budget. That is all in the record. I delivered that in the House yesterday. The Hon. Member must have been outside the House when I made that particular statement.

• (1420)

UNEMPLOYMENT FORECASTS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my final supplementary question is addressed to the Minister of Finance who might then be able to explain why the additional material he distributed to us is called "Budget Speech Addendum, insert after paragraph 1, page 3".

Again in terms of fudging the figures, the Minister in his budget suggests that more Canadians will be working in the future as a result of his budget measures. The bottom line will be 55,000 fewer Canadians working at the end of 1984 than were working in 1981 when his predecessor introduced the most disastrous budget in Canadian history. Why is the Minister so blatantly manipulating the employment forecasts and thus raising hopes among unemployed Canadians that he knows he cannot fulfil?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I think the answer to the Hon. Member's question is quite simple and quite obvious. In my speech last night I said that by the end of 1984, 600,000 more Canadians would be employed than at the end of 1982, and that employment was expected to grow at a steady pace during the months and years to come. I brought down an economic recovery budget, whose basic objective is to provide for a strong and lasting recovery of the Canadian economy. I hope the Hon. Member and her colleagues opposite will take the trouble to make a thorough analysis and to study carefully the substance of the proposals contained in this budget and that they will realize that, basically, the purpose of the budget is aimed at creating as many jobs as possible in our economy. However, it must be done in a responsible way, and that is what we are trying to do with this budget.

[*English*]

LARGER WAGE SUBSIDY PROGRAM SOUGHT FOR YOUNG PEOPLE

Hon. James A. McGrath (St. John's East): Madam Speaker, my question is for the Minister of Finance. In view of the fact that young people will be the last to be hired in an economic recovery, why did the Minister not bring in a much larger wage subsidy program for young people than the $95 million he targeted over a period of two years? Why did he not bring in something like a refundable tax credit program, not only for the 621,000 unemployed young people but for the chronically unemployed, the hidden unemployed, and the discouraged workers, of which there are 120,000 in this country? Why can he find $200 million to prop up what is left of his own shattered reputation when he can only find $95 million over two years to help unemployed young people?

Some Hon. Members: Hear, hear!

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Opposition is in a situation where it is repeating itself again. I am afraid I will have to repeat the answer. The $200 million added to the special recovery capital projects is going to take the form of expenditures across the country. My hon. friend has been complaining about Search and Rescue, for instance. Does he not admit and recognize that we could use some money for refurbishing our Search and Rescue helicopters? Does he not admit that we could spend more money on equipping our Coast Guard in a more efficient way? These are projects that we have not been able to proceed with as far as we would like because the funds were not available.

I have now made funds available that will allow projects like this to proceed faster and earlier than had been anticipated. That will mean work in the shipyards of eastern Canada and western Canada, and it will mean better protection for the fishermen and the people who work at sea about whom I am sure the Hon. Member is concerned.

That is what the availability of these funds will mean. It will mean more Canadians at work, it will mean more and better services for Canadians at work, whether they are fishing or working on offshore platforms. These are some examples of many of the things that this country needs, the capital investment this country needs, things that we have not been able to accomplish in the last while.

I hope that these funds indeed will lead to the employment of young people as well as adult Canadians all across the country.

Some Hon. Members: Hear, hear!

FORECAST OF JOBS TO BE CREATED

Hon. James A. McGrath (St. John's East): Madam Speaker, God knows we need better Search and Rescue in this country. But we need jobs, and we are not going to get them this year according to the Minister of Finance.

I want to ask a question of the Minister of Employment and Immigration, who has to share the responsibility for this cruel hoax that has been perpetrated on the unemployed. That is what the budget is, a cruel hoax. I want to put a question to that Minister who has to bear responsibility for advice given to the Minister of Finance. Given the fact that at the end of 1985 we will have more people unemployed, three years on into recovery, than at the end of 1982 when there were more people unemployed than at any time since 1933—given that disgraceful fact which I take from the forecast of the Minister of Finance—will he tell the House how many jobs we can expect from the program brought in by his colleague, the Minister of Finance, last night? When can we expect these jobs? There are two million Canadians out there who are waiting.

• (1425)

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, before the Hon. Member gets himself worked into a frenzy, it might be useful if he went back and read the budget documents that were tabled last night.

Mr. Jarvis: Which ones?

Mr. Axworthy: The Minister of Finance indicated that over the next two years 600,000 jobs will be created in Canada. That will be an average labour growth of between 3 and 5 per cent over the next two years to provide major stimulus in the economy. Those 600,000 jobs will come from a combination of jobs provided in the private sector and direct employment jobs.

The Hon. Member seems to be suffering from a major learning disability in not being able to read properly. I would point out to him that the fact of the matter is that the $1.6 billion that is being put into direct employment jobs will create something like 300,000 jobs directly by the Government, through this Department, over the next two years. Before he goes into his wild, frantic outburst, it would be well for him to go back and read those facts so that he can provide proper, straight information to the Canadian public.

1983 UNEMPLOYMENT FORECAST

Hon. Edward Broadbent (Oshawa): Madam Speaker, first of all I would say to the Minister who has just spoken that I have read the documents. Now I have a question for the Minister of Finance.

Given the fact that there are two million Canadian men and women who would like to get a job, how can the Minister of Finance describe his budget as a recovery budget when he notes in his budget documents that there are going to be fewer jobs in the Canadian economy in 1983 than in 1982?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, at the end of 1984 I said there would be 600,000 more Canadians employed than there were at the end of 1982.

Some Hon. Members: 1983.

Mr. Lalonde: At the end of 1983 we will have an improvement in the job situation. We have a very high level of unemployment at the present time. I have never indicated that we would get out of the unemployment level that we are facing at the present time just by the wish of the Leader of the NDP Opposition. I have indicated that the situation would improve gradually. This is what we are working on as fast and as urgently as is possible.

It is true that we have a high level of unemployment at the present time and that it will stay with us for a while. The question is whether we should get together and try to improve the situation, as was proposed in the budget, or just go on raving and ranting like the Leader of the NDP. I do not follow that line.

REASONS FOR UNEMPLOYMENT FORECAST

Hon. Edward Broadbent (Oshawa): Madam Speaker, I want to give the Minister a chance to correct the record before the House. I listened with care, and he just said that there is going to be an improvement in the job situation in 1983. Is he changing the budget once again, or will he admit that what he just said contradicts what appears on page 16 of "The Economic Outlook for Canada" document, which clearly indicates that there are going to be fewer jobs in the Canadian economy on average this year than there were last year? Will the Minister clarify that situation?

If he agrees that what I have said is true, then I come back to my first question. How, in heaven's name, does he have the nerve to call this a recovery budget when he knows that we are going to have about two million unemployed at the end of this year just as we have now?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the record shows that there will be more jobs at the end of this year in the Canadian economy than there were at the beginning of the year. That is what is going to take place. The average for this year is forecast to be about 12.4 per cent. We start from a high level and it will go down gradually. At the end of this year we will be in a better position in terms of numbers of jobs in this country than we are at the present time or than we were in January. That is what is happening. That is what will continue to happen gradually over the next two years.

It seems to me pretty obvious and pretty clear that this is indeed a recovery budget. It is not the kind of magic potion which the New Democratic Party would like to sell the Canadian public. It is a responsible budget which will depend upon the co-operation of all economic agents in the country—trade unions, management, Provinces, and the federal Government. I would love to be able to say that co-operation would also be forthcoming from the Opposition Parties, but I am afraid that would be too naive on my part.

• (1430)

Mr. Broadbent: Madam Speaker, the Minister's crocodile tears are very moving, indeed. I wish he would show the same concern for the unemployed.

REQUEST FOR INDUSTRIAL STRATEGY

Hon. Edward Broadbent (Oshawa): Madam Speaker, considering that the Minister's own documents show that the number of jobs in 1983 on average will be fewer than in 1982, and that the number of unemployed will be 200,000 higher in 1983 on average than in 1982, can the Minister tell us why he did not produce for the long run, having failed for the short run, the kind of strategy which he sometimes talks about, instead of throwing money helter skelter around out there hoping that something might happen in terms of job creation? Why did the Minister not bring before the House of Commons and before the people of Canada a long-range integrated industrial strategy which would give the people in our land some real reason to hope for the future?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the budget we have put forward is indeed a budget which is looking at both the short term and the medium term. It does indeed put forward a number of initiatives which will strengthen the Canadian economy, make it more competitive, and allow Canadian workers and management to beat the competition. That is what we want to ensure. If we can put business back into business, we will be able to put workers back to work and find jobs for Canadians. That is what we want to do.

Some Hon. Members: Hear, hear!

[*Translation*]

EMPLOYMENT—GOVERNMENT FORECAST FOR 1983

Hon. Roch La Salle (Joliette): Madam Speaker, my question is also directed to the Minister of Finance. Perhaps the Minister could clarify the part about 1983. Not long ago, the Minister of Employment and Immigration announced the creation of 29,000 temporary jobs, but the effect was nil since 47,000 permanent jobs were lost. The Minister of Finance said that he will invest $1.5 billion this year, but it seems quite clear from his budget speech that there will be fewer jobs available in 1983. Will the Minister acknowledge that in 1983, there will still be nearly two million Canadians out of work, notwithstanding this injection of $1.5 billion?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the figures I announced yesterday were very specific. I indicated that for 1983, the unemployment rate would be approximately 12.4 per cent. If my hon. friend would care to check, I think 12.4 per cent equals about one million and a half of people out of work, which is indeed a very large number. I can also inform the Hon. Member, for instance, that thanks to the measures we announced last night, we shall be able to reduce unemployment gradually across Canada in 1983 and 1984. There will be fewer Canadians out of work in December 1983 than there are now or than there were in January 1983 and there will be fewer Canadians out of work by the end of 1984 than was the case at the end of 1983 or at the end of 1982. We shall continue to make progress in our fight against unemployment. However, I think it would be irresponsible to claim that we could rid our country altogether the tragedy of unemployment that is being experienced by both young people and adults. The aim of the budget is to take a comprehensive approach to this problem by trying to encourage the private sector to play its part in economic recovery, and that is what we intend to do. In addition, we have allocated half of the funds provided in this budget to direct aid to the unemployed through direct job creation by government programs. I feel this is a fairly balanced approach, and most of the comments I have heard since last night seem to indicate that the Canadian public is supporting the measures proposed in the budget.

Mr. La Salle: Madam Speaker, I have a supplementary. I would like to take the Minister of Finance at his word when he says he is going to reduce unemployment, but the Minister knows perfectly well that we have been hearing this particular refrain for four or five years, and that the same promises have been made by at least three budgets, and we all know with what results. Is the Minister prepared to confirm, for the information of all Canadians, that his budget estimates for 1984-85, in addition to maintaining a high level of unemployment, according to the document just tabled, will oblige taxpayers to pay an additional $2 billion in taxes or income tax, and that corporations will be paying $815 million? In his forecast, does the Minister think it is fair to make the individual Canadian, who already has trouble paying his taxes, pay twice as much as the corporations?

Mr. Lalonde: Madam Speaker, the Government's tax measures were announced last night, and as of October 1984, there will be a one-percent increase in the manufacturers' sales tax, and we shall be maintaining the Canadian Ownership Special Charge which is now in effect. I said, however, that we shall be maintaining it at its current level. It will not be increased, and maintaining this tax will mean nearly one billion dollars of additional revenue for the Government. However, it is not being increased and it is not an additional tax. The main additional tax is the one resulting from the additional one per cent added to the manufacturers' sales tax

for six months in 1984-85. The other additional tax reduces exemptions for the wealthiest people in Canada in 1984-85, and that is in line with our objective to ask Canadians who are well off to help those who are in need and people who are less fortunate than they are, and that is what this budget is trying to do.

[*English*]

IMPACT OF BUDGET ON ENERGY PROJECTS

Hon. Don Mazankowski (Vegreville): Madam Speaker, my question is directed to the Minister of State for Economic Development who is responsible for over-all economic development strategy. The Minister will know that over the past three years several energy oriented projects worth $30 billion to $40 billion were shelved as a result of the Government's destructive economic and energy policy. Would the Minister identify what specific measures are included in the budget which would facilitate the development of these energy projects, even on a smaller scale? For example, could the Minister indicate to the House what there might be in the budget to facilitate the development of a heavy oil upgrader in Lloydminster which would provide some 93,000 man-years of work over the next five years?

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, first of all I cannot accept at all the premise upon which the question is based. I understand projects of a similar kind have been cancelled in the United States and elsewhere. There are provisions with respect to the PGRT contained in the budget which may indeed have an impact on some of the energy projects.

PETROCHEMICAL PROJECTS

Hon. Don Mazankowski (Vegreville): Madam Speaker, will the Minister not agree that the heavy oil upgrader is currently on the shelf as a result of federal Government policies? It could be spearheaded onward if the Government modified its policies in some respects. The same applies to the petrochemical industry. Some $6 billion to $8 billion worth of petrochemical projects are on hold which, again, would provide some 8,000 to 10,000 jobs. They are on hold because of the heavy up-front taxes arising out of the National Energy Program which makes Canada's feedstock uncompetitive in world markets. I would ask the Minister again to identify what positive action there is in the budget to ensure the facilitation of these petrochemical projects so that we can provide long-term meaningful, productive employment, rather than the kind of fluff which we have been hearing from the Minister of Finance.

Hon. Donald J. Johnston (Minister of State for Economic Development and Minister of State for Science and Technology): Madam Speaker, last night I was delighted to hear in this House, as I am sure all other Hon. Members were, about a $2.4 billion special recovery capital program which, of course, affects 100 projects all over the country, not concentrated specifically in one sector. This is going to make an on-going and permanent contribution to productivity through research and development and improved technology affecting all regions. That is what the Hon. Member should be talking about. I hope that in the succeeding weeks we will hear some compliments coming from him and other Hon. Members of the House with respect to the judicious selection of those projects which, as the Minister of Finance indicated during his speech, total over 100.

PROPOSAL TO INCREASE FEDERAL SALES TAX

Mr. Nelson A. Riis (Kamloops-Shuswap): Madam Speaker, while Canadians are recovering from the Minister's recovery budget, I must say I was a bit surprised that the Minister of Finance, who had been saying for many, many weeks that it was going to be a consumer led recovery, last night announced that perhaps one of the ways to assist this is to slap on an additional federal sales tax in October, 1984. If the Minister is serious about a consumer led recovery, would he explain how adding to the federal sales tax will help that recovery? Why did he not instead reduce the federal sales tax this year if he wanted to encourage Canadians to consume goods and services?

• (1440)

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, first of all the Hon. Member has partially given the answer to his own question by pointing out that this increase in sales tax will not take place until October, 1984. By then we hope that the recovery in Canada will not only have taken hold, but that it will be very strong indeed. Secondly, the budget contains measures, such as those with regard to RHOSPs, whereby those who want to buy new homes, furnishings and appliances, will be encouraged to do so and will benefit from significant tax reductions if they make those expenditures by the end of 1984 for houses, and before the end of 1983 for appliances. These are, I believe, significant short-term measures which should help to increase consumption.

I might also mention that the measures I announced yesterday for 1983 are geared to put more money in the hands of low income groups, like low income workers who are going to benefit from the 3 per cent to 20 per cent increase in the $500 allowance for what is known as the employment expense deduction or tool allowance. That is going to mean something like $135 million more in the hands of low income workers that they will spend during the next few months. I think this, plus the $6 billion of tax refunds we are processing at the present time, should be a strong spur to consumption over the next few months.

Mr. Riis: In other words, Madam Speaker, what the Minister is saying is that if recovery begins this year he will slap an extra sales tax on it to make it more difficult for 1984. A puzzling method of economic stimulus.

Oral Questions

FUNDING OF MEASURES TO CREATE JOBS

Mr. Nelson A. Riis (Kamloops-Shuswap): Along the lines of economic stimulus, Madam Speaker, my question to the Minister is this. Since we are paying out virtually $1 billion a month in UI benefits to Canadians from federal coffers, and since he surprised Canadians last night by saying that the $4.8 billion job-creation program was going to be spread over a four-year period, would it not be a better investment for the federal Government, rather than simply to invest $1.2 billion each year in job creation, to invest more money in job creation, which would result in serious economic development and economic return to Government coffers and thereby begin the process of reducing the deficit and the debt as well?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, last night I said that 70 per cent of the funds committed for capital projects under the $2.4 billion program I announced will be spent this year and next year. We have done everything possible to accelerate capital investment and to ensure that this money is spent as soon as possible on useful projects throughout Canada. By introducing various tax measures for the corporate sector, and especially for small- and medium-sized businesses in Canada, we have tried to encourage these businesses to start spending on capital projects as soon as possible to upgrade their operations. I believe these measures will have a beneficial effect on Canadian workers in general, and especially on those who are now unemployed, because if we can start business on the road to recovery in Canada, this will create jobs for Canadian workers and that has been our primary concern from the outset in preparing this budget.

[*English*]

GOVERNMENT REVENUE FROM TAXATION

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Minister of Finance will know that last night in his financial tables he increased his net take from the economy by $5.72 billion in taxes. Can the Minister explain how this tax grab will encourage job creation and economic recovery?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member might take the trouble of pointing out the number of years he is talking about. For this year and next year, when the economy will need stimulus, the Government is not increasing taxes on a global basis as the Hon. Member has indicated. As a matter of fact this year, 1983-84, we have a quite significant reduction in total taxes, and the Hon. Member should put that on the record. However, as the economy is going to recover and get stronger, obviously, as I indicated yesterday, we would make sure that the fruits of that growth are going to be shared, and the Government is going to get its share in taxes in order to pay for the expenditures we are incurring at the present time to support growth in the economy. So I would invite my friend to show exactly the number of years he is referring to, and he would have to point out that the taxes he is referring to are not taking place in 1983-84 at all.

FORECAST OF ANNUAL DEFICIT

Mr. Don Blenkarn (Mississauga South): Madam Speaker, the Minister knows that even next year there is an increase in taxes of over $800 million. He knows that he is forecasting unemployment in excess of 10 per cent into the indefinite future. He is going to increase taxes and guarantee, almost in perpetuity, that the Canadian Government will have a deficit in excess of $25 billion a year. Therefore, I ask him how, in the name of recovery, that will create confidence, how it will stimulate the economy, create jobs and build this country?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would say that probably the best answer to the Hon. Member would be to ask him to take the trouble to read the statements made since last night by dozens and dozens of spokesmen for the private sector who have endorsed this budget. If he does not believe this budget is well received by the people who are going to invest and create jobs, he should explain to me why the Toronto Stock Exchange index went up 28 points since this morning.

Some Hon. Members: Hear, hear!

Mr. Stevens: So did New York.

REJECTION OF AGRI-BOND CONCEPT

Hon. John Wise (Elgin): Madam Speaker, my question is directed to the Minister of Finance, who made it very clear last night that this was a budget of recovery. I only wish, speaking for the agricultural industry, that it was a budget of discovery of the fact that we do have an agricultural industry in this country which is suffering very severely. I want to acknowledge, though, four items in that budget relating to the agricultural industry. One is a very small and insignificant measure to farmers in distress, and of course three other measures affecting a very few farmers. However, to take advantage of those three measures they would have to be in a profit position.

I want to ask the Minister of Finance why he ignored a golden opportunity to implement a very significant and meaningful program for farmers at this particular time, and of course he knows, as does the Minister of Agriculture, that I am referring to the implementation of the agri-bond concept. Why did he not utilize the opportunity last night to implement this program?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have indeed studied that proposal very, very carefully. I spent a lot of time reviewing it because I was trying to find out whether it could be implemented in a responsible way. As a matter of fact, as the Hon. Member knows, we asked an outside task force, the Lortie Commission as it was called, composed of experts in the field, to examine this matter. They

came up with a recommendation against such a step. I think there are indeed very solid and valid reasons why that proposal has many difficulties. What I have done instead has been to add $100 million to a particular program for the farming community which is going to help farmers in difficulty. This will allow the Farm Credit Corporation under the Farm Financial Assistance Act to provide help and support to the farming community.

I might remind my hon. friend that in addition, as far as the farmers are concerned, the Minister of Agriculture has numerous programs which he has put forward and which he had support for, at least on this side of the House, when they came before the House. As a matter of fact there is one called Canagrex which we would very much like to see the Opposition support very soon. That proposal would be of great benefit to Canadian farmers too. There are plenty of opportunities to help the farmers if the Opposition want to do their share.

• (1450)

INQUIRY RESPECTING PROGRAMS TO ASSIST AGRICULTURE

Hon. John Wise (Elgin): Madam Speaker, the minister talks about the complications and difficulty in implementing the agri-bond concept. Naturally, we cannot accept that.

The other fact that we want to make clear, and I am sure the Minister would agree, is that of the $100 million going to the Farm Credit Corporation there would only be about $8 million in the form of a direct subsidy to farmers in distess. Why did the Minister again ignore three other measures that would be in the interest of agriculture and which would indeed fulfil, or partially fulfil, some longstanding election campaign promises on behalf of his Party? Why did he miss the opportunity to eliminate the federal tax on farm fuels, to make appropriate amendments to Section 31 of the Income Tax Act, and again make some significant and meaningful changes in the capital gains legislative area. Why did he not utilize the opportunity to implement those more simple programs last night in his budget?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would like to point out to the Hon. Member that I have received hundreds of recommendations and proposals, and that many of them were very attractive. I certainly was very interested in considering whether they could be implemented. However, we cannot do everything at once. I have tried to propose a set of measures that will be most likely to give the economy a chance to create as many jobs as possible, as quickly as possible. The Hon. Member is referring to suggestions and proposals that I would have liked to implement, and there are hundreds of others, but unfortunately, or perhaps fortunately, I have saved a few for the next budget. I hope he will be luckier next time.

[*English*]

MINES AND MINING

CYPRUS ANVIL MINE PROPOSAL—GOVERNMENT POSITION

Mr. Thomas Siddon (Richmond-South Delta): Madam Speaker, my question is directed to the Prime Minister. Last week I asked the Prime Minister in the House if Cabinet would be meeting to discuss the proposal to reactivate the Cyprus Anvil Mine in the Yukon. I now ask the Prime Minister if Cabinet has reached a decision on that proposal which would see at least some proportion of the 30 per cent unemployed workers in the Yukon back to work immediately? Will the Prime Minister confirm that such a decision has been reached and, if so, would he give us the details of that decision?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, indeed Cabinet has met repeatedly on this subject. The present situation is that we have authorized the Minister of Indian Affairs and Northern Development to visit the Yukon and presumably try out some propositions. He has the authority to negotiate some possible arrangements. He has the authority of Cabinet to do that, but I am not in a position to make any announcement because I do not know the state of those negotiations between the Minister and the administrators of the Yukon and of the mine itself.

REPORT OF ANNOUNCEMENT BY MINISTER

Mr. Thomas Siddon (Richmond-South Delta): It is passing strange that the Prime Minister could not be more specific, because I understand from media reports that at this moment the Minister is in Whitehorse announcing a $50 million package for the recovery of the Cyprus Anvil Mine, with 210 workers being recalled, $25 million in a loan fully repayable to the federal Government, and with the Yukon Government helping out. I think it is regrettable that the Prime Minister would not have chosen to have made that announcement in the House when asked the question. I ask the Prime Minister again if he will confirm that such an announcement is being made in Whitehorse at this very moment?

Right Hon. P. E. Trudeau (Prime Minister): Madam Speaker, it seems to me that the Hon. Member will understand that if we can have an announcement in the House by the Hon. Member, and one up North from the Minister, we get double coverage for it. I am very happy that happened.

I am only sorry that the Member for Yukon has shown such great disinterest in this whole subject, to the point where he is not even in the House of Commons when his colleague is making this announcement.

Oral Questions

UNEMPLOYMENT INSURANCE

REQUEST FOR EXTENSION OF BENEFITS

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, my question is directed to the Minister of Finance with regard to his budget. His budget last night acknowledged that there will be a loss of some 60,000 jobs in the Canadian economy this year, that unemployment will remain at 12.4 per cent and all the efforts of the Government with regard to job creation can only affect this by about one-half of a percentage point.

Many of the unemployed today are the heads of households who have children. They must pay for mortgages and grocery bills. Having robbed these people of the dignity of work, will he now seriously consider extending unemployment insurance benefits in order not to force upon them the indignity of having to go on welfare?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I think the best way to restore dignity to those people whom the Member says have lost their dignity is not by extending benefits but by doing everything possible to provide them with work in jobs that they want and need. I think this is what the budget is trying to do.

Mr. Keeper: The Minister clearly indicated in his budget last night that he could not create jobs for Canadians.

REQUEST THAT MINISTER LISTEN TO UNEMPLOYED

Mr. Cyril Keeper (Winnipeg-St. James): Madam Speaker, the Minister must be aware that unemployed Canadians all across the country are organizing. In Winnipeg on Monday night they formed a union of the unemployed. They are angry, frustrated, and fed up with the economic policies of the Government. One of the steps that they have called for is the extension of unemployment insurance benefits. Will the Minister, having listened to business, now listen to the unemployed?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, as I indicated yesterday, the central concern of the budget is indeed about the unemployed. All the steps we have taken in the budget are meant to come to the rescue of the unemployed by creating the environment in which the unemployed of the country will again have good, stable, well paid and satisfying jobs. That is what we want to do.

* * *

THE BUDGET

FIGURES GIVEN IN TABLED DOCUMENTS

Hon. Sinclair Stevens (York-Peel): Madam Speaker, my question is for the Minister of Finance who, in answer to a question put by my colleague from Vancouver Centre, stated in terms of his changing arithmetic in the budget that he had filed the necessary corrections and documents with the table last night. Is the Minister of Finance aware that the arithmetic in those documents does not conform to what he said in his budget speech? For example, on page 16 of the Fiscal Plan, it shows a special recovery capital increase for the year 1984-85 of $40 million, but in his speech he said it was $50 million. One page 41 of the Fiscal Plan we find that for the fiscal years 1984, 1985, and 1986, the deficits do not add up to the same figures, if you subtract revenues from expenditures. If he is aware of these corrections, how does he explain the discrepancies between his budget and what he filed last night?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, if there is a particular mistake in a particular document that had been filed last night I will be very happy to correct it. I hope that my hon. friend will provide me with a photocopy of that document. I will be happy to make that correction.

Again, what is important is what I said in the House, and the figures I used in the House in my speech.

EXPENDITURE FIGURES

Hon. Sinclair Stevens (York-Peel): Madam Speaker, when the Minister is looking for the many, many discrepancies, would he note on page 41 of the Fiscal Plan the expenditure figures in the aggregate are $200 million higher than on page 45 of the same Fiscal Plan? In the Budget Financial Requirements there is the figure of $26.7 billion for the year 1983-84, yet on page 46 of the Fiscal Plan they are shown at a mere $26.6 billion. If the Minister knew what he was doing, why were there so many errors last night?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member shows that he is indeed an excellent bookkeeper and must have been an excellent banker. Again, if there are particular errors in the document I would be very happy to ensure that corrections will be made. I will check with my officials and file the necessary corrections if corrections are required.

ROUTINE PROCEEDINGS

[*English*]

TAX REVIEW BOARD

TABLING OF THE TWELFTH ANNUAL REPORT, 1982

Mr. Al MacBain (Parliamentary Secretary to Minister of Justice): Madam Speaker, on behalf of the Minister of Justice, I have the honour of tabling in both official languages the Twelfth Annual Report of the Tax Review Board for 1982. I ask that the Report be referred to the Standing Committee on Justice and Legal Affairs.

• (1500)

PETITION

MR. SKELLY—RIGHT OF ASSEMBLY

Mr. Ray Skelly (Comox-Powell River): Madam Speaker, I have the honour to present a petition of this House in which a group of individuals feel their right of assembly, which is guaranteed under the Constitution, is being denied. It is their concern that individuals involved with the Government of Canada have failed to provide them with a permit to carry through an assembly in which they wish to protest Canada's involvment with the Cruise missile. It would be the wish of the petitioners to have a permit in order that they be allowed to assemble and demonstrate against Government policy concerning the testing of the American cruise missile in Canada.

* * *

PRIVILEGE

MR. STEVENS—NOTICE OF POSSIBLE QUESTION TO BE RAISED

Hon. Sinclair Stevens (York-Peel): Madam Speaker, I would like to give immediate notice of a question of privilege that I hope to raise later this afternoon.

Madam Speaker: Order, please. If the Hon. Member wants to raise a question of privilege, notice must not be given in the House but given in writing to the Speaker.

Mr. Stevens: Madam Speaker, the reason I rise now, as I understand the procedure, is that if the question of privilege arises during Question Period it is in order to give you notice from the floor of the House. That is what I was attempting to do.

My question of privilege arises from the answer given by the Minister of Finance (Mr. Lalonde) which confirms our suspicions that the House is now faced with inconsistent figures with respect to the Minister's expenditures and deficits. Various assumptions are wrongly presented in the documents that have been tabled. In short, I find it very difficult to see how Members of this House can proceed to have a meaningful budget debate when, in fact, we do not know what are the exact figures which the Minister of Finance in due course is going to be putting before us.

What I was suggesting, Madam Speaker—

Madam Speaker: Very well. That kind of question of privilege does not require any notice. The Hon. Member just rises from his seat and raises the question of privilege by saying that it follows from the deliberations and proceedings of the day. If the Hon. Member has a question of privilege later on, or now, that type of question of privilege will be heard.

Mr. Stevens: If I may continue, Madam Speaker, my question of privilege, as I said, arises from the response given by the Minister of Finance in that while we felt there were inconsistencies, I put my question to the Minister feeling that he may have some ready explanation. In due course we may be getting an explanation from the Minister of Finance. I felt that in order to preserve the question of privilege, if I gave you notice now I could in turn suggest that we hear the two formal replies to the budget, one from my colleague, the Hon. Member for Vancouver Centre (Miss Carney), and one from the representative of the New Democratic Party. Thus we give the Minister of Finance an opportunity to check where the inconsistencies are and in due course I will proceed formally with my question of privilege.

Mr. Doug Lewis (Simcoe North): Madam Speaker, under the Standing Orders it would appear to me that my colleague, the Hon. Member for York-Peel (Mr. Stevens), has given you the required notice and is suggesting a course of action which will not interfere with the normal budget debate yet give the Minister of Finance an opportunity to check his figures. I would suggest the proposal made by my colleague is most sensible, and suits the orderly procession of the business of the House.

Madam Speaker: Nobody thinks it is not sensible. There was no question of changing the normal course of events. We are all prepared to listen to the Hon. Member for Vancouver Centre (Miss Carney) and those who want to follow in the debate on the budget. At any point at which the Hon. Member for York-Peel feels that he must raise a question of privilege, he can rise and do so. If it is pursuant to the deliberations of the day, he can just rise from his seat and present his question of privilege. It does not require notice. However, I think events will follow their course this afternoon.

[*Translation*]

Hon. Yvon Pinard (President of the Privy Council): Madam Speaker, as you have said before, the Standing Orders provide that a question of privilege shall be raised as soon as possible after the incident from which it arose. However, if a question of privilege or an alleged question of privilege arises from oral question period, the first opportunity is not after two speeches or even later in the afternoon, but immediately following oral question period. If the Hon. Member wishes to raise at some other time a question of privilege arising from oral question period, he will have to give proper notice and raise his question after oral question period on the following day, and not after two or three speeches or later today, unless the question of privilege arises from those speeches. However, if he wishes to raise a question of privilege arising from a reply to a question during oral question period, he should not raise it two hours later but right now. Otherwise, he should give proper notice and raise the question tomorrow. I have no objection to the Hon. Member giving the House notice that he will probably be raising a question of privilege later on, but certainly not right in the middle of debate.

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following question will be answered today: No. 4,491.

[*Text*]

CBC—ADVERTISING EXPENDITURES

Question No. 4,491—**Mr. Siddon:**

1. What amount did the Canadian Broadcasting Corporation spend for advertising in the fiscal year (a) 1980-81 (b) 1981-82?

2. What amount did the CBC budget for advertising in the fiscal year 1982-83?

3. What percentage of the CBC's fiscal year 1982-83 advertising will be devoted to (a) newspapers and magazines (b) radio (c) television (d) trade show or convention exhibits (e) any other?

4. Did the CBC declare a deficit in the fiscal year (a) 1980-81 (b) 1981-82 and, if so, what was the extent of that deficit?

5. What amount did the CBC budget for the current fiscal year for promotion of (a) the National News (b) The Journal?

6. What amount did the CBC spend to date in promoting the National News and The Journal (a) in television magazines and newspapers (b) on radio?

Hon. Francis Fox (Minister of Communications): I am informed by the Canadian Broadcasting Corporation as follows:

1. (a) 1980-81 $3,814,400, (b) 1981-82 $4,035,334.

2. 1982-83 $3,716,131.

3. (a) 66.8 per cent, (b) 1.8 per cent, (c) 0.4 per cent, (d) 6.1 per cent, (e) 24.9 per cent.

4. (a) No, (b) No.

5. (a) and (b) For fiscal year 1982-83, the CBC budgeted $92,500 for a newspaper television listings supplement campaign which has jointly promoted The National and The Journal.

6. (a) Including the figure given in part 5; $393,177, (b) Nil.

* * *

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, if Question No. 4,620 could be made an order for return, that return could be tabled immediately.

[*Translation*]

Madam Speaker: The questions enumerated by the Parliamentary Secretary have been answered. Is it the pleasure of the House that Question No. 4,620 be deemed to have been made an order for return?

Some Hon. Members: Agreed.

[*Text*]

SCHOOLS RUN BY INDIAN BANDS

Question No. 4,620—**Mr. Manly:**

For each school run by an Indian band over the past ten years, by Province, what was the (a) budget (b) number of pupils and teachers (c) location and was it on or off the reserve?

Return tabled.

[*English*]

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

Madam Speaker: Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

MOTION TO ADJOURN UNDER S.O. 30

[*English*]

THE BUDGET

ALLEGED PREMATURE DISCLOSURE OF BUDGETARY MEASURES

Mr. Doug Lewis (Simcoe North): Madam Speaker, I ask for leave to move the adjournment of the House under Standing Order 30 for the purpose of discussing a specific and important matter requiring consideration, namely all matters relating to the prior disclosure by the Minister of Finance (Mr. Lalonde) of detailed information about the contents of the budget delivered last evening, April 19, 1983, the confusion caused by the changes, the breach of the Minister of his oath of office, and the question of the propriety of the Minister continuing to act in his present capacity.

I gave you the required three hours' notice of this motion. We submit this is a serious matter that should be addressed immediately. The capacity of the Minister of Finance to continue to act in the best interests of the country and the breach of his oath of office through premature disclosure of the budget material, in our opinion, requires the immediate attention of the House.

Madam Speaker: I have received notice from the Hon. Member for Simcoe North (Mr. Lewis) of his intention to move a motion under Standing Order 30. I want to remind Hon. Members that the Standing Order lays down very specific criteria, as they know, governing emergency adjournment motions. Section (5) of Standing Order 30 states:

In determining whether a matter should have urgent consideration, the Speaker shall have regard to the extent to which it concerns the administrative reponsibilities of the government or could come within the scope of ministerial action—

The motion certainly meets this criterion. The matter clearly falls within the responsibility of the Minister of Finance.

However, Section (5) of the Standing Order also goes on to state:

—and the Speaker also shall have regard to the probability of the matter being brought before the House within reasonable time by other means.

Thus, the fact that a matter is urgent is not sufficient to qualify it under this particular Standing Order. To be acceptable there must be no probability of an early opportunity occurring for its consideration.

We are about to embark on a six-day debate on the budget, today being the first day of that debate. The terms of the budget motion are very broad and discussion can range widely. It is a matter of parliamentary tradition that the debate on the budget can cover the whole gamut of Government financial policy and administration. There is therefore an immediate opportunity to consider the matters envisioned in the Hon. Member's motion. There could be no earlier opportunity possible.

• (1510)

The notice given to me by the Hon. Member for Simcoe North also implies an accusation against the Minister in that it refers to:

—the possibility that the Minister has breached his oath of office as a Minister and the question of the Minister's ability to function in his present capacity.

I remind Hon. Members again that this is not a matter for an emergency adjournment motion. It is one which calls for a decision of the House, and a motion under Standing Order 30 results in no decision because the decision which the House reaches is that the House must adjourn. Therefore, on the substance of such a motion that problem is not really resolved.

Erskine May is quite clear in stating that such matters may be debated only on substantive motion which admits of a distinct vote of the House. On page 368 of Erskine May's Nineteenth Edition, it is indicated:

These matters cannot, therefore, be questioned by way of amendment, or upon any motion for adjournment or in debate on a Consolidated Fund Bill.

I must therefore refuse to accept this motion as it does not fall within the criteria required by Standing Order 30, and also because its subject matter is better suited to a substantive motion than to an adjournment motion.

* * *

MOTIONS FOR PAPERS

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, notice of motion for the production of papers No. 122, in the name of the Hon. Member for Wetaskiwin (Mr. Schellenberger), is acceptable to the Government.

[*Text*]

FINANCIAL FORECAST OF CURRIE, COOPERS & LYBRAND

Motion No. 122—**Mr. Schellenberger:**

The Budget—Miss Carney

That an Order of the House do issue for a copy of the financial forecast study done by Currie, Coopers & Lybrand firm of Management Consultants for the Department of Indian Affairs and Northern Development estimating past and future costs of the transfer of service delivering responsibility from the Department to the Indian Bands and which includes constructing a comparable financial data base, identifying national and regional cost patterns, and undertaking case study cost analysis.

Motion agreed to.

[*English*]

Mr. Smith: Madam Speaker, I ask that the remaining notices of motions for the production of papers be allowed to stand.

Madam Speaker: Shall the remaining notices of motions for the production of papers stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Tuesday, April 19, consideration of the motion of Mr. Lalonde that this House approves in general the budgetary policy of the Government.

Miss Pat Carney (Vancouver Centre): Madam Speaker, yesterday the Minister of Finance (Mr. Lalonde) tabled his last chance budget—the last chance this Government has of restoring its fiscal credibility after years of fiscal irresponsibility, economic mismanagement and a string of disastrous budgets which crippled an economy already in recession.

In attempting his last chance he has adopted a basic Conservative principle that our country's best chance of regaining economic growth and creating new jobs is in encouraging the private sector. He has introduced a series of measures which are aimed at encouraging investment opportunities, thus reversing the anti-investment policies of his predecessor.

It should be noted that the Finance Minister started his political career as an aide to Conservative Justice Minister Davie Fulton, and if he had truly returned to the fold, we would commend him. However, a scrutiny of his complex and confusing budget documents shows that he has made no serious attempt to reduce Government expenditures and in fact plans to expand them in order to find the funds to finance his recovery program. He is adding $5 billion to an enormous deficit at a time he claims the economy is in recovery.

Normally Finance Ministers have the wit to spend during recession and save during the recovery phase in order to

balance the country's books over the long term. But one dominant theme of his budget is that the country will be permanently in debt for the foreseeable future, a debt which threatens our ability to pay for the social programs we have gained over the years. I will return to that point in a moment.

A further scrutiny of his budget shows that the instigator of the National Energy Program which in effect expanded federal control over the energy sector is at heart still the great intervenor. He has announced literally hundreds of changes to Government programs, and it will take time to absorb their implications.

He has extended the Canadian Ownership Charge to finance unnamed purchases at a cost to the taxpayer of between $700 million and $1 billion annually. In his "buy now pay later" budget where he expects to raise his revenues through tax increases after he spends them, he has set up the business sector as the fall guys if in fact his policies fail—he can blame them for failing to respond to his incentives. But some businesses will not be able to respond because their markets are depressed. The Minister has done little for consumers whose real incomes are falling and not much at all for the unemployed who need to get back to work to earn pay cheques needed to encourage consumer spending.

In essence, what the Minister has done is attempt to bridge the gap between the present time and 1984-85 when the economy may return to the levels of growth it achieved in the pre-recession economy. That is okay, but he has failed to address the basic structural problems which we face in the country today. That is where he has failed to show the leadership we require at this time.

Surely what must be most striking to Canadians is that the budget promises recovery at the same time as it predicts that unemployment will remain at 10 per cent or higher until 1986. The reality is that Canadians face at least three more years of double-digit unemployment. Even in 1984 there will be 55,000 fewer people with jobs than in 1981. How can those grim projections square with the Minister's promise of recovery? Partly because only part of the special recovery capital projects represents new spending. We are told these projects are funded at a cost of about $2.2 billion, of which $1.5 billion is new spending. Of that $1.5 billion, only $460 million is expected to be spent in the current fiscal year. That does not do much to provide hope to unemployed Canadians today.

Moreover, no project under the program will be physically under way until at least October, 1983 when the recovery is expected to be almost a year old. But these are the projects which are supposed to bring about recovery, providing in the Minister's words "immediate economic and employment opportunities throughout Canada".

Canadians will be excused if they ask whether these projects are intended to provide immediate relief for the unemployed or political relief for the Liberal Party. They might also ask if the projects are simply a way of putting people to work only in order to go back on Unemployment Insurance. The alternative to that prospect is a rate of growth sufficiently high to reduce unemployment and absorb the increases in the labour force. It is interesting in that regard that a wire story came out today indicating that the economic firm, Chase Econometrics, in running the Minister's figures through its model, forecasts that his proposals would add only one-half of 1 per cent to our economic growth this year. According to the Minister's figures, he will not have that kind of growth under his stewardship as Finance Minister.

The growth we need can come about in the long term through productive investment. In the short term recovery and growth must be encouraged by encouraging consumption. The unemployed are not consuming. The Minister could have extended Unemployment Insurance benefits to ensure that some of those Canadians out of work could continue to support their families and make consumer purchases. At least those benefits could have been extended until the jobs in the recovery program began to come on stream. He chose not to do that. On the contrary, Canadians face an eventual tax burden of $5.7 billion over the next four years. With the twin prospects of few jobs now and higher taxes later, how can consumers be expected to create the demand necessary for real recovery?

The Minister claims that his budget has been motivated by two goals: achievement of fast growth, and guaranteeing a durable recovery. In our view, the budget fails to generate growth in the short term and may in fact threaten recovery in the long term. The reasons are as follows.

The best guarantee of sustained recovery in the years ahead is the steady creation of jobs through the development of the small-business sector, which creates something like 32 per cent of new jobs in the country. By applying the benefits that come from research and development, we could hope for higher productivity, new product development and new markets, resulting in new jobs. One key to long-term recovery is research and development through the small-business sector. We have in the budget only a study of research and development. As for small business, the Minister has seriously misread the needs of many small businesses in the short term.

On the face of it the budget is a pro-business budget, and we support some of the measures that recognize what we have been saying since the Government's first budget in 1981, that investment means growth. But the recession that those earlier budgets aggravated has resulted in many small businesses in Canada being on the verge of financial collapse or, at best, with acute cash flow problems. The investment incentives announced last night do not accomplish the immediate stimulus and inject the activity into the economy that the Minister recognizes we need now. I do not understand, for instance, why he did not adopt the suggestion of a small-business corporation which would help the cash flow problems of small businesses by allowing them to take in partners who could write off any losses against their income. There are other measures like that which he could have proposed at limited cost.

• (1520)

I will be pointing out in a few minutes the specific impact of the tax measures on individual Canadians in different economic circumstances. The principle need of small business has been, and will continue to be, increased spending by consumers. Last year the Government removed $2 billion from the economy through an increase in Unemployment Insurance premiums. The partial deindexation of personal income tax removed a further $1 billion, for a total reduction in the pruchasing power of the economy of $3 billion. Nothing in this budget makes up for that and much in the measures of last night add to the reduction in consumer spending. This is important because, I repeat, growing spending by consumers is the most immediate need of the small business sector. We would be supporting measures that served to put dollars in the hands of consumers, especially those out of work or that eased the cash flow problems of small business. Unfortunately, the Minister has given us nothing to support.

I said earlier that the durability of the recovery is in doubt because of the net effect of the budget. We lament the fact that there is no possibility of reducing the deficit below $25 billion anywhere in the foreseeable future on the basis of the budget. I am not raising the question here about how high in the short term the deficit should go or how much stimulus the Minister should have provided. We can deal with that in Question Period and later in the debate. However, I have argued that more of that stimulus should be geared to consumers who are in financial straits and businesses whose financial problems render them incapable of taking advantage of the investment incentives offered. That includes, of course, members of the agricultural community.

My concern is with the fact that with 26.1 per cent of the Gross National Product accounted for by Government expenditures, much of it in the form of permanent national debt, those effects will be felt in the form of choking off the recovery just as soon as it begins to bloom.

Sustained recovery in the long term and a more vigorous growth rate in the short term are both based on perceived and real lower interest rates. That recovery is threatened by a Government reaching deep into the pockets of Canadians through massive tax increases just when the benefits of business investment should begin to be felt.

In short, we face the real possibility of a deficit crowding out the very private sector incentives the budget creates, resulting in higher interest rates and increasing inflation, coming at precisely the time that massive tax increases will either wipe out Canadians' purchasing power further or create new cash flow pressures for business.

The House can only conclude that the Minister of Finance has ignored future consequences of his fiscal plan in the interest of his short term political survival. There is no apparent link between his fiscal policy and a monetary policy that will be of major significance in maintaining confidence throughout the rebuilding phase of the recovery.

We cannot hope to prevent a rise in interest rates and inflation on the basis of last night's deficit projections, and even that deficit is predicated on a real growth rate of 4½ per cent in four consecutive years, which is unbelievably unrealistic given the circumstances he describes in his budget.

There is another casualty of the Government's preoccupation with political survival. The country is beginning to lose count of the number of times the 1981 MacEachen budget has been wheeled to the operating room for surgery. That budget proposed to raise $1.7 billion in revenue through additional taxes from business. This budget is giving back about one-third of that revenue in new tax incentives. In the interim, corporate profits and finances have been in far too many cases wiped out.

We in our Party agree with some of the incentives. We applaud those because we recommended them. However, at best the Minister is only partially restoring the damage of 1981. For example, instead of bringing back the full capital cost allowance and repealing the 12½ per cent tax on dividends—in effect restoring a known and effective tax system—he adds new, complex tax incentives that will have about one-third the value of those his predecessor did away with. That is the cost of another round of surgery on the universally discredited 1981 budget.

An additional cost of the deficit is the potential and real impact eventually on the social programs that Canadians have built up over the years. We simply may not be able to afford them in years to come or to make the adjustments to them free of cost pressures with this kind of pressure constraining every fiscal decision we make in the years ahead.

That prospect is not just a textbook theory. The very size of a $32 billion deficit is frightening. For instance, a $30 billion deficit is more than the total Government spending on health and education in the last fiscal year by all levels of Government. It is higher than total Government spending as recently as 1974-1975, which is nine years ago. Old age pensioners could be getting four times the monthly payments they are currently receiving. It is $3,120 per taxpayer. That $32 billion is enough to triple unemployment payments for one year. It is equal to the equalization payments to the have-not Provinces for five years.

Instead of real job creation and deficit control, the budget provides for net future tax increases totalling $5.7 billion over the next four years and deficits totalling more than $102 billion between now and 1986-87. That is why we question the Minister's ability to deliver a recovery under those terms. In 1984 alone, taxes which primarily affect individuals will rise by about $380 million. Let me give some examples. These are the kinds of taxes that affect most Canadians in average circumstances.

While the child care deduction has been doubled to $2,000 per child with an $8,000 maximum, the claim from now on will have to be made by the spouse with the lower income. This may then create problems for working wives who have unemployed husbands or husbands who are still in school. That does not seem to us to be fair.

Furthermore, the Child Tax Credit will be maintained at $343 for 1983 instead of decreasing to $326 as would have happened had the six and five restraint program been applied. The cost to the taxpayer comes because there will be no indexing of the threshold amount over which the credit is

eroded. This will remain at the 1982 level of $26,330. Therefore, as people's income rises, the Child Tax Credit will decrease.

Even more obvious is the elimination of the $100 standard deduction. Unfortunately, this has not been replaced by the "give and take" proposals of the voluntary sector and may cost charities a substantial amount in lost donations. Almost certainly it could lead to an increase of the Revenue Canada bureaucracy in order to deal with receipts that Canadians will have to file in order to claim a deduction from a charitable donation. In fact, one budget analyst predicts that the additional manpower cost of this budget change will be approximately equal to the $80 million in revenue the Government expects to gain from it.

In addition, the federal tax cut credit has been restructured. In 1984 it will be reduced by 10 per cent of the amount by which the federal tax payable exceeds $6,000. In 1985 the maximum figure drops to $100 and then to $50 in the following year. In terms of equity, tax credits favour the lower income groups. When a tax credit is reduced, that is who suffers the most. While lower income Canadians are losing under this measure, the Government stands to gain $265 million in 1984 alone.

Similarly, the children's exemption has been frozen. That means that taxpayers with children under the age of 18 will find that the exemption will not rise with inflation. It will not even rise by 6 or 5 per cent. Added to the other tax increases, it means that Canadian families are going to be paying higher taxes in coming years.

Unlike the MacEachen budget, these latest tax measures make no mention of equity. Canadians, particularly those with children and those in the lower income groups, are just told to pay up. There are two other taxes that all Canadians will be paying. I am referring to the continuation of the Canadian ownership charge and the increase in the manufacturers' sales tax.

As you will recall, Mr. Speaker, the Canadian ownership charge was introduced to pay for the Government's takeover of Petrofina. The cost of the takeover has been almost entirely paid off, but we learned last night that this tax is to continue indefinitely. With Petrofina paid off, the Government can use this enormous revenue generator to bail out Dome and the banks. Others grabs by PetroCanada can be financed in this way at a cost to the average energy consumer of about $60 per year.

On top of that, Canadians will be facing a 1 per cent increase in the manufacturers' sales tax next year. Consumers will not begin to feel this until about the time they start their Christmas shopping. All of a sudden they will note increased prices on most of the goods they wish to purchase. The Government is postponing the pain of this tax increase. In the meantime, in all likelihood we will have an election. Our Party will have to implement this tax grab and explain to Canadians why they are feeling the pinch.

• (1530)

The Minister has presented his last chance budget. We will be evaluating his proposals during this budget debate as we pursue the fine print and his background papers to find out how his proposals will be implemented and what their effect will be.

We are very aware in our Party that Canada is on the threshold of our best chance in years to become the kind of country we can become, a country which is productive and competitive and eager for challenge, a country where every Canadian can find useful and interesting work.

We have been through the economic wringer, and in the process we have squeezed out some excesses. Our manufacturing is operating at only 63 per cent of capacity. But some of that capacity is obsolete and must be replaced with new plant and equipment, some of it in new industries. Our hard hit corporations are slowly paying down their strangling debt load. Managers who had become insulated and slow to adapt to change found themselves redundant as their companies struggled to survive. The men and women who replace them will be less complacent.

Some workers who have lost their jobs may never go back to their old tasks. They must face the often painful task of looking for new jobs in different fields and retraining themselves in the process.

As our markets dried up at home, we became more export conscious, aware of the global marketplace where we must be among the best in the world to succeed and where in many fields, such as communications, our success rate shows we are the best in the world.

We have moved into a weak, fragile recovery following the worst recession in 50 years. As our inflation rate has slowed, our wage pressures have moderated. Last year Canada and France shared the reputation for having the worst inflation record of 22 countries.

If we are to sustain that recovery and nurture it into a rolling expansion, we must avoid our past mistakes and change some of our attitudes. For instance, I would like to quote from a survey done by the European Management Forum that ranks 22 countries around the world on such factors as their ability to produce and the way they manage their economic affairs. Canada ranked sixth out of the 22 countries. It is interesting that three of the countries, Japan, Switzerland and The Netherlands, do not have anything like the resource base that we have.

In our ability to compete, we ranked 13 out of 22. That is due to our low productivity where we are in 22nd or last place. In human resources we ranked third due to a well-educated mobile labour force, but that is partly offset by a managerial talent rating of only 10.

In terms of outward orientation or our ability to look to the world for markets, we rank well down the list. One of the problems is the inability or unwillingness of managers to seek overseas postings and to learn another language.

One of the most telling observations of this survey was that in innovative orientation, we are 16 out of 22 countries. We have fallen from 13 to 16 in that ranking. Those are some of the measures we have to address and those are some of the attitudes we have to change.

For the reasons I have outlined, Mr. Speaker, I move, seconded by the Hon. Member for Vegreville (Mr. Mazankowski):

That all the words after the word "that" be deleted and the following substituted therefor:

"This House condemns the Government and rejects the budget for its failure to adequately address the human tragedy of unemployment and increasing an already unmanageable deficit while, at the same time, imposing an even greater tax burden on Canadians.

Some Hon. Members: Hear, hear!

Mr. Nelson A. Riis (Kamloops-Shuswap): Mr. Speaker, I must say that today Canadians are recovering from the recovery budget. I believe that one thing is perfectly clear. While the Minister of Finance (Mr. Lalonde) listened to very many people as he prepared his budget, he heard very, very few people. He heard a very selected few. He certainly heard from the investment community. They had something to tell him and he listened very carefully. We see a budget that reflects that viewpoint. But he also heard from the Progressive Conservatives and accepted many of their recommendations, suggestions and advice.

Mr. Speaker, I suggest that what we have today is a budget brought down by a Liberal Minister of Finance that is essentially a Conservative budget. What is a Conservative budget? It is a budget which means that while two million Canadians are out of work today and two million Canadians will be out of work tomorrow and two million Canadians will be out of work this summer and next winter and two million Canadians will be out of work next year, there will be a handful of Canadians that will be doing very, very well, thanks to this Conservative budget.

This is a budget that Canadians did not want at this particular time. This is not the kind of budget that Canadians were watching their television sets and listening to their radios to see and to hear. They did not want to see and hear a Conservative budget introduced in the House of Commons last night. They wanted a budget that would provide some very clear, strong, bold economic leadership for this country.

The people of Canada were hoping finally to see some direction given to economic development and progress in this country. They were hoping to see a very clear economic statement made that would show the way for Canadians so that Canadians in every region of the country and from every walk of life would have a clear idea of where this country is going.

But the people of Canada got nothing, Mr. Speaker. They got a "do not take action" budget. They got a "do not stimulate the economy in any significant way" budget. They got a "do not provide economic leadership" budget. What the people of Canada received was a Conservative budget. The budget simply takes the status quo, makes a few simplistic manipulations, moves it up for the next year or two, and then waits to see.

A number of people in the New Democratic Party have described this budget as a wait and see budget: wait for the economy to turn around in the United States and then see if Canada can move into economic recovery on the coattails of Mr. Reagan's policies.

Mr. Waddell: Same old story.

Mr. Riis: That is right. As my colleague for Vancouver-Kingsway (Mr. Waddell) has said, it is the same old story. It is a wait and see budget. We are to stand back and not take any action ourselves. We are to wait for others to solve our problems. We have been doing that for decades. For decades we have been expecting others to solve our economic problems. We have been waiting for the Americans, the Japanese, the Germans and the Swiss to solve our problems.

Canadians want to solve their own problems. They want to take action now. They were expecting a Government that would provide them with that kind of action and leadership.

The Minister of Finance came before us and presented a budget that ignored Canada's number one overwhelming problem, the fact that so many Canadians cannot find work. Too many Canadians are relying on UIC today. Too many Canadians are relying on welfare. Too many young people will be unable to find jobs this summer. That is a tragedy in a country as rich as Canada. Hundreds of thousands of young Canadians have been studying in vocational schools, upgrading their education in colleges, universities and specialty schools. To get to the job market and not be able to take those new skills and knowledge and put them to work for the country is a tragedy. That destroys a young person; dashes morale. They lose heart and become disappointed. It is not the kind of thing on which countries are built.

• (1540)

What is the Government's response to two million people being out of work and 900,000 young Canadians coming on to the job market in the next couple of weeks? It claimed to have a stimulative budget which would provide $4.8 billion for the private and public sector over a four-year period. Why was that not spread over a 20-year period or a seven-year period, Mr. Speaker? It was a sham. To spend $4.8 billion over a four-year period means $1.2 billion per year. That is the amount we spend every single month on UIC. Could we not do a little better than that for a job creation program? It is a pitiful gesture, Mr. Speaker.

Why were UI benefit periods not extended or assistance provided for people who are losing their homes because they have been laid off or are just getting back to work? There was no assistance in the budget for those people. We are told that we have to accept these high levels of unemployment and that we have to accept the fact that we are going to have the number of employed in the country actually decrease this year.

If a country as rich as Canada has to accept 12.6 per cent unemployment, Mr. Speaker, that is a tragedy.

Some people have called this a pro-business budget, but if we examine it very closely we see that is only half true. It is a pro-business budget for a very select portion of the business community. If you are a healthy corporation making healthy profits you will be able to use the provisions of the budget; if you are producing to capacity there are provisions you can use. But if you are like most small and medium-sized businesses which are struggling to survive as they wait out the recession or depression, experiencing shortages in cash flow and perhaps laying off staff that have been with them for many, many years, if you are simply hanging in there anticipating that the Minister will bring in a stimulative budget to get the economy moving, can you imagine how such people feel today, Mr. Speaker? They have been sabotaged by the Minister of Finance. He has turned his back on the small and medium-sized businesses that have been pressed to the wall as a result of Government induced recession policies. There is very little for them in the budget.

This morning I was going to an early morning television show and so I took a cab. The driver told me that fourteen years ago he left Europe to come to Canada. This was his dream—a country where the unemployment level was 4.5 per cent; it was a "just society"; the "land was strong"; the Prime Minister (Mr. Trudeau) was saying he was interested in "full employment for Canada"; inflation was 4 per cent; the Gross National Product was increasing 5 per cent per year and 25-year mortgages were available at 6.5 per cent. This man built a small business while his wife worked in a small factory. They raised three children. Then the Government decided that it needed a recession and introduced policies to induce that recession or depression. It tightened the money supply, increased interest rates, reduced the Gross National Product and increased unemployment. These were the conscious policies of this Government, similar to the policies of Mr. Reagan to the south of us.

This man lost his business, he lost his home, he lost his family. He is now driving a cab in Ottawa. He told me that he is going to go back to Europe because his dream of Canada had been dashed, to a large extent because of the policies of the Government.

In the last few hours we have seen the people of Canada rejected. The Government turned its back on the people. But more than that, the people have been used as pawns in this political game of chess between the Liberals and the Conservatives where employees are not viewed as people any longer but as commodities. People are bought, sold, exchanged, exploited, used and thrown on the garbage heap to become the unemployed.

This economic carnage is the result of a Government policy reflected in its Conservative budget where capital takes priority over people, where maximization of profit takes priority over human dignity. In this Party we regard that as an immoral position for a Government, and as reflected in this Conservative budget it is anything but what is required during these difficult times.

Earlier I said that a select few in Canada will benefit from the tax provisions in the budget. This is a tax increase budget. It is a budget that will increase taxes for most Canadians in the years ahead. As a matter of fact, over the next four-year period the provisions of the budget will increase the personal income tax revenue to the Government by $3.5 billion.

What about the corporate sector, Mr. Speaker? Is it going to increase its contribution? In this Conservative budget its contributions are going to go down by $2.6 billion over the same four-year period.

There will be a 1 per cent increase in federal sales tax and the charges for pay television and cable television will be taxed. This is a desperate tax grab from that group which the Minister claims will be the leader in the recovery program, the consumer. If he is serious about consumers leading or participating in the recovery program, he should have reduced the federal sales tax instead of increasing it.

I believe that the Minister of Finance missed a golden opportunity. Not only did he bungle the process of the budget, he bungled the content. In these difficult times why did the Minister not bring in a full employment option as the goal for the budget? That goal could have put many more Canadians back to work in the short term and in the long term. He should have brought in strategies to accomplish that goal.

Mr. Lalonde: You are the one who laughed at short-term jobs.

Mr. Riis: Canadians were looking for direction, for strong leadership, for strategies to move people off the welfare and UIC rolls.

We needed short-term action to begin to create jobs immediately and to show that we are serious about getting Canadians back to work. We needed short-term strategies to provide money for human capital. We need to invest in our most important resource in the country that, by and large, has been ignored in the budget—the people of the country, our human resource. We should have been providing money for health, education, and developing skills in the workforce, based on the assumption that healthy, well educated, skilled workers would have a high rate of productivity and would therefore contribute to the growth of the country.

There should have been money for reforestation; for affordable, co-operative and non-profit housing; for development of municipal infrastructure; for improved transportation facilities and for environmental protection. In other words, we do not need leaf-raking schemes or people to dig holes and fill them up again. We need short-term jobs that will result in economic development in the country in the years ahead, that will bring revenues into the federal coffers and thus begin to reduce the deficit.

Most important, Mr. Speaker, we needed a long-term job creation strategy as well. The Government should provide an opportunity for Canadians to plan as an economic family, to

do what every decent family does—look ahead and identify where they can develop. But we are renters; renters in our own homes with people outside our country making decisions for us.

• (1550)

Our friends in the Conservative Party say leave it to the private sector. That assumes that the private sector is all Canadian. But so many of the critical economic decisions are not even made in Canada, Mr. Speaker; they are made elsewhere.

We in this Party say that it is time to develop a long-term economic recovery program, a long-term strategy in order to develop those sectors of our economy which ought to be developed in the best interests of Canadians. In a country like ours it is a shame that we import manufactured commodities and manufactured equipment for something like our mining sector. We are the third major mining company in the entire world, Mr. Speaker, yet most of our mining equipment is imported. We should be exporting mining equipment. We should be developing a mining equipment manufacturing sector for our domestic needs as well as for international markets. We should do the same in forestry, agriculture, and fishing.

What we need in this country is a strategy so that Canadians can understand what it is we are attempting to accomplish. We do not need a strategy which is dreamed up by mandarins in Ottawa who are protected from the realities of the real world. We should develop a strategy in a proper way with the co-operation of our colleagues across the country as a Canadian economic family. Once we have that strategy in place, then we in the federal House and the provincial Houses across Canada as well as the private sector of this country will know what it is we are attempting to accomplish and can join in a recovery program.

In closing, Mr. Speaker, I would like to propose the following amendment:

That the amendment standing in the name of the Hon. Member for Vancouver Centre (Miss Carney) be further amended by adding after the word "Canadians" the following

"and in particular for its failure to undertake programs to:

(1) stimulate consumer demand;

(2) undertake immediate job-creation programs aimed at reducing significantly the levels of unemployment in 1983, and

(3) produce an economic strategy aimed at integrating private and public sector investment to ensure long-term economic growth".

The Acting Speaker (Mr. Corbin): While awaiting the text of the amendment, the Chair would like to inquire as to the name of the seconder of the motion.

Mr. Riis: The Hon. Member for Hamilton Mountain (Mr. Deans).

Mr. Fisher: I rise on a point of order, Mr. Speaker. Can you tell us whether questions are permitted of the previous speaker?

The Acting Speaker (Mr. Corbin): Yes, brief questions and comments for a period not beyond ten minutes are allowed at this time.

Mr. McRae: Mr. Speaker, I suppose there is no one on this side who feels more strongly about job creation than do I.

Mr. Waddell: Cross the floor, then, come over, because they don't care.

Mr. McRae: To go over there would make me ineffective. I would have no effect. I would just make noise.

My question has to do with the latter part of the Hon. Member's statement. For years I have heard this word "planning"—we need planning, we need a strategy and so on. It is an incredibly easy thing to say but I would like someone to define the word in terms of how you develop a strategy for one set of industries and leave the regional nature of this country out. It seems to me that we should start to define what this is and stop talking about planning as some kind of an abstract. I do not hear anything but abstractions. There might be one industry you would want to do something about, but I have the feeling that this word has been over-used and not explained. It seems to me that it is a nice, convenient way of criticizing a Government but it does not give us anything positive.

Mr. Riis: Mr. Speaker, I would like to respond in three ways. I would be pleased to send the Hon. Member some material on the process of economic planning. He makes it seem as though this is some unique phenomenon in which other countries have not been involved. I would like to remind him of two examples of countries which have participated in very serious, comprehensive and sophisticated economic planning with considerable success. Both countries are diverse in regions and have similar topography as Canada, although perhaps are different in size. Those are the countries of Japan and Sweden. As a result of the economic planning which those two countries have successfully attempted, their unemployment level—which they find very difficult to accept today—is less than 3 per cent.

Obviously, the Hon. Member did not listen very carefully to what I said. What I said was that any economic strategy for the future of this country, in recognition of the diverse regional aspects of a country as vast as Canada, needs to be accomplished by a Canadian economic family. The economic strategy for the future would incorporate, as I said, the federal House, the provincial Houses across this country which reflect the regions and the subregions of Canada, as well as the private sector. I cannot imagine what more input would be required from the sectors of the economy, from the regions of the economy, in terms of developing both short and long-term economic strategies than by using that method.

Mr. McRae: I wonder how the Hon. Member can use those two examples of quite homogeneous countries as opposed to a country which is so diverse as this one. It seems to me it is a totally different pattern and we must be realistic about that

pattern. Bringing these regions together is a very, very difficult task and it cannot be done by just using the word "planning".

Mr. Riis: Mr. Speaker, if I may respond, I happen to know, as a result of my heritage, Sweden and Scandinavia very well. For the Hon. Member to stand in his place and call Sweden a homogeneous country obviously means that he has never been there. I suggest it would do him well to visit some of these countries which do have progressive economic policies in place and do plan for the future of their country and, more importantly, for their citizens.

Mr. Fisher: Mr. Speaker, I wonder if we could cut through some of the slogans and get down to some practical details. I would like to know how the Hon. Member intends to accomplish some of these lofty ideas. He said in Question Period, for example, that the Government should have reduced federal sales tax as a key device to create a consumer-led recovery. I believe that is a fair representation of what he said. He obviously cannot square that with his subsequent platitudes about being a nationalist because such a tax reduction, in the opinion of people like John Bulloch of the Canadian Federation of Independent Business, would stimulate people to buy foreign watches, foreign cameras, foreign appliances and foreign cars. How does the Hon. Member intend to prevent people from transferring our tax benefits to foreign manufacturers in the name of his beloved consumer-led recovery?

Mr. Riis: To begin with, Mr. Speaker, if the Hon. Member would listen carefully to what I have to say, I did emphasize that the regions of Canada were very important in any economic recovery program, as are the provincial Governments. If we are going to identify the federal sales tax reduction as a way to put money into the hands of consumers, we would ask our provincial colleagues across the country to participate in this program. We would ask them to identify the appropriate sectors and so on where this would more realistically apply.

• (1600)

Mr. Evans: Mr. Speaker, I have heard for the last several months now Hon. Members opposite, including the Leader of that Party, indicate what a great system the Swedish have and how the Japanese are making such progress. I have asked him this before and his Party has refused to answer. Are they prepared to follow the Swedish model, that is wage control and included inflation to ensure real wage losses to workers? That is how they keep unemployment down. In Japan workers take a low fixed wage and profit sharing, and when things get bad they are guaranteed a decline in real wages. They do not have large industrial unions in Japan, they have company unions. Now, are the Hon. Member's supporters, financial and otherwise, prepared to go along with that kind of a model of economic development? I doubt very much they are.

Mr. Riis: Mr. Speaker, I believe the response needs to take two tacks. One, no one would be as simplistic as the Hon. Member has indicated to suggest that whatever occurs in one single country can be applied in another cultural context. However, I say there are many lessons to be learned, and here is one of them. The Hon. Member talks about wage controls, wage restrictions. One thing that Sweden has and this country has not, and is not likely to have in the immediate future, is a compact between labour, industry and Government where there is fairness in how programs are applied. The fact that virtually the entire Swedish labour force is organized makes it possible for organized labour to sit down with the social democratic Government and industry and together agree on recovery programs. But here this Government attemps to force wage controls and restrictions on a select group. It is that kind of economic arrogance which puts us in the difficult situation we find ourselves in. So when Members opposite stand up and call for co-operation, as the Minister of Finance has done in his budget, it is a hollow cry because they have betrayed not only ordinary Canadians but the trade union movement in this country so very, very often.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I would like to ask the hon. finance critic for the NDP a question. We heard a lot of pious platitudes from him but no specific concrete proposals.

Mr. Waddell: You did not listen.

Mr. Dionne (Northumberland-Miramichi): I wonder if he would accept the method Sweden has used on several occasions now, particularly when there are problems in the forestry industry, of buying up and stockpiling products from the mills and then dumping them below cost, or devaluating their currency which is, in effect, dumping below cost, and disrupting the entire world market for pulp and paper products.

Mr. Riis: I cannot believe what the Hon. Member is saying. I think what was attempting to levy as a criticism is that it has actually worked relatively successfully in Sweden. If that is the kind of criticism he is able to levy, he obviously does not understand what is going on in that particular country.

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Mr. Speaker, it gives me great pleasure to be able to speak on behalf of the Government in presenting to the Canadian public and this House the recovery program presented last night by the Minister of Finance (Mr. Lalonde). I am particularly pleased because it gives me the opportunity of listening to the contributions made by our friends in opposition and therefore of being able to digest their suggestions and recommendations and hopefully to incorporate them as part of our over-all assessment of what might be done to aid this economy at a critical time.

At least, Mr. Speaker, that was my intention. But I have to confess, having spent some considerable time listening carefully to the statements made by the leading financial critics and spokespeople for the Opposition, that I come away sadly disappointed at what they have been able thus far to offer. I am afraid that what I heard from the Conservative critic was "Wait until the next election and all will be solved". Those under-aged 14 year-old delegates they are electing will be able to choose an effective economic policy during their leadership convention. Somehow that will provide us with wisdom, direc-

tion and force. But when it came to anything that would give us a framework by which the Conservative Party of Canada would offer a recovery program, one ends up chasing after vapours which are whisked away into the atmosphere before anyone can catch hold.

The only thing we heard in Question Period from the Hon. Member for St. John's East (Mr. McGrath) was the old hackneyed rabbit out of the hat "give a tax credit to business to employ people". It is unfortunate that the Hon. Member has not gone back to read the evaluations of the program in place when his Government was in power, which indicated that something like 80 per cent of the jobs created were not incremental at all, and that such programs give no control or ability to target where the jobs should be. It is a little bit of a free gift but it does not create any additional jobs. That is the freshness of their thinking. That is the new innovation they are offering the Canadian people, a program devised several years which did not work. We are supposed to accept that as being the gospel of job creation according to the Hon. Member for St. John's East, who is probably as misguided as some of the other sort of preachers of gospel who have come along the way.

In listening to my hon. friend from the NDP, we now finally discover what their secret formula is. I have been sitting in this House for three years, waiting for the moment when they would reveal for the world to see their secret strategy. Now we know what it is. It is a made-in-Stockholm strategy. If we can only sort of adopt full-blown the Swedish way of doing things, then all things in Canada will be well. I have to say, Mr. Speaker, that I do not believe Canadians are prepared to adopt a foreign-made economic policy. They want a policy made by Canadians, one which reflects the desires, outlooks, attitudes and values of our own country.

Some Hon. Members: Hear, hear!

Mr. Axworthy: I want to say that is the particular and important element presented in the budget last night. Our Minister of Finance has spent the last several months talking to Canadians from all walks of live—labour, business and Government. He has talked to people from one region to the other. That has provided a comprehensive reflection of the basic desires of Canadians and the kind of direction and thrust they want to see in the economic platform and blueprint for this country. The particular genius of this budget is that it really is reflective of the Canadian context. It is a made-in-Canada budget, based on the full scale contributions of Canadians from all walks of life. I want to point out that it is not, as the Hon. Member for Kamloops-Shuswap (Mr. Riis) was saying, a Conservative budget. Certainly we would not adopt the kind of callous disregard of social programs that the Conservatives have, where they totally and completely disregard any willingness to support job creation programs, where they have adopted Reaganomics which simply cut back various forms of medicare. They only have to follow the leadership of their Conservative brethren in Alberta who are adding on user-fees and additional restraints on medicare budgets. That is not the Liberal way of doing things. But neither, Mr. Speaker, are we prepared to follow what seems to be the made-in-Sweden philosophy supported by the New Democratic Party—

Mr. Waddell: You are not any different from Reagan.

Mr. Axworthy: —which seems to have a totally controlled society, organized by big power blocs, where they get together and made those arrangements between themselves.

I think this budget was based upon a very open consultation with Canadians and the answer was very clear. It was given in the very first statement of the Minister of Finance (Mr. Lalonde): We want to create jobs. We do not want people living on welfare benefits. We want them to go back to work, and at a time when we are facing a terrible economic period. We have all seen its ravages and we all know the personal tragedy that Canadians have experienced.

• (1610)

We are all aware of how important work has become to Canadians. It is not simply a matter of a means of income; it is a way of establishing one's identity, sense of purpose and position in the family and community. Therefore the job is important both in how it gives a useful and meaningful existence to a person and in what it represents in terms of the use of a person's talents and skills.

That is why I have been disappointed not to have received the co-operation from the Members of the Opposition for the number of initiatives we have taken to try to get people back to work. Those initiatives includes such programs as work sharing, which is now in effect in approximately 13,000 factories and industries across Canada. But all we hear from the NDP and others is that it is taking income away from people. It is true that some incomes are reduced by some 10 per cent, but there are over 100,000 workers who have kept jobs that otherwise would have disappeared had it not been for that program.

I would ask the Hon. Member for Winnipeg-St. James (Mr. Keeper), who is sitting there in his corner and was so critical of the program, to go to Thompson, Manitoba, in our Province and talk to the United Steel Workers local in that City where 2,700 people are back to work at Inco because of the work sharing program.

Some Hon. Members: Hear, hear!

Mr. Axworthy: Let him go back there and tell them that they did not benefit from it. I would like to see if he has the courage to tell them that this is a make-nothing program. They are back to work and their families are happy and satisfied because that company is back in business again.

I would like to say at the same time that the thrust of this budget is not to latch on to one single panacea. Canadians have recognized, and it is reflected in the budget, that there is no one magical solution. It is necessary to work on a variety of economic fronts and it is particularly important to be careful to examine the economic reality which exists. There is no point

trying to paint a fantasy picture. We must face the reality. What the Minister of Finance has proposed is a budget that will provide a major lift to recovery in the private sector. Not only does this budget provide a number of incentives, tax credits and write-offs for industrial investment and provide for an extension of loans for small business, farmers and fishermen; it also addresses what I think is a very clear message to Canadians, which is the necessity to change the mood and atmosphere of the country and begin to say that we can be on the road to recovery. That is why it was so important to inject through the capital budget program a very clear and strong signal that things will happen in this country and there will be economic movement and activity.

Those types of projects have the double purpose of bringing an economic enzyme into the system to begin a resurgence of activity while at the same time providing direct work for professional architects, engineers and construction workers and ultimately to place in the economy a new capital infrastructure. There will be research centres, transportation centres and new facilities and structures in mines and forestry.

Would Hon. Members in the Opposition deny that this is not an investment in the future? Would they deny that we need new bridges and airports and roads? I know the Members in the New Democratic Party deny the necessity for good transportation because they oppose the $16 billion new capital investment in the western railway system and the 300,000 jobs that will go along with it. I realize that they are stuck with the old alliances that they cannot break away from, but that is their political problem and one which we understand and sympathize with.

Mr. Waddell: That is why your Party did so well in Manitoba.

Mr. Axworthy: The fact of the matter is that we hope the Conservatives, who have some more sense, will recognize that coupled with that investment is the chance over the next three years to introduce new facilities, factories and an infrastructure in this country which would allow goods to move to the market and allow manufacturers to draw upon new research opportunities. That is the signal that had to be relayed to the private sector, and not only in terms of direct assistance to them since it is the engine that must move the economy.

We cannot socialize everything as the Hon. Member for Kamloops-Shuswap would have us do. We cannot nationalize all the economies as he would recommend. We must rely upon the private sector and use it as an engine of recovery. Therefore we recognize the need to work in partnership with the private sector. At the same time we also recognize that it takes time to get the engine moving toward that destination.

Therefore to complement investment in the private sector through both the special recovery programs and the various tax incentives, the Minister has also tried to provide a major investment in directing employment programs. He was quite correct when he said last night that we will be investing more money in direct employment programs than at any time in the history of this country.

Let me cite some figures so that Canadians will recognize their significance. I address this particularly to the Member for St. John's East who is new to his job and will be able to use some of this information to good purpose. In my department alone, aside from what is happening in the housing department and other areas, we will be providing over 300,000 direct employment places for Canadians as a result of this budget. The Minister of Finance has given us the resources to add an additional 126,000 jobs for Canadians.

When the Hon. Member for Kamloops-Shuswap says they are not interested in that, I would ask him why he is not interested in our providing something like an additional 400 or 500 jobs in his riding alone. Is he telling those 400 or 500 workers in his riding who are now working on NEED programs and summer youth programs that he is against them and does not want them working? Is he saying that he does not pay attention to them? Is that what he is telling those 400 or 500 people in his riding who are now working as a result of federal Government job-creation programs?

I would suggest to him that considering the number of letters he has sent me asking for more money under our programs, it would seem that he is talking from both sides of his mouth and not giving us credit for what we are doing. I do not think that this shows honesty. If we are to see an economic recovery we have to be honest with the Canadian people.

Those Members have an easy answer. They say it is to extend Unemployment Insurance benefits. What a wonderful solution! We carefully considered that but what the Hon. Member may not recognize is that the Unemployment Insurance Fund is a contributory fund of workers, business as well as Government. We consulted those other partners to the fund last fall and showed them that if we were to provide an extension of benefits of some 26 weeks it would cost an extra $5 billion to the UI fund. There is the Member, indeed Members from both Parties, saying that we cannot afford to take more money from the consumers' pockets, but he is advocating an extension that would take $5 billion out of their program. It is like dancing on one foot, then the other, and then ending up with both feet in mid-air on no solid ground at all.

Let us get rid of that fallacy and return to what we are doing under the NEED Program where we now have $800 million invested to help people who are exhausting their Unemployment Insurance benefits. Incidentally, I am pleased to report that as a result of those progams the rate of exhaustion is far less than what we initially forecast in our own study. Whereas we forecast a rate of 60,000 or 70,000 over the past several months, it has really been closer to 45,000 or 50,000. While we are putting those people back to work the Hon. Member says that he does not like the make-work projects and does not want people raking grass or painting gravestones. I would point out that in his own Province of British Columbia over 60 per cent of the applications under the NEED Program are from private sector firms. They are modernizing their factories and expanding their facilities.

Mr. Waddell: That is nonsense.

Mr. Axworthy: As a result, they are not only creating short-term jobs but long-term jobs for the future. I suggest it is the responsibility of Members of Parliament from British Columbia to return there, see what is happening and discover the realities, instead of coming to the House and going through a great deal of puffery without having the facts.

We also felt it was particularly important to address the job needs of young people. Therefore we have introduced in the budget a new youth employment strategy that will combine a number of elements dealing directly with the particular employment requirements of first-time workers coming into the job market who will need assistance to get their first job and establish a track record.

● (1620)

As we have pointed out in the past, in the training program under the National Training Act over 125,000 people under the age of 24 are presently enrolled. The figure is 125,000. I want to repeat that number so we can register the figure in the minds of Members of the Opposition.

In addition to that, we recognize there were special needs in the youth employment market. The most important was to give young people the opportunity to be on the job and get training at the same time. Therefore, we have introduced a new program called the intern program. This will provide a combination of wage subsidies to small business people in particular that will encourage them to hire young people on the job, give them a period of training and allow them to get the combination of work experience and training. This will give them a solid foundation in the job market. We will be introducing this program after consulting with business people and with young people themselves. I am pleased to say that we will be holding a major national conference on employment for young people, inviting young people from across the country this summer to discuss the matter with them. If this program is successful, we will be able to utilize it in a much broader variety of ways. It will provide in its initial phase over 35,000 jobs for young people on the job with on-the-job training.

In addition to that, we have provided major inserts for the Department of National Defence to enable it to bring people into that department's bases and give them training and also to provide opportunities in Katimavik in those areas.

We now have in place the ability to combine training, jobs and job core experience that will bring together counselling and guidance in a residential framework. We think we can honestly go forward to Canadian young people and say to them that we have put in place a strategy. If they would work with us we will be able to tackle not just the immediate crisis, not just the problem of the here and now, but the long-term problem facing young people. We recognize it is not simply a product of the recession; it is something that is endemic in the way the labour market works. What we are doing now is working with the Provinces and other partners in the economy to try to provide a much broader based youth program across Canada to give young people that kind of assistance.

In light of those new reforms we also felt it would be very helpful to consolidate many of the existing job programs which my department runs into three or four basic programs and to provide new funding for them. This will give us one program that will direct itself at counter-cyclical programs to provide for a response to areas of the country where there is high unemployment when there is a sudden recession, and so provide some backstop to that.

Second, it will enable us to invest in the longer term in regions where there is chronic unemployment. This is a country of great diversity. We must, in particular, help small communities in rural areas that face difficulties and do not have the same opportunities for new technology, new expansion and new business. I am speaking of areas like my friend's region of New Brunswick about which he has talked so much, parts of Quebec, northern Ontario and the northern parts of western Canada. We will provide long-term development employment funds in those areas to give people and communities a chance to plan proper employment programs. That is another part of the employment strategy.

Finally, I want to say that in addressing those issues we are tabling for the interest and response for Members of Parliament and the public a major document which is a perspective on employment for the 1980s. It will outline the framework of an employment strategy that we think will meet both the immediate problems of employment as well as the long-term structural employment problems. It will be our hope that this particular document will provide the basis for an honest debate in the country. We set out job figures where we see the job market going. We put forward how we see the Government, the private sector and labour working in partnership to solve these problems.

Therefore I request the unanimous consent of the House to table a document entitled "Perspective on Employment: A Labour Market Policy Framework for the 1980s". I also request unanimous consent that this document be referred to the Standing Committee on Labour, Manpower and Immigration without debate. If the House agrees, I will be prepared at an opportunity next week to start debating this important document with my colleagues so that we continue to create jobs for Canadians in the time ahead.

The Acting Speaker (Mr. Corbin): Order, please. The House has heard a request from the Minister of Employment and Immigration to table a document and for its reference to the Standing Committee on Labour, Manpower and Immigration.

Is there unanimous consent for the Minister's proposal?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Corbin): Agreed and so ordered. Questions?

Mr. McGrath: Mr. Speaker, according to the projections of the Minister of Finance (Mr. Lalonde) last night, the level of employment in Canada will drop from 10,574,000 jobs in 1982

to 10,511,000 in 1983, for a loss of 63,000 jobs. Yet the level of unemployment will rise from 1,305,000 in 1982 to 1,487,000 in 1983, for an increase of 182,000. The Minister failed to address this question today.

Given the fact—and the Minister talked about this in his speech—that the budget calls for an expenditure of $1.484 billion in terms of direct job creation, surely the Minister must be able to tell the House how many jobs we can expect these new job creation funds will create this year. I tell him not to talk about the 600,000 projection over two years, which is really talking about restoring jobs in the economy. We are talking here about direct job creation.

Mr. Axworthy: Mr. Speaker, I will be very pleased to answer that question. It is a very straightforward one and deserves a straightforward answer. The actual expenditures of our Department as a result of the budget last night which added an additional $375 million in expenditures will take the total employment development expenditures to approximately $1.6 billion and will provide employment opportunities for over 300,000 Canadians. That is the simple result of the kind of expenditure pattern that we are now offering through the auspices of my Department.

I would caution the Hon. Member to recognize that that is not the exclusive initiative being taken by the Government. In the budget itself there are a number of initiatives in the housing area that will provide immediate stimulus. There is the commitment to provide a number of new jobs through the capital recovery program. There are also a number of new jobs being provided by the private sector itself and the improved environment that we will be able to provide to bring those jobs on stream.

It is our commitment to provide over 300,000 employment opportunities and places through the expenditures of the Department of Manpower and Immigration. I suggest this has provided a major source of stability, a major source of help and a major source of bridging for people in this country this year and next.

Mr. McGrath: Mr. Speaker, could the Minister be more specific? For example, let us take the NEED Program. According to the budget, we are talking about $180 million in new money going into the NEED Program on top of the $500 million allocated last year. The Minister himself will tell us that the NEED Program, with a target of 50,000 jobs for half a billion dollars, has thus far created, according to the latest figures, and I stand to be corrected, only 27,000 jobs. We have 27,000 jobs in the NEED Program, notwithstanding the fact that this is a half billion dollar program. This program started last November and it was targeted to those in dire straits. In other words, it was supposed to help those Unemployment Insurance exhaustees right away, yet it has taken this while to create 27,000 jobs.

Where are the 300,000 jobs the Minister is talking about? Are these 300,000 jobs to be created this year as a result of the direct job creation expenditures for which the Minister is responsible?

Mr. Axworthy: Mr. Speaker, I will be very pleased to try to clarify the situation for the Hon. Member.

First, let us examine the NEED Program itself. When the Minister of Finance announced the $500 million expenditure last October, he expressed the hope that we would be able to take those sums and multiply them by having matching funds from the Province, municipalities and other sponsors. I was engaged to go forward and develop that program. As a result of negotiations we were able to sign agreements with the Provinces which have added an additional $200 million to the program. Further to that, we have also discovered that under the NEED Program additional funds are coming in from individual sponsors. The municipalities, on average, are adding another 25 per cent. The private sector, and this is perhaps the most exciting part, is matching the funds by almost 50 per cent.

• (1630)

This is why we are putting a particular emphasis on accepting proposals by smaller firms, because where we are spending $1 they will spend $1. Thus we are getting money back into the economy again.

The Hon. Member has an example in his own riding with the Erco Industries which I believe is spending something like $6 million. We are putting in $.5 million, and the result is that we will create over 100 additional jobs. Not only that, but that company will have a basic modernization of its facilities. There is a living example in his own riding which he could utilize. That has been the whole purpose of the NEED Program. It is our estimate that under NEED we will create closer to 80,000 jobs.

Also the Hon. Member has to recognize that there are other job programs as well. The Canada Community Development Program created 50,000 employment places this year. Summer Youth Employment will create over 75,000 jobs. The Program for the Employment-Disadvantaged has 20,000 enrolled in it. The list goes on. There are a number of those kinds of programs. By the way, that is one of the reasons I will be consolidating those programs over the next couple of months so that perhaps we will not have quite the same confusion the next time the Hon. Member and I have this kind of exchange.

Mr. Lewis: Mr. Speaker, I have a question for the Minister. In the budget the Government has allowed for $100 million so that laid-off workers will continue to receive Unemployment Insurance benefits while doing voluntary work on community projects. I can see the reason behind that, and personally I support it.

There is a situation occurring in ridings all across the country where Canadians are laid off and they apply at the Manpower office. The Manpower office does not have jobs for them, so in turn they enrol in a course of their own choice and pay tuition at community colleges to be either retrained or receive additional training. When they do that, they find that the same office which cannot find them jobs cuts them off benefits because they are not available for work.

Is this not the same type of example? We have Canadians who want to be retrained or want to learn something, yet they need their Unemployment Insurance benefits while they are going to school. Is there really a difference between going to school and learning something and working on a community project?

Mr. Axworthy: Mr. Speaker, I think that is an important question. Let me first clarify one statement made by the Hon. Member for Simcoe North (Mr. Lewis). Section 38 of the Unemployment Insurance Act has proven to be a very helpful support for many workers. It is not putting people back on voluntary work. In fact, if the Hon. Member looks at the program, he will find there are some 15,000 people over the past year who have been employed under Section 38. Most of that employment has been in resource-based industries such as mining, forestry and fishing. In Ontario the program has been largely taken up. There are people in Ontario, British Columbia and in other areas who are investing their labour and efforts in developing new productive uses of facilities. They are doing a lot of seed work, environmental clean-ups and so on. The work is not purely voluntary. It is designed for resource-based industries.

On the question of training, the fact is that a large number of people enrolled in training programs indeed receive Unemployment Insurance benefits. I forget the exact figures. I do not have them here, but I believe that some 25,000 people have received about $200 million of Unemployment Insurance benefits as income when enrolled in programs. The difference between them and the person in the circumstances the Hon. Member described is that the courses are assigned through the employment centre. The reason for doing that is that we have to maintain some control. Under the Act we have to confirm that a person is eligible for work or is enrolled in a legitimate training program. If someone simply on his or her own cognizance signs up for a training program and does not let us know or does not do it through our system, we do not know whether or not they are eligible for work. There really has to be a control mechanism to ensure that the Unemployment Insurance Program is not abused. That is the reason for doing it. I undertake to provide a more detailed answer to the Hon. Member. I will send him a letter as soon as I can to explain the procedure.

Mr. Waddell: Mr. Speaker, the Minister singled out the NEED Program as an example of job creation. I just returned from a visit to southwestern Ontario, the industrial heartland of Canada. I met with local councils, officials and businessmen. I was told that the NEED Program was totally inadequate and bureaucratic. I was told that they were short-term jobs and were limited to people who were exhaustees of Unemployment Insurance—about 27,000 or 28,000 jobs and about 600,000 exhaustees, and they were low paid to boot. Does the Minister agree with some of the jobs under the NEED Program, such as the counting of dogs in Windsor? Does he think that that is a good short-term job? What about university graduates who have been retrained, incidentally, and are gathering brush in St. Catharines? Is that the kind of job in which he believes?

The Minister mentioned the private sector as being the engine of economic growth. I was told in southwestern Ontario that the private sector is mainly controlled by American businesses and that they were sucking out all the jobs from southwestern Ontario. If the Minister really believes in full employment, does he not agree that we must make some fundamental changes to the Canadian economy to bring it about?

The Acting Speaker (Mr. Corbin): The Minister has 30 seconds in which to answer.

Mr. Axworthy: I would just say that, unlike the comments of the Hon. Member for Vancouver-Kingsway (Mr. Waddell), we have a number of Members of Parliament from southwestern Ontario with whom I spoke who are coming in with proposals for new community centres, new industrial parks and new water and sewage systems for their communities. They are producing good, solid projects, not the fuzzy-wuzzy ones he mentioned. I do not think he has been travelling in southwestern Ontario. He is off on another trip somewhere.

Hon. Sinclair Stevens (York-Peel): Mr. Speaker, I am sorry our time ran out so quickly as far as questions for the Minister of Employment and Immigration (Mr. Axworthy) are concerned. I certainly had a few questions I wanted to put to him. I noticed that in his speech he said it was time to be honest with the Canadian public. I would have liked to ask him whether he really feels his colleague, the Minister of Finance (Mr. Lalonde), was honest last night when he stated in his budget speech:

> Over 600,000 more Canadians are expected to be working at the end of 1984 than at the end of 1982.

He did not make clear to the public that, as is reflected in The Economic Outlook for Canada tabled last night at page 16, in 1983 the amount of employment will actually fall over half of 1 per cent. In short, what they have disguised in the budget is that this year, on average there will be fewer people working than were working even last year, and last year the number of employed fell 3.5 per cent.

I would have simply asked the Minister whether he felt it was being honest with the Canadian public to gloss over the fact that the Government is not increasing employment this year as the budget would imply with the word "recovery". They anticipate that employment will fall this year, not go up. I notice the Minister is walking out of the House. I only hope that he is unemployed in the not too distant future as so many other Canadians are at present.

Perhaps we lose sight sometimes in these debates of how grossly inaccurate the Government has been with respect to what future it holds out to the Canadian public. It was not that long ago, in November 1981, that we in the House heard the budget of the then Minister of Finance, commonly referred to as the November 18, 1981 budget of the Minister of Finance. It may be wise for the record to remember what we were told

at that time about the current period. The 1974 to 1980 figures, averages and those types of things, were revealed. Incidentally, in last night's overview, The Economic Outlook for Canada, they have carefully set the past aside. We do not have those figures. All they are doing is playing with certain projections for the future.

• (1640)

What I would point out is that in November, 1981, we were told that in 1982 employment in this country would grow 1.8 per cent. In reality, it fell 3.2 per cent. We were told that in 1983 employment would grow 1.7 per cent. In reality, if we believe the statement of the Minister of Finance last night, it is going to fall 0.6 per cent, over one half of 1 per cent.

There is something I would have loved to have been able to ask the Minister of Employment and Immigration. I see the Minister of Finance is in the Chamber. Perhaps he could ask for unanimous consent to answer my second question. It is simply this: Why were we told in November, 1981 that the labour force would grow 2.8 per cent last year when in reality it fell 0.5 per cent? Why is there that 3 point discrepancy? Did those people simply get lost? Did they all suddenly die? Did they disappear? Did they emmigrate? What happened?

We know what happened. There were no jobs for them. We anticipated the labour force was going to grow 2.5 per cent. It was no surprise for the Government of the day. The fact is it failed the people of Canada. They failed those who ended up on the unemployment list or, worse still, gave up looking for a job.

Most important, why were we told in 1981 that this year the labour force would grow 2.2 per cent when last night we were told it will actually fall by 1 per cent? What happened to those people? We are talking about hundreds of thousands of Canadians who, it was anticipated in November, 1981, would be joining the labour force. Now we are being told that they have suddeny disappeared.

What I am suspicious of, having lived so long with this Government and knowing its deceptions, sophistry and lack of honesty, and what is happening is it is massaging the figures, as economists like to say. It is assuming that the labour force growth will be smaller and, of course, arithmetically that means unemployment may look better.

If you want to go on to this question of unemployment, we were told in November of 1981 that unemployment in the country in 1982 would be 7.8 per cent of the work force. In fact, it turned out to be 11.1 per cent. In 1981 we were told that this year we would see 8.3 per cent of the work force unemployed, roughly what the United States is experiencing. In fact, we find it is an astounding 12.4 per cent due to the gross incompetence of this Government.

If we believe the Minister, and I do not recommend that Canadians believe him, but if they choose to believe what the Minister said last night, the unemployment rate will be 11.4 per cent next year. In November, 1981, the Minister's predecessor told us it would only be 8.3 per cent. Who can you believe? I believe that the figures presented last night were deceptive. They are not an accurate reflection of what the Government honestly believes. Likely, some Members of this House will rise on another day simply to ask questions such as I am asking this afternoon. One is: why can a Government with all the mandarins it has around, the thousands and thousands of calculator pushers, not get more accurate information as to where we are heading?

I could give many more examples of what appears to have been the most unbelievable, almost optimistic projections in earlier budgets that in reality have gone to ashes because, as time has demonstrated, this Government does not know what it is doing.

Let me touch on one other matter, that is, productivity. I was rather surprised to find that that is not even commented on as far as estimates of increases in productivity are concerned. The Government has just buried them. In earlier budgets at least it took a guess at what productivity would do in the sense of going up or down. This time it makes no comment.

I found something most startling in reviewing the budgetary papers yesterday. We in this country have lived with the difficulties of Crown corporations, including the $125 million write-off with respect to Consolidated Computer Corporation. Not only have we sustained that write-off, but we have never had an explanation given to the House as to what went wrong. The internal investigation that took place has never been openly tabled or revealed in this House. Notwithstanding the growing scandalous nature of what is happening in Canadair, this House has never had a meaningful debate on Canadair.

Other than $1 items, letters of comfort, one thing and another, we have never been consulted with regard to whether the public would like us to support that company. We now find that our exposure may reach somewhere between $1.8 billion and $2.3 billion. Notwithstanding all the other fundings that the Government may be anticipating in the current year and subsequent years with respect to de Havilland, CDC, Canadian National Railways, Air Canada and all these other entities, there is not one word mentioned in the budget brought in last night by the Minister of Finance as to what in fact will be the financial requirements for all of those companies.

As the Auditor General has pointed out, those companies collectively employ hundreds of thousands of people. They are virtually like a Government underneath the Government. Can you believe this? The Government that has the nerve through the Minister of Employment and Immigration to suggest that it is time to be honest with the Canadian people is the same Government that brought in a budget without giving any information concerning the estimated financial needs of hundreds and hundreds of Crown corporations that we now live with.

Since I have been in the House of Commons, I have found it interesting to see how that has evolved. I remember the good old days—it looks that way now—in the early seventies when it was taken for granted that whatever a Crown corporation had to raise was part of the financial requirements of the budget and was reflected as such in the budgetary papers. I

remember a budget in which, much to my surprise, it was not reflected in the normal line; it became a footnote. The Government said the financial requirements would be, let us say, $10 billion, and there was a little footnote which said that in addition there would be another $2 billion for various Crown corporations.

Last night they went all the way. They just forgot it. It is no place to be seen. When the Minister indicates that the deficit is going to be $31.2 billion, as he did in his budget, he is omitting to take into account how that might be increased by deficits of various Crown corporations. Some Members may feel I made a mistake when I said $31.2 billion because, as we know, there was an addendum last night. There was an addendum. Quite negligently, if you like, the Minister of Finance waved his budget around prior to its being delivered yesterday evening. He waved it around in the midst of many press people, including those with TV cameras. As a result, there was a very substantial leak with respect to the budget to be delivered yesterday.

• (1650)

What was the response of this Minister of Finance? Mr. Speaker, I could cite precedents on this type of thing. As an example, a comparable Minister of Finance simply walked into the lobby at Westminster, mentioned to a press man that he should buy a package of cigarettes, and then delivered a budget in which he increased the tax on those cigarettes. A news story ran indicating that there was to be a tax on cigarettes. The following day that Minister felt sufficiently embarrassed to resign, and his Prime Minister accepted that resignation.

Mr. Speaker, that occurred at a time when honour meant something, at a time when a Minister would feel that there are traditions and conventions that a parliamentary democracy must abide by and that must be observed. But what happened last evening? I will ask all Members to note that the Minister, in his budget speech, admitted that he leaked information. It is true that he said in an offhand way that the press should not have done it. But he admits that several pages of his budget speech were filmed.

The Minister's reply is not, "I have made a mistake and must resign". His reply is, "I am going to fudge it. I will within a 24-hour period, pretend that I had always thought that there was another $100 million and maybe another $50 million and then another $50 million that I should be spending, and I am just going to change everything to ensure that that happens." This is where he got caught out, though. He was caught out because he felt that the inclusion of his little addendum was presumably all he had to do.

I can see somebody in the Department of Finance saying, "Yes, but what about all the budgetary papers that you have to table?" So they got some fellow who apparently had a pen to try desperately to make all ink changes in the various tables and pages that had to be filed in order to back up the Minister's cover-up of his leak of the budget to the press.

For those who have not taken the trouble to go to the Table and look at those papers, let me tell you about them. For example, this is page six of the fiscal plan. Look at those ink changes. Does it look as if it came from a Government that has matters under control? Does it look as if it came from a Government which, through its Minister of Finance, can say, "We know exactly what this economy needs. These are the measures I am putting in place. Have confidence in me and my Prime Minister and the Government. I know where I am going"? That looks more as if one of the chickens of my farm had walked all over it. You can hardly read the inked-in portions that are found written over the typed portion, the same portion, incidentally, that the press had an opportunity to see. It has been inked over in order to make it appear as though what the press thought was the budget and what in reality was the budget was in fact not the budget.

That is not where it stops. We find that there are gross errors in what that poor person who was asked to ink in the changes ended up doing. I ask you to look at page 16 of the fiscal plan. You will find there that while the Minister said with a straight face, "Under a thing called the special recovery capital project, I am going to add $100 million this year, $50 million next year and $50 million the year after", in table 2.3 something went wrong, only $40 million was added for next year. Who is right? Was the Minister simply caught off guard? Is the error going to be rectified?

In response to a question put by myself to the Minister today, the Minister said, "If there are corrections to be made, I would be pleased if the Member would send me over a photostat of his changes, and if things are wrong, I will surely correct them".

Mr. Speaker, I do not mind helping this Minister out. God knows he needs the help. Would it not be much better, though, if the whole bunch of them were swept out of power and somebody took over who knows how to run the financial affairs of Canada?

Some Hon. Members: Hear, hear!

Mr. Stevens: The Minister negligently leaked a substantial part of his budget, in fact, as far as bond markets are concerned, almost a crucial part of his budget. That was the question of how big the deficit is going to be. A Minister who has erred so grossly that he must now be corrected almost page by page because of his errors in tabling a document in the House is surely not someone on whom Canada's world confidence will be built upon.

Just let me take you a little further, Mr. Speaker. Leaf over to page 41. You will find that the deficit is recorded at $28.2 billion for fiscal 1984, $24.7 billion in 1985, and $20.6 billion in 1986. Every one of those figures is wrong. If they are not right, then I must say that the budget is also wrong.

In short, the Minister, between his left-handed budget and his right-handed delivery of these documents to the Table, does not know what each hand has done.

As an example, I direct you to page 42. There are more errors—

The Acting Speaker (Mr. Blaker): I regret to interrupt the Hon. Member but I must inform him that the time provided for his speech has expired.

Mr. Stevens: May I just take one minute to sum up?

The Acting Speaker (Mr. Blaker): Is there unanimous consent to allow the Hon. Member to continue?

Some Hon. Members: Agreed.

Mr. Stevens: Thank you, Mr. Speaker, and I thank the Hon. Members for giving me a little more time. Hopefully it is the truth that they like to hear, and they would like to hear a little more of it.

I would refer Hon. Members to page 45 of the same fiscal plan. There it is said that the total expenditures contemplated for this year are $100,100,000,000. Can you believe it? That is almost $2 billion a week that the Minister has us spending. When he took over, the expenditures were $10 billion for a full year. Now they are up to ten times that amount in fiscal 1984. But he says that the amount of total expenditures in 1984 will be $100,100,000,000. Next year they will be $105,900,000,000, and the next year he says they will be $112,700,000,000. Oddly enough, if we are to believe the Minister's budget speech, every one of those figures is wrong. Who is right?

Finally, Mr. Speaker, if you wish more knowledge of the errors made by this Minister, I would recommend that you read page 46. It contains quite a few errors. In short, we have found dozens of errors in the statistical information that has been offered as backup to this budget.

It is not only that the Minister does not know what he is doing, it is not only that $200 million has been added, but he does not know where he will spend it. The hard fact is on that side of the House no one knows where they are going in an economic sense. Unfortunately it is the Canadian public, through the loss of jobs, the high taxation, the almost unbearable interest rates we have had to live with since they took over, who has to pay the sad penalty.

• (1700)

[*Translation*]

Mr. André Maltais (Parliamentary Secretary to Minister of Industry, Trade and Commerce and Minister of Regional Economic Expansion): Mr. Speaker, I am very pleased to rise today in order to comment on the Budget speech that was given yesterday. Indeed, I believe Canadians have been waiting for a long time for a budget that would be really structured and which would focus on job creation. Moreover, I come from an area which is severely distressed today, namely the North Shore, where we have to deal daily not with statistics but with people. A minute ago, I was listening to the Hon. Member for York-Peel (Mr. Stevens) who pointed out so-called statistical errors in some of the papers that have been introduced. It is all very well to engage in rhetoric or academic work, but it is much more important to work directly with people in order to ascertain whether action taken actually brings about a solution to a given problem, that is, unemployment.

I especially want to congratulate the Minister of Finance (Mr. Lalonde), Mr. Speaker, for acting on what people have been telling him for the past six or seven months. The Minister met and consulted with every group in our society, with the organized and non-organized, to ensure that the budget would truly respond to the expectations of Canadians. Of course it was impossible to respond to everyone's expectations to the same extent, but if we listen to what people are saying in Canada today, it seems the Minister has put his finger on the problem and taken the right approach to solving it.

What did the Minister of Finance actually propose, Mr. Speaker? He proposed, first of all, a series of measures that will provide $2.4 billion for direct job creation, and he also provided for $2.4 billion for the private sector, to stimulate the economy. That is what the Minister of Finance did last night. Of course people can talk about the deficit and say they would have acted differently, but when the Minister of Finance identified the two main aspects of his budget, he said with respect to direct job creation and public spending that the purpose was to create infrastructures and public facilities that would be used by future generations. That is what I call productive investment, and the Opposition should understand this. It is easy to say: they are going to spend for the sake of spending, but the Minister of Finance clearly said, and it is there in his budget, that these were projects planned for the next ten, fifteen or twenty years, and instead, they will be started this year in order to provide jobs.

An Hon. Member: And the debt!

Mr. Maltais: I heard the Member opposite tell the House: And the debt! Remember the *New Deal* in the United States! What did they do after the Great Depression in the United States? They introduced a very similar policy, that is, they spend public funds on public facilities that would be used for many years. That is a very important point.

I feel I am on very familiar ground here, Mr. Speaker, because as I said before, I live in an area that has been severely affected by the economic situation, not because of the President of the Iron Ore Company, not because of the present Government, but because of the depressed state of the world market for iron ore. However, we are eagerly awaiting a capital project that will help develop and diversify industry in the region, and I am referring to a National Harbours Board project. I hope it is included in the 100 projects the Minister is expected to announce within the next few weeks. However, without the clear thinking of the Government and the Minister of Finance and without the Government's help, would our people be prepared to accept proposals from an Opposition that is saying that this is not the right approach? During the

past year I have been travelling throughout my riding since the various lay-offs have taken place, to find out what people want. That was drawn repeatedly to the attention of the Minister of Finance. Last night, I must say that I recognized myself in the budget speech. Today, I received numerous phone calls in my constituency office as well as in my office in Ottawa from people in my region saying: "For some time, we have had unemployment problems and no hope. Last night, the Minister of Finance not only gave us hope, but he said that he would take action. Right now, the top priority is to take action, not to keep talking and repeating that one is going to try."

The Minister was quite specific when he said that more than 100 projects had been selected and were ready to be implemented. What does that mean, 100 projects selected and ready to be implemented? We have to translate that statement into real terms. Surely, from a theoretical point of view, this does not mean much. But if we decide in my region to build airports, harbours, shipways, it makes a lot of sense in fishing areas. It means orders for concrete, nails, wood and stone. It means new found pride for the workers, hope for their families and first and foremost, security. That is what it means in real terms. If such projects are implemented all over the country, it will mean in Toronto, Vancouver, Winnipeg, Quebec City, Sherbrooke, everywhere, in the Lac-Saint-Jean area new initiatives taking shape, which will in turn allow those communities to organize in order to improve public infrastructures that the Minister has set himself to priorize in his budget. That is what it means in actual terms. It means that businessmen and contractors can already hope to see their machinery in operation and that workers will be rehired. That is what it means. It also means that young Canadians will be able to carry on their studies, knowing that their parents will work and be able to pay part of the expenses. It means creating a psychological environment favourable to work and security. That is what the country needed and what Canadians were asking the Minister of Finance to do in a budget. Those are not expenditures selected at random in the country. Those expenditures were planned. It is important to point out that those were planned expenditures, either by federal ministers or by various Crown corporations. Therefore, no improvisation there. Moreover, the Minister was perfectly clear about these projects last night, when he stated, as reported on page 3:

> More than a hundred subjects have been selected. They are in the advanced planning stage.

So, Hon. Members opposite are wrong when they suggest that these projects were hastily put together. As a matter of fact, they had been submitted to Treasury Board a year or a year and a half ago, and if they had not been approved, it is not because they were not good enough, but merely because of lack of funds.

This means that in my own area of Sept-Iles-Port-Cartier, the local Chamber of Commerce, town councils and industrial planners will be able to suggest ways for private industries to set up shop on these public structures. In this context, it was wonderful of the Minister of Finance to announce that he was offering up to $2.4 billion in tax credit to small and medium size corporations to help them expand, streamline their operation or recoup their losses of the past two years due to recession. That is what these corporations in our area had been asking for. Having run too many bills and with the high level of interest rates they lacked the necessary cash flow to grow and to keep up with their daily operations. Thanks to the measures which the Minister of Finance has just announced, business people are getting exactly what they wanted. This was evidenced in the comments made by business people to the news media; they all said this budget is one of the finest of the past decade as far as the private sector and the business community are concerned. Members opposite have constantly asked the Government to take steps which would not only help the private sector but would also stimulate the economy. We find that more specifically in the budget which is aimed at young people. It is meant for young people who assuredly could not be ignored. Whenever we talk with parents, we realize what it means to young people. Not more than 15 minutes ago, I was talking with the Mayor of Gagnon, Mr. Coicou. He was quite pleased to hear that the projects announced in the budget could also be implemented in this area and you cannot imagine what he asked me. How strange that real life should be so different from what goes on in this House of Commons. He asked me whether it would be possible to add a small amount of $15,000 to $21,000 to create jobs for students because the Sidbec-Normines company is not hiring anyone this year in Gagnon and he explained how this would relieve his municipal council and heads of families to know that their young people could have summer jobs that would allow them to go out at Gagnon to attend the community college in Sept-Iles or various Canadian universities. That is what he asked me and this is no begging. He was asking that on behalf of his community. This is something positive and this is what people want, they want to work. We have to give them the means to do so. The budget contains novel proposals for putting people to work and that is no improvisation nor wasting of public funds. It is an investment in the future, in public infrastructures and in young people who will be allowed to find some work there.

• (1710)

We should consider the various measures, Mr. Speaker, and referring to the Katimavik program I remember quite well when the Government formed by the party opposite wanted to scrap that program. I would have liked to refer to the testimonies of young people who are enjoying a special experience thanks to the Katimavik program and the Minister of Finance has earmarked $40 million for that program. In the first place it is a personality development program for Canadians and I think that Members from all sides of the House do agree with such a principle. Second, this program will enable our young

people to know their country and to find out about its opportunities. The main asset of a country is to make sure that the young are aware of the environment in which they will have to work, because Canada is not only the province of Quebec, the North coast, or Vancouver, it is the sum of all these regions, and the Katimavik program makes it possible.

On the subject of the Armed Forces, Mr. Speaker, how many young people or their parents have contacted their members as well as whether in the opposition or on the government side to find out what are their chances to get in the Armed Forces? For many of them, it is not only a last resort decision, but a choice, be they boys or girls. There are 17,000 of them who have already passed all the tests required by the Armed Forces and who are on a waiting list. The budget speech provides for 5,000 young people to be enrolled in the Armed Forces at a cost of $75 million. I think it can be said that this is a budget for the young. In addition, more than $300 million have been added to a training program for them. A team of experts is working together with the industry in order to help ease the difficult transition from school to the work place. It is a very interesting strategy which involves unions, business and non-organized labour. Young people must often be given at least an opportunity to enter the labour market. However when applying for a job with a company, and even a Crown Corporation, Mr. Speaker they are told that experience is a requirement, but they are never given the opportunity to acquire it.

The program introduced by the Minister of Finance will help ease this transition and will provide young people with job experience, the lack of which is often an impediment. This budget, I suggest, under the present circumstances is not only practical but down-to-earth and that is what was needed. Of course, it could have been based on all kinds of theories. This budget could be drafted in a completely different way, but would the results be any better? This is what I would like to hear from the other side. How could we put people back to work tomorrow morning? It would be interesting to hear something about this later on. For my part, I remember very well what happened when the Iron Ore company announced its lay-offs, Mr. Speaker. The first thing that the man who was then president of the company asked me ... He came to Ottawa to meet the ministers concerned—and this shows, in my opinion, the gentlemanly attitude of Mr. Mulroney—and asked: What could the government do to help those who are laid off? He did not say that the company would pay. He came to ask for government assistance. In this regard, the budget provides assistance for the communities affected by all types of lay-offs.

Instead of taking a partisan attitude, Mr. Speaker, it would be interesting if the Hon. Members suggested additional solutions or better ones than those offered in the budget rather than being negative about every aspect of our proposals. It is obvious, Mr. Speaker, that more could have been done, and I would have been tempted myself to draw a caricature of several reporters or cameramen taking pictures of the budget because one picture is worth $200 million, and this means more jobs. If we need such photos to create more jobs, let us take some, by all means, let us make a feature film! What people want is work. We should therefore be thankful to the cameraman who did what has been called an addition to the budget. I find it marvelous.

However, I do not want to belabour the point and I shall simply say that the budget truly reflects the needs of the people. It is what we need at this time. It is exactly the level-headed formula that Canadian expected. I am convinced that within two months, there will be an extraordinary change of attitude in this country. Already today, we had phone calls from people who wanted to know if they were entitled to the homeownership grants. It is wonderful that the Minister of Finance thought of including this proposal because a home is often the most important security factor of a family, and most important, it represents equity for one's old age and the largest investment in the lifetime of an individual. And the Minister of Finance thought of it. He was sensitive to that need. In fact, the major characteristic of this budget is perhaps that it is sensitive to the needs of people. If we had to give a name to the budget, we would call it the action budget. That is what it is.

I am really looking forward to hearing the various Ministers begin to announce the programs which were proposed in the budget, Mr. Speaker. People will then be able to judge the budget by its results. They will realize that the budget offers something concrete. In this House, we often seem to be simply stating facts and developing frameworks, but for the people, it means hearing the noise of plants and seeing their smoke. In the past, there were many ecological complaints about the smell of manufactures. Nowadays, the smoke from a manufacture is like perfume, it is what people want to see, and the noise which bothered us in the past will now become a pleasant music to our ears. I believe that this is what people expect as a concrete result of this budget.

There would be a lot more to say, Mr. Speaker, because all kinds of measures could be set forth. But what I wanted to stress on this first day following the budget presentation is the expectations of people in my area. I wish Hon. Members could have a look at what is going on in my area, the change in attitudes between yesterday and today. People are beaming with hope, and a breeze of optimism is blowing over my constituency because the Minister has been so very sensitive to our people's expectations. Had the budget been of a different nature, I would not have hesitated to voice my feelings, and these would have been quite different had the budget not really reflected my constituents' expectations. And because I find in that budget almost exactly what my colleagues and I have been telling the Minister, we do commend him for his proposals. All I ask, because I see my time is up is that from the other side of the House co-operation be forthcoming for the adoption of ways that are of a creative and durable nature.

[*English*]

Mr. Stevens: Mr. Speaker, I followed the speech of the Hon. Member with great interest. Undoubtedly he has been following the financial affairs of his Government. I wonder if I could perhaps refer him to page 4. Perhaps he can explain to the constituencies to whom he is speaking why the employment growth in Canada was the worst of that in seven major industrial countries in 1982. In Canada it actually fell 3.3 per cent compared to a seven country average of less than 1 per cent. For example, Italy had no employment fall-off; the United Kingdom was the next worst at 3 per cent; France fell off less than 1 per cent; Germany, 1.8 per cent. Japan actually went up, and the U.S. went down slightly.

If we should be enthusiastic about our economy, and we all want to be enthusiastic, can he explain why this Government let us down so badly in 1982?

[*Translation*]

Mr. Maltais: Mr. Speaker, the answer to that question is very simple. It is a matter of changing the economy. If on the North Shore, companies operating there had initially started the processing of raw materials, I think structurally our economy would be much stronger and would provide much better-paid and more durable employment. We would have a much stronger economy, an economy that would allow us much more easily to find solutions to those recession problems we have been facing. If industrialized nations like the United States and others have been able to get out of this more easily, Mr. Speaker, it was for reasons of structure and nothing else. In other terms, what this country still needs is further processing of raw materials. As I have often said to the presidents of Iron Ore and other companies, if our economic structures were more involved in processing operations we would have had still stronger results. This is an invitation to the Minister of Finance to add incentives for companies to process more raw materials in Canada, rather than having it done abroad.

[*English*]

Mr. Huntington: Mr. Speaker, the Parliamentary Secretary mentioned that he had just had a conversation with, I believe, the mayor of his town, or at least a town in a district in his riding. Can he tell us if he is experiencing the same trouble we are having with the NEED Program out on the west coast where the unions serving the municipalities are not allowing the unemployed to be hired under that Program at less than union wages? This means that municipalities have to match dollar for dollar the NEED grants, which is an impossible thing for them to do under the present expenditure restraint programs in place. Are they experiencing the same thing in his part of the country?

• (1720)

[*Translation*]

Mr. Maltais: I welcome this question, Mr. Speaker, because currently on the North Shore there is a tremendous amount of co-operation between management, labour and governments. As I said earlier about my meeting or discussions with the Mayor of Gagnon, Mr. Coicou, concerning the Summer Canada Program, and already the Minister of Finance has announced $70 million for that program, that part concerns students. As regards the other part which concerns laid-off employees, people that are out of work, what we are seeing now in Schefferville, where Iron Ore employees are currently being laid-off, and have been since the fall of 1982, is that the federal Government is keeping in operation Schefferville's recreation centre and ski centre. The people working on those projects are laid-off employees and they are paid by the Government. They preferred that to drawing unemployment insurance benefits and doing nothing. The union managers agreed with that formula, and I thank them for their co-operation. But I must point out, Mr. Speaker, that I went to Schefferville first to reach an agreement with them, to ensure that everything would be done according to standards, and actually, were it not for the federal presence in those areas, people would be facing real tragedy. In conclusion, I would stress that the Canadian government also will pay $4,500 to each family moving anywhere in Canada.

[*English*]

Mr. Stevens: Mr. Speaker, my second question of course is prompted by the answer given by the Parliamentary Secretary to my first question as to why we have the worst employment growth or creation record of any of seven major countries. He said it was something to do with the North shore not processing enough material. Now, that may be so, I am not well acquainted with what happens on the North shore, but I was wondering if the Parliamentary Secretary, who has been a very supportive force behind this Government, could tell us why in November, 1981 his Government told the people of Canada that there would be an actual growth in employment in 1982 of 1.8 per cent. If all those factors he referred to were true, did they not foresee it? In short, why did we have a 5 per cent turnaround from a 1.8 per cent growth rate to a fall-off of 3.3 per cent?

[*Translation*]

Mr. Maltais: Mr. Speaker, the question has something to do with the answer I gave earlier. The North shore is not the only issue here. When industrialization is highly advanced and the leading sectors very active, it is easier to create a lot more direct jobs than when the Canadian industry is based mostly on exports with very little processing of raw materials. That goes for regions other than the North shore. Let us take fisheries on the Pacific or the Atlantic. We would stand to benefit if we were to do more product processing, which in turn would boost the labour force growth rate, but we have a structural problem in this country. Our preference seems to be to export unprocessed raw materials so that our labour force is not highly skilled. As a result, countries such as the United States, France and even Japan process the products which create skilled jobs and enable them to have a higher growth rate than Canada can achieve. It is as simple as that.

[*English*]

Mr. Stevens: Mr. Speaker, in view of the sharp criticism the Parliamentary Secretary is making, is it not fair for this House and the Canadian public generally to take it as being critical of his Government, because after all it has been in power for 15 years and if we are not processing materials as much as we should be, surely the Government has to accept the responsibility for this sad performance? Is it fair to interpret his remarks as being most critical of his Government?

[*Translation*]

Mr. Maltais: Without seeking to be formally critical, Mr. Speaker, I fully endorse what has been done by the Liberal Party for many years. There is much to do to change all that.

[*English*]

Mr. Stevens: Mr. Speaker, I was just wondering, though, in saying "there is much to do to change all that", could the Hon. Member indicate whether he has any slight reservation concerning his Government when we find that not only did employment fall but Canada had the worst growth of any of the 24 member states of OECD last year? Does he not feel that is a pretty bad reflection on the Government he has chosen to support?

[*Translation*]

Mr. Maltais: Mr. Speaker, may I say simply that the Government is doing an outstanding job and will have to keep up its good work. I am thinking about Canadair which will need our assistance very soon if we are to make sure that we keep those highly skilled jobs in high technology. Our Government has done a lot for Bombardier to help that company find new markets in New York, and yet the Opposition spoke up against that formula. But we went ahead anyway. de Havilland on the outskirts of Toronto has been a leader in the field of aviation. What I am trying to say, Mr. Speaker, is that there are lots of things to do. What has been accomplished in the past was done in the context of those years, and I think that the private sector also has an important role to play. It will have to take the lead in certain sectors rather than forever expecting Government support.

[*English*]

Mr. Evans: Mr. Speaker, the Hon. Member for York-Peel (Mr. Stevens) referred to how bad the job creation rate was in 1980. Would the Parliamentary Secretary not agree that, if you look at the entire decade of the 1970s, Canada created jobs at twice the rate of any of the nations described by the Hon. Member for York-Peel? He has pointed out one year as being such a disaster when for the decade prior Canada had created jobs at twice the rate of any of those countries he has described. Would the Parliamentary Secretary not agree with that point?

● (1730)

Mr. Stevens: Mr. Speaker, I rise on a point of order. I am pleased to give the Hon. Member the figures. For 1980 our employment record was up by 2.8 per cent. In 1979 it went up by 4 per cent.

The Acting Speaker (Mr. Corbin): That is hardly a point of order.

[*Translation*]

The question was put to the Parliamentary Secretary, but I must inform Hon. Members that the time allocated for the question period has ended.

[*English*]

Mr. Howard Crosby (Halifax West): Mr. Speaker, let me begin my remarks on the budget presented to the House of Commons by the Minister of Finance (Mr. Lalonde) on April 19, 1983, by reviewing a very basic economic principle. The purpose of a budget is to relate expenditures to revenue, but the object of the exercise is to bring the estimate of expenditures and the estimate of revenue into balance.

Due to the financial policies of the federal Government over the past decade or more, we have virtually abandoned the concept of a balanced budget and substituted instead the notion that a manageable deficit is acceptable. For this reason, the first question that we should ask in any examination of a national budget must be: do the proposed expenditures exceed the anticipated revenue beyond the level that can be described as a manageable deficit?

The Minister of Finance, like his predecessor, has clearly endorsed the abandonment of any attempt to balance the budget because he has projected a deficit of $31.3 billion with expenditures of approximately $90 billion and revenues just under $60 billion. We must ask this question: is $31.3 billion a manageable deficit? Can such an enormous amount be justified in terms of the current and future economic trends?

Let me try to explain what this means. In terms of the immediate cost to working Canadians, if they are required to meet that budgetary deficit in this fiscal year, it would be $3,100. If you ask, can the taxpayers of Canada individually afford to spend and contribute $3,100 or more in addition to the money they are already paying in taxes of all kinds, I am sure the answer would be, very quickly, no.

We are placing a burden on the taxpayers that they cannot live with on a current basis. We must also consider that the deficit we will incur must be added to the accumulated national debt, which will now rise to approximately $168 billion. If that debt load is spread among working Canadians, those who pay taxes, it burdens them as individuals with a debt of approximately $16,000. That would be in addition to all their other debts which include that part of the provincial debt load that they share in respect of the Province in which they reside. In the case of Nova Scotia, it is approximately $5,000 per person.

We have these enormous figures. The result is that over one out of every four revenue dollars received by the Government of Canada is immediately expended on interest charges with respect to the accumulated debt. It is becoming virtually impossible to break out of this cycle of enormous expenditures

and limited revenues leading to an immense budgetary deficit that is increasing the accumulated national debt to gigantic proportions. The only other alternative, if one is to attempt to establish the principle of a balanced budget in our economy, would be to raise taxes. The Government has raised taxes in this new budget, and I will talk about that in my subsequent remarks.

I want to remind Members of Parliament and all Canadians that the ability of Canadians to pay taxes has reached the limit. The tables that I have before me, which relate to past years but I think are valid, indicate that Canadians pay an average of 43 per cent of their income in taxes, that is, taxes of all kinds. An average Canadian family with an income of $24,000 would pay approximately $10,000 in taxes. The exact percentage would be 45.8 per cent. So the Canadian family is paying almost 50 per cent of its cash income in taxes. I recognize that this is taxes of all kinds, including provincial and municipal taxes. We realize that taxation has reached the limit, yet taxes go up and up. The unfortunate result is that we have to live with this concept of a budget deficit whether it is manageable or not.

There is not much that the Government can or is able to do about that fact. Unfortunately, it must bear the responsibility for the existing situation because it is the fiscal policies of the Government over the past decade or more that have led to this situation. It is in the context of this horrendous financial burden on the Government and taxpayers of Canada, and indeed all Canadians, that we have to review the budget.

Let me say immediately that if, as some Members have suggested, there is a broad feeling of optimism among Canadians that the budget in itself contributes to the economy in a real way, to the extent there are provisions in it that encourage the private sector and would prompt business persons and those in industry to invest and increase activity that would create jobs in business and stimulate industrial activity, I would applaud such a measure in the budget. I want to add very quickly that those measures which would lead to increased confidence in the business and industrial community, and indeed across the private sector in Canada, are of a very sophisticated nature. They are complicated and technical. Only time will tell if they will have the effect that the Minister of Finance has claimed in the course of his budget speech. Only time will tell whether business and industrial activity will increase across the country and produce the jobs that everyone recognizes are required in every Province and territory of Canada.

The Minister of Finance indicated that that was his priority in his budget—to deal with the massive unemployment problem in Canada and take cognizance of the fact that 1.5 million people are out on the streets looking for work. He did not mention the million who have given up looking for work or the million Canadians who are working at jobs which are below their qualifications or working part time. However, he does finally admit that that is the major problem in Canada, and he says that job creation was a major concern in the formulation of his budget.

I want to examine some of the measures that the Minister claims will increase jobs in Canada and some of the programs for which provisions were allegedly made in the budget. First, I want to recognize the contribution made by the Canadian Federation of Independent Business and other representatives of small and medium businesses across Canada. The Canadian Federation of Independent Business has recognized the role played by small and medium businesses in job creation in Canada. In fact, they point to the loss of 700,000 jobs in Canada between January of 1982 and January of 1983 in that sector of the economy. We can only have real job creation if we restore those 700,000 jobs that are lost.

On a positive note, the Minister of Finance mentioned the creation of 600,000 jobs through the measures that are included in the budget. But I can give the Minister a simple way to create that number of jobs in Canada. The Canadian Federation of Independent Business pointed out that in 1982, a bad economic year, there were 150,000 start-ups of small business enterprises across Canada. These are known as formulations. There were 150,000 people in Canada who started some form of business enterprise in 1982. The Canadian Federation of Independent Business says that with a little encouragement those formulations might increase to 200,000 in 1983, that is to say, entrepreneurs who are willing to start some sort of business on their own, possibly with some financial assistance or encouragement. If each one of those small business formulations which the Canadian Federation of Independent Business indicates could be started were, in fact, started with the encouragement of the Government and each one of those enterprises created just three jobs, which they could easily do with financial assistance from the Government, you would have right there in that one concept 600,00 jobs.

• (1740)

That is not an impossible goal. But what does the Government do? It spreads its job creation through a very complex and complicated mechanism which I can guarantee you, Mr. Speaker, will have every bit of red tape we have seen in every program introduced by the Government of Canada over the last ten years. I will give you one example, Mr. Speaker.

In March, 1983, the Minister of Employment and Immigration (Mr. Axworthy) announced an allocation through the New Employment Expansion and Development Program, the so-called NEED Program, of some $25 million through the Department of National Defence through the creation of jobs. He said that this allocation of funds would create 3,000 jobs. But what he did not say was that the Department of National Defence would immediately embark upon the process of terminating the employment of 1,027 workers, some of whom had been employed by the Department for three years or more. This was in order to provide spaces for the new employees. That is the kind of hokum which the Government serves up in terms of job creation programs. That is fact. I can take you to the Canadian Forces Base in Halifax, Mr. Speaker, and show you exactly where the Department of National Defence has terminated the employment of one person who was a term employee and hired others in place of that person. That is the

kind of job creation for which the Government takes credit. I think that is a travesty. I think it is the worst kind of deception and fraud to claim that 3,000 jobs are being created when, in fact, term employees, persons who have worked for the Government in the Department of National Defence for long periods of time, lose their employment in the name of job creation. The purpose of the Government is clear. It is to get as many people employed for as little dollar cost as possible whatever the expense to the human beings involved. That kind of injustice cannot go unpunished in our society.

Let me comment on some other measures in the budget, bearing in mind and underlining the fact that job creation and relief of unemployment is the major task of the Government of Canada today. The Government has talked about a Special Recovery Program. I cannot deal with that part of the program which involves special recovery incentives to business. Those are the sophisticated tax measures I was talking about and only time will tell whether or not they are worthwhile.

Let us look at the other aspects of the Special Recovery Program. I am speaking of the capital projects which were mysteriously increased from $2.2 billion from $2.4 billion. I have the page from the budget that was amended, brought in at the last minute, with the $200 million increase. I look down the list of special projects and I see for one the item "vessel procurement." The amount opposite is $630 million, which is almost one-third, we will say one-quarter, of the total allocation. I wonder what vessel procurement is. We are going to create jobs in vessel procurement? Is that the $200 million ferry that is going to be built in the Province of Quebec in order to aid the bail-out of Dome Petroleum? Is that the Gulf span ferry boat the construction of which the Government turned down and said it would be ridiculous to construct this vessel, and about which, very dramatically a few months later, it changed its mind because Davie Shipbuilding Limited in the Province of Quebec was in financial difficulty and that, in turn, created the problem for Dome Petroleum? Is that the same vessel? I suspect it is, Mr. Speaker. We will find out in due course.

On the same page, under special recovery capital projects, we have an item of $650 million for transportation facilities. Is that the famous double-tracking in western Canada? The Minister talked about $2.4 billion in projects that were to get under way immediately with employment to start as early as May. Yet the Minister cannot name the projects, or will not name the projects, because if he names the projects we will find out they are the same old projects that have been placed on the table many times in the past, for instance, double-tracking, the bail-out of Dome and help to the Davie Shipbuilding Company. It goes on and on. But what can we do about it, Mr. Speaker? Only time will tell. But it will be on the record here for anybody to read.

Mr. McCain: Regan likes all that.

Mr. Crosby: We know what the Liberals are up to, Mr. Speaker. They are not fooling us.

Let us look at the budgetary measures with respect to housing. Anything that helps the housing industry in Canada will meet with my approval. I do not want to put that too broadly, but I want to say that I am not going to deal specifically with the housing measures except to say that I agree the housing industry is one of the most important industries in Canada and provides a basic necessity for Canadians, one of the real needs of life. But I have a question for the Minister responsible for housing. Not many months ago in this House we were faced with the problem of a gigantic rise in interest costs on mortgages for home owners. We talked about all kinds of programs we would use and implement to bring interest rates on mortgages down. Now interest rates are down. Now is the time to act. Now is the time for the Minister of Finance to say, "Here is a program to keep mortgage interest rates where they are now. Here is a program that will guarantee to Canadians that if they buy a home now they will have some guarantee that current interest rates will stay at those levels." Now is the time to do that. If you do that, Mr. Speaker, Canadians will build and buy homes. Canadians will look after themselves. But what Canadians need is some assurance that there will be some stability in the system on which they can rely. They do not want to buy a home now at 12 per cent or 13 per cent and face a 19 per cent or 20 per cent mortgage in two, three or five years. But what does the Minister do? He just goes back to the same old rehabilitation programs, the things we have heard, the old chestnuts. Although they have value, they will not solve the problem of Canadians owning their homes. They will not solve the continuing problem of having in Canada a viable housing industry. Now is the time to look at interest rates for mortgages, and the Minister has failed to do that.

I have already talked about the book juggling that is done with respect to the employment program in the Department of National Defence. But what about the book juggling with respect to other programs? We want to keep a close eye on that because this is not the first time this Government and this Minister of Finance have described the same program with different words, but the same dollars were involved. I do not need to tell anybody from western Canada, about the Western Development Fund. Whatever happened to that and the billions of dollars in that? Whatever happened to the gas pipeline that we were supposed to have? That has gone.

I want to point out and record very clearly in the presence of the Minister of Finance that it is fine for him to come in with pieces of paper, but development programs are pipelines, are railway tracks and are highways. Dollar bills have pictures of the Queen on them. They are not what is written in the budget speech. I suspect that many of the dollar bills in this budget for employment programs, for development programs, will disappear in the same way that they have disappeared in the past with respect to the Western Development Fund, the gas pipeline and a whole variety of other projects.

Mr. Munro (Esquimalt-Saanich): It is phony money.

Mr. Crosby: As my colleague says, phony money.

There is one thing I would like to ask the Minister, I was not here when he spoke. I am not a very sophisticated person and I do not know that much about the economy, but I do not quite understand how raising the exemption on goods brought into Canada from $100 to $300 will help Canadians and Canadian businesses. That is interesting. I know Canadians will need a truck to bring their goods back from the United States and from other parts when they return to this country.

Mr. Munro (Esquimalt-Saanich): They will use Maislin.

Mr. Crosby: Maybe that is it, Mr. Speaker. Maislin Transport will drive them back from the United States to Montreal. It will carry the goods and earn the money involved.

In the short time I have left I want to mention one thing that is very dear to everybody from Atlantic Canada, and that is the problem of regional disparity. In April of last year we passed the Constitution. It provided that the Government would work toward reducing regional disparity and creating equalization across Canada. In the budget there is absolutely no reference to the problem of regional disparity or to regional economic development.

• (1750)

In the Atlantic Provinces today everyone knows that the problem is in the fishing industry. There is a report before the Government which recommends a program for the fishing industry, a program which is absolutely essential to save that industry. It involves the infusion of funds in the area of $280 million. There is no mention of that in the budget. That is a blow to Atlantic Canada and a blow to the people involved in the fishing industry. It means that that recovery will be delayed for another year.

For those of us who observed the Government, we knew it was in trouble in June 1982 when it brought in its budget. The inflation, unemployment and interest rates were up, but the Government said that the problem was inflation and interest rates and that we had to get them down. The Government introduced the six and five program. It knew that inflation and interest rates would come down because there was no business activity in Canada. It knew that the problem could be cured.

It brought in the six and five program which had nothing to do with inflation or interest rates. It just robbed a few public servants of some dollar bills. The interest rate and the inflation rate went down. Now the Government is claiming victory and indicating how it will expand the economy. It will put on taxes in October 1984. I can tell the House what Government Members will do. They will call an election in September 1984 and claim that they solved all the problems of Canada. I am saying that today because they are not solving any problems. They failed to do that in the last three years, and they will fail to do that in the next year or year and a half because they are totally incapable of dealing with the realities of economic life. They hide behind rhetoric and empty budgets.

Mr. Evans: Mr. Speaker, it was enlightening to listen to the Hon. Member's speech. The proof of the pudding is always in the eating. The fact that he could find nothing of substance to criticize in the budget indicated, as has been indicated all afternoon by the Opposition, that they are having a difficult time sustaining criticism on their side. The Hon. Member spent most of his time dealing with small business and the need for small business assistance. Could he tell us what was the reaction to the budget of Mr. John Bulloch, head of the Canadian Federation of Independent Business, and of Mr. Geoffrey Hale, head of the Canadian Organization of Small Business this morning after the budget was tabled last night?

Mr. Crosby: Mr. Speaker, I cannot tell the Hon. Member in specific terms the exact reaction, but I can tell him about the attitude of Mr. Bulloch and other business people across Canada. For the last three years they have felt that in the last numerous budgets and financial statements the Government was suppressing their activities and providing no incentive or encouragement to them to get out and work, expand and contribute to the economy. This weighed heavily on them as they have indicated in innumerable reports, some of which I have before me.

In the case of the Canadian Federation of Independent Business, it brought forward all kinds of suggestions. As I indicated in my speech, they want Government to assist them in their need and desire to expand their enterprises and to create new enterprises. With that attitude they look fondly on any change of heart on the part of the Government. I think they see this as a change of heart, not a National Energy Program which virtually destroyed the Canadian petroleum industry, nor the promises of gigantic projects such as the ones which the Minister of Finance when he was Minister of Energy told the House in 1980 he would have constructed across Canada—on the East Coast, in Alberta and so on. It is not the pie in the sky we have heard before. It is a recognition that the economy has to recover through the private sector. That, for the Minister of Finance and his colleagues in the Liberal Government, is a real admission.

We have been telling the Minister and the Prime Minister (Mr. Trudeau) for years now that they have to look to the private sector for real economic growth and recovery. Finally, after trying everything else and failing, the Minister of Finance has seen the light. I think Mr. Bulloch and his associates in business and industry across Canada now see it on a piece of paper and applaud it, naturally so.

What I want to say to Mr. Bulloch is, "Do not trust pieces of paper. Dollar bills have pictures of the Queen. Get the dollar bills". Let us see the dollar bills.

I have been waiting for a gas pipeline from the Minister of Finance for three years now. I cannot get gas in my furnace at home. I still pay for imported oil, even though that Minister promised in his National Energy Program, which was part of the budget, that we would have a gas pipeline.

Mr. Bulloch wants to ensure that that same person, now the Minister of Finance, is not trying to fool him with respect to these business incentives like he fooled me when he said that I would have a gas pipeline. My answer to the question is, sure

they are pleased because they believe it. I ask my hon. friend to bear with me. We both know that only time will tell, but we must remember the gas pipeline.

Mr. Blaikie: Mr. Speaker, I have a question for the Hon. Member for Halifax West (Mr. Crosby). Would the Hon. Member not agree, having said that he was fooled by the Minister of Finance (Mr. Lalonde) when he was Minister of Energy with regard to the gas pipeline, that perhaps he is easily fooled? He was not only fooled on the gas pipeline to the Maritimes; he was fooled on the prebuild of the southern portion of the Alaska gas pipeline. He was fooled when the Conservatives voted with the Liberals. He was fooled on the six and five program when the Conservatives voted with the Liberals. He was fooled on the Bank Act when they voted with the Liberals on a number of amendments. We then found a year later Conservatives screaming, "Why are we not able to do those kinds of things, after having voted against NDP amendments which would have made those kinds of things possible?"

Could the Hon. Member enlighten us as to why he and his colleagues continue to fall for the promises of the Liberal Party when it comes to these kinds of issues? When will they smarten up and either stop falling for the promises or admit that when it comes to these issues they are one and the same and that is why the Hon. Member could not find anything to criticize in the budget?

Mr. Crosby: Mr. Speaker, if you will give me another 20 minutes and there is any mistake about my attitude on features of the budget, I could mention some points which I did not make as yet. One relates to the $100 charitable donation which is a tax measure that raises $80 million. They put it in because they said that voluntary organizations and charities in Canada wanted them to do it. But they put it in to get $80 million. That is the kind of fraud to which I am referring.

The Hon. Member for Winnipeg-Birds Hill (Mr. Blaikie) asked a difficult question. I can only answer it for myself. I come to the Parliament of Canada loaded with good faith. I like to believe that the officers or the people who form the Government of Canada, when they rise in the House and present documents and papers, are entitled to some credibility or they would not be the Government of Canada. We have to face the fact that the people of Canada elected the Government of Canada. However unwisely, that was the result of the democratic process. I for one have to respect that democratic process. I realize that does not come easy to some Members of Parliament. There are those who want to throw out the democratic process and deny the majority the right to govern. I embrace the democratic process. I come here with good faith. I am prepared to listen to Government proposals and I am prepared to accord a measure of credibility. But as they say, once bitten twice shy. We have been bitten 16, 18 or maybe 116 times.

I just want to make one point. I was not fooled by the six and five. They did not fool me on the six and five. I knew what they were up to, and I have already covered that in my speech.

The Acting Speaker (Mr. Corbin): Order, please. It being six o'clock, the House stands adjourned until tomorrow at eleven o'clock a.m., pursuant to Standing Order 2(1).

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, April 21, 1983

The House met at 11 a.m.

• (1105)

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Wednesday, April 20, consideration of the motion of Mr. Lalonde that this House approves in general the budgetary policy of the Government; and the amendment of Miss Carney (p. 24689); and the amendment to the amendment of Mr. Riis (p. 24691).

The Acting Speaker (Mr. Blaker): Order, please. As the House may be aware, there are two minutes remaining in the question and comment period following the speech of the Hon. Member for Halifax West (Mr. Crosby).

Mr. Blenkarn: He is not here.

Mr. Deans: To whom would you like us to direct our questions, Mr. Speaker?

Mr. Fisher: Mr. Speaker, I rise on a point of order. I have here two documents, one in French and one in English, entitled, "Revised Budget Tables", which were circulated with the budget speech on budget night. Apparently due to a mix-up, the Table did not consider these documents tabled on budget evening. I would like the consent of the House to clear up that matter and have these documents tabled officially now.

• (1110)

Mr. Lewis: I do not want to delay matters, Mr. Speaker, but will we receive copies of these immediately? I appreciate that this is another effort by the Government to correct the budget which seems to be unravelling. Will we be able to get a copy immediately?

Mr. Fisher: Mr. Speaker, that is a reasonable request. I want to assure the House Leader for the Official Opposition that he already has these documents. They were circulated with the budget on budget night. When they were given to the Table, there was confusion. The Table did not realize that these were to be tabled with the budget documents, so they were not officially accepted. I am trying to clean that up now.

The Acting Speaker (Mr. Blaker): Is there unanimous consent to the proposal made by the Parliamentary Secretary to table the addenda?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): Agreed by unanimous consent and so ordered.

Mr. John Evans (Ottawa Centre): Mr. Speaker, it is a great pleasure for me to rise to speak in this budget debate because I am of the very strong opinion that this is the appropriate budget for the times that we face. The Minister has brought down the kinds of measures that are necessary to restore and build new confidence in the Canadian economy, to build upon our success in fighting inflation, to renew investment growth in this country which will stimulate the growth of wealth, which will stimulate our ability to maintain the valued social security system that we have in this country. In other words, this is a budget that will build upon the already existing recovery of the economy and will spur that recovery on at a much accelerated rate.

I have some background in economics. I have had disagreements with forecasters in the past. I have to admit at this time that I have disagreements with the forecasters who are making projections with regard to the effects of this budget as well. I was somewhat successful in the past in my forecasting with regard to inflation and interest rates. I suggest that the success of this budget will be much greater than is indicated in the forecasts that we see in the budget documents.

I think our rate of economic growth will be higher than that shown. Our success in fighting unemployment will be better than that shown because we have put forward in this budget the kinds of incentives and measures that are required to get small business and large business alike back on track with investment. Job creation in the private sector is going to be much greater than that anticipated out of the standard econometric model. I think we are going to see a much better, longer lasting and stronger recovery than is forecast in these measures by econometricians at this point in time.

I will stand on that six months or a year from now, as I did with my projections on inflation and thereby interest rates of a year ago. I made projections of a similar nature—that inflation would come down faster, and so would interest rates, than what was being projected at that time. I won a dinner at Winston's as a result of the projections I made in public. In other words, I was right. I think I am right this time. This budget will reinforce and make the recovery come that much more quickly than we had anticipated.

This budget is a very realistic assessment of our economic situation and what is needed. The Minister has brought down a budget which puts forward short-term job creation measures and builds upon the employment creation measures that we have in place, work sharing, the NEED Program, the skills training program. Basically it builds for the short term on these job-creation measures that are in place. It builds for the medium term by accelerating public works at both the federal and the provincial levels. It accelerates those public works which will create jobs, and it puts in place a very comprehensive and, to my mind, a very effective array of incentives for the private sector for the medium to the longer term so that private sector growth and development will come onstream as we begin to phase out some of the direct job-creation programs at the federal level.

• (1115)

Knowing that Governments cannot create long-term jobs, it is a very realistic assessment that only the private sector can create long-term, lasting jobs. How do we move from the transition period that we are in now? We are in a deep recession. We are starting to come out of it, but how do we accelerate that? How do we create the confidence, how do we create the conditions within which short-term jobs can be created by the Government and permanent longer-term jobs can be created by the private sector, and how do we bridge that gap between now and when the private sector will be back onstream in full force? In this budget, the Government has created a number of measures and programs which will, I believe, do just that.

As I have said, Mr. Speaker, the budget is a multi-phased attack on unemployment and economic stagnation. It does not go overboard by greatly increasing the budgetary deficit. The deficit is something that is of concern, I am sure, to all of us. Some of us are less concerned than others, but certainly the deficit problem is of concern.

The public sector cannot continue to expand at the expense of the private sector because the private sector is where the wealth and the growth is and where long-term jobs will be created. We realize that and the Minister realizes that. The Minister has tried to put a plan in place which will use the Government spending that is required during this transition period and then phase down the level of Government expenditure as the private sector moves on. This plan will certainly reduce and perhaps eliminate pressures on interest rates that might result if the Government and the private sector were competing for those same investment dollars. I suggest to you, Mr. Speaker, that we will be successful in doing that. The Minister has put forward the kind of measures that are necessary for this to happen.

The budget brings forward policy measures that stimulate investment for growth. It brings forward measures that stimulate areas that many of us have been saying for years now need to be dealt with, such as the stimulation of equity investment by Canadians and the ownership of Canadian industry by Canadians. To my mind there are very effective measures in the budget to encourage Canadians to buy shares in Canadian companies. There are very effective measures to encourage Canadians to invest in research and development, to take a share in their own country.

Those measures will create additional spin-offs not mentioned in the budget that I think will prove to be very useful in the area of compensation strategies for the future. If Canadians are more prepared to take an ownership share in Canadian industry, then we might be able to expand that notion and talk about profit-sharing plans and share ownership by workers so that there could be a much more effective, useful and productivity-oriented compensation system in this country.

This would follow the example of the compensation system that now exists in Japan. We have heard the New Democratic Party say it would be very interested in considering and examining this system very closely. I have also heard this from Members of the Conservative Party. They have indicated that the Japanese system of productivity based compensation is one that we should be looking at.

The New Democrats tell us that the Japanese have only 3 per cent unemployment, much higher growth rates and lower inflation. One of the main reasons for that is that compensation to Japanese workers is tied to productivity. That includes not just the workers in the classic definition, as the New Democrats would put it, but includes everyone who contributes to the output of the economy. Workers includes managers in a system where all their compensation should be tied to their contribution to the output. In that kind of situation, economic downturns produce less unemployment than in a system of fixed and rigid wage structures such as there is in this country at the present time.

• (1120)

Members opposite talk about the budget deficit and say that the Government cannot throw money at the problem without creating very serious long-term difficulties. But the Government cannot simply slash its way out of the deficit, Mr. Speaker. We are in a very tender circumstance at this time. If the Government were to become obsessed with the deficit—and a great many economists agree with this—and try to reduce the deficit at this time, it could plunge the economy back into recession.

A very fine balance has to be struck. I believe the Minister has done precisely the correct thing and has found the fine line and the balance that needed to be struck. He has increased the deficit above what would have been the case without the budget, that is true, and I believe it is also appropriate. He has not increased it dramatically; he has increased it in a way that will effectively deal with some of the more pressing problems that all of us have identified for him over the months we have been talking about economic issues. I suggest to you, Mr. Speaker, that while the deficit is of concern, the Minister has taken the approach that is appropriate for these times and has put forward a plan which indicates a reduction in the deficit in a phased, gradual manner. I suggest that it will not disrupt the

economic growth and development that will come out of this period of great difficulty that we are now experiencing.

I also suggest to you, Mr. Speaker, that my assessment of the budget and the effects of the budget is not significantly different from that of the vast majority of the Members of this House. I base that assessment on my reading of the speeches given by Members of both Parties opposite. That reading indicates that they are grasping at straws to find areas of great criticism, except for certain Members of one Party who believe that if the Government did not increase the deficit by an additional $10 billion it was doing nothing and was showing no care. I disagree violently with that position because I do not think it is a rational criticism of the position of the Government.

Others have been very reluctant to come forward with hard criticisms of the policies. Yesterday afternoon I listened to speeches criticizing Government policies that have been in place for six months or a year. There was very little discussion on the new innovative, creative and effective policies put forward in the budget.

This is a budget debate, Mr. Speaker. If the motion put forward by the Minister is to the effect that the House confirm its confidence in the economic policy put forward by the Government in its budget, then why is it that the Opposition, which is trying to criticize Government policy, refuses to deal in any serious way with the measures put forward in that budget? The answer to that question is obviously because they have a difficult time finding anything with which to take issue and very few things to criticize.

That reaction in the House is simply an honest reflection of the reaction the Government is getting from other parts of the Canadian community. I refer to such organizations as the Canadian Manufacturers' Association, the Canadian Chamber of Commerce, the Canadian Federation of Independent Business, the Canadian Organization of Small Business, and the United Way with regard to the charitable donation changes.

• (1125)

The wide range of opinion in this country outside of this Chamber is that the budget is appropriate. It is a good budget. It is going to help us make progress in our fight towards economic recovery. That is the fact, Mr. Speaker. Outside of this Chamber of criticism the public is saying that this budget is a good budget, the policy is a sound policy and economic recovery will be promoted by this budget, that job creation will be far ahead of what it would have been without this budget, that we are going to see progress in overcoming unemployment, that we are going to maintain our fight against inflation, that interest rates will be such that will stimulate economic growth, that we will be moving into renewed prosperity as a result of this budget.

The Opposition cannot find specific criticisms of this budget. They have to argue in generalities about policies which have been in place for a year or more. This indicates to me that not only do the Opposition honestly, in their heart of hearts, believe what I am saying today to be the case, but they are also smart enough to understand that the public is going to give them very little credence if they stand in the House and say something that is diametrically opposed to what is being said outside of this Chamber. Quite frankly, Mr. Speaker, I believe we will see over the next week that this is one of the meekest budget debates by the Opposition we have seen for many years.

The Minister has brought forward a budget which brings forward necessary public works. It stimulates investment, which means growth will be stimulated. It has provided measures to expand the equity base of this economy, measures which are dramatically needed to remove businesses from their dependence on debt, which in turn will make them less susceptible to interest rate changes. The budget adds to the stimulus in the housing sector. It addresses direct job creation as well as improves on the training programs to provide jobs in the future for our young people. It provides many new incentives for research and development which, in my particular area of the country, is terribly important. I am enthused and excited, and the people in my area in the high technology industry and in research and development are enthused and excited also, about what the Government did the other night in the budget. All of these things are going to mean economic growth, increased job creation and a reduction in unemployment, which is precisely what the people as well as the Opposition have been calling for for some time.

In conclusion, Mr. Speaker, I commend the Government and the Minister of Finance (Mr. Lalonde) for bringing down a very good budget, one appropriate for the times, one which is going to do the job. In the last few minutes I have heard Hon. Members opposite commenting across the floor. There is a ten-minute question period and I welcome their questions at this time.

Mr. Deans: Mr. Speaker, I have a question for the Hon. Member. I do not often engage in the question period but I could not help but feel, as I listened to the Hon. Member for Ottawa Centre (Mr. Evans), that he displayed a remarkable ignorance about what is happening across the country.

I readily admit that there are features in the budget which will benefit Ottawa. But Ottawa is not necessarily a reflection of what is happening across the country. I say to the Hon. Member for Ottawa Centre that there is a desperate need for some of the people behind the scenes who are promoting this kind of budget to get their backsides out of Ottawa for awhile and find out what is happening in western Canada, in eastern Canada and in the rest of central Canada.

• (1130)

However, let me be specific. The Hon. Member recognizes that one of the problems this country does not face is a lack of productive capacity. Therefore, what possible purpose is there in providing incentives to create additional productive capacity?

The second question is, given that there was a clear lack of consumer confidence and therefore lack of consumer purchasing, what measure in the budget addressed that question other than for the select few individuals who happen to have RHOSPs and who are now to be enticed to purchase furniture rather than houses?

The final question concerns a very narrow area.

The Acting Speaker (Mr. Blaker): Order, please. The Hon. Member recognizes that several other Hon. Members stood to be recognized. I ask him if he would wait for a second turn for other questions.

Mr. Deans: One final question. Recognizing that the major problem now confronting the majority of people in Canada is the threat of unemployment or unemployment itself, and that this budget speaks about increasing—certainly holding the line if not increasing—the numbers of unemployed while recognizing there will be fewer jobs between now and 1986, how in heaven's name does this budget begin to meet employment, overcapacity and lack of stimulus for the consuming part of the economy?

Mr. Evans: Mr. Speaker, there is so much misunderstanding in those three questions and in the previous statements that it almost boggles one's mind to respond. There is excess capacity, Mr. Speaker. Much of it is redundant, much of it is not productive capacity in the sense it is world productivity. As a result, some of that capacity will never come back onstream but will be replaced with new, innovative, creative types of productive capacity.

Mr. Deans: Permanent unemployment, right?

Mr. Evans: That is why we put investment incentives in place, to encourage industry to bring on that new creative capacity which makes us competitive in world markets and enables us to create jobs.

With regard to the other point about there being less jobs by 1986 than there are now, if the Hon. Member would read the statement the forecast indicates that there are going to be 600,000 more jobs in 1984 than there were in 1982. The numbers the Hon. Member is using are typical of what we have had in the past from him and the NDP; they come right out of thin air. There will be job creation, Mr. Speaker, as a result of investment in new, effective plant and equipment, research and development, and new technology.

If we are not world competitive, then we are going back to the cave, which I think is precisely where Members of the NDP would like to see us go. We could all be out there with our stone hoes, digging our row to plant corn and grinding it by hand. In that way we would be employed full-time, doing things which are the next best thing to useless. This country has too much potential to fall for that kind of claptrap from the NDP.

Mr. Blenkarn: A year ago the Hon. Member for Ottawa Centre (Mr. Evans) was running around the country telling us how tremendous the budget of November 12, 1981 was. He is now telling us how tremendous this budget is. He will recall that the growth rates shown in the 1981 budget were in the 2 per cent to 2.5 per cent range for the 1980s. The current forecast, now that we are well into a depression, is at 4.4 per cent, 5 per cent and so on. The Hon. Member says that is not even optimistic enough. Where in the budget is the thrust that will push this country in the 1980s to growth of 4 per cent or 5 per cent in real terms? Where are his grounds for optimism?

Mr. Evans: Mr. Speaker, it is very interesting that the Hon. Member has again done what the Conservative Party tends to do in this debate, going back two years and looking at a budget back there and saying: "See what happened back there? Look at those figures back there." I know the Hon. Member agrees with me because I know him well; we are on the Committee on Finance, Trade and Economic Affairs together. I have heard him speak and we have talked about these matters. The investment incentives are there, Mr. Speaker. Investment means growth, new jobs, competitive industry in world markets, higher profits for industry and higher wages for workers. That is where the growth is going to come from and if the Hon. Member was on this side of the House and he was able to talk honestly about this budget, he would be saying much the same as I am today. It is a darn good budget and the Minister should be commended for bringing it down.

Mr. Riis: Mr. Speaker, I listened with interest to my friend from Ottawa Centre (Mr. Evans) and I cannot believe some of the things he is saying. I want to ask him a question because he seems to have what he thinks is a grasp of the economy of Canada. I would encourage him and some of his colleagues to go out and have a look at other parts of Canada in the weeks ahead and see how people are reacting to the budget. I had a phone call last night from a miner who has been laid off work for 14 months. That means he has been on welfare for the past two months. The company he worked for feels it is not in their interest to participate in the NEED Program or the bringing program under Section 38 of the Unemployment Insurance Act, for a variety of reasons. This individual had noticed that the newspaper headlines were that this is a good budget for business. He said he is not a business person, he is a steel worker, and was there anything in the budget which should make him optimistic that he will be able to save his home in the next few weeks? Is there anything that he can be hopeful about in terms of a job? I want to remind the Hon. Member: fourteen months out of work.

Mr. Evans: Absolutely, Mr. Speaker, because I think the problem the Hon. Member has raised is precisely the one this budget was designed to deal with. If it is not profitable for that business to continue to employ people, it will not do so. To be profitable there has to be new investment, and it has to be world competitive. It seems to me that it is time we stopped pointing fingers at one another and saying "if it is good for business, it is bad for labour; if it is good for labour, it is bad for business". Let us start asking the question: What is good for Canada? What is good for Canada is something which will generate growth, because growth is shared between owners and workers. Let us stop condemning one side or the other; it is

time we sat down together and said that if we can make it better for industry, it is going to be better for workers. That is how jobs are created. That is how wages go up.

Mr. Riis: In other words, there is no hope for this man.

Mr. Evans: When businesses are in place which are competitive throughout the world, they can sell their product and generate profits—which is not a dirty word, by the way—which leads to new investment and new jobs. That is how we respond and that is how I would respond to that individual.

Mr. Riis: He will be happy with that response. He will lose his house as a result of that response.

Mr. Evans: I will guarantee that the specific measures in this budget are going to put that man back to work in a stable, long-term, and productive job which will allow him not only to keep his house but obtain the things he wants for himself and his family.

Mr. Domm: Mr. Speaker, I was somewhat alarmed at the statement by the Hon. Member for Ottawa Centre (Mr. Evans) that people in Canada have a different view about the budget than Members of the Opposition. In other words, we are diametrically opposed, to use his exact words, to people across Canada. I would suggest the Hon. Member read some of today's papers and what some leading economists have to say about our short-term pain for perhaps long-term pain. Not gain, but pain.

How does the Hon. Member explain the fact that the consumer will receive tax benefits this year of $75 million but over the next four years there will be annual increases in consumer tax payments; that in one year alone there will be an increase in income tax payments of $1.91 billion?

• (1140)

The same thing applies to the corporate sector, where both consumers and business will be paying over $5.7 billion for this $4.8 billion which the Government is handing out in year one. How does the Hon. Member explain the parallel that he drew in his speech concerning Japan, which gives incentives to consumers to buy and more purchasing power and gives businesses more tax advantage over a long period of time?

This Government, with all due respect, has given consumers a bouquet in year one of $75 million in income tax savings, but is adding in up to just short of $2 billion in income tax taken from the backs of consumers. In other words, the cost of the programs is being paid by less disposable income on the part of the consumers.

Concerning the fiscal report presented in the House, I refer the Hon. Member for Ottawa Centre to page 27, personal income tax taken by Government at source from the consumers.

Mr. Evans: Mr. Speaker, I really have a difficult time seeing where the Hon. Member is going with his questions and what his problem is. Does he really believe that if the Government is to put into place those kinds of incentives for people to save, to put their money productively into industry, to make the country more competitive, to create those jobs, that the Government will be able to do that out of thin air? That money must come from somewhere. Would the Hon. Member like us to increase the deficit? If there are to be additional taxes, where would they be placed? Would the Hon. Member place them on tax investment? When the Government is trying to put incentives into place to encourage investment, it does not tax it at the same time.

Hon. Members opposite and on this side have been saying that we must have more equity investment. We must have more incentives for that kind of thing. If the Government is to give incentives—in other words, reduce taxation on investment—then there is only one place it can increase the taxation, and that is on consumption.

A great many Hon. Members have been saying that we should be taxing consumption more heavily and investment less heavily. Perhaps that was one of the problems we ran into during the 1970s, that by taxing investment more and more heavily we had progressively less job creation during the latter part of the 1970s and a progressively increasing unemployment rate.

I am suggesting to the Hon. Member that the Minister has taken the right tack. He said that we will take some of that burden off the investment side. We will encourage Canadians to save and invest and we will pay for it by placing slightly higher taxation on consumption, for instance, of cigarettes and alcohol, the 1 per cent; but that does not come into effect until next year. However, there are also other measures, such as freezing indexation of certain kinds of measures within the Income Tax Act. Certainly I agree with every one of those and I will stand up and defend them on any forum with the Hon. Member, any day of the week.

Some Hon. Members: Hear, hear!

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, in the speech of the Hon. Member for Ottawa Centre (Mr. Evans) we heard evidence of the great shell game concerning the budget. The Hon. Member knows perfectly well that the budget, which originally claimed to direct $4.6 billion into "job creation", which we then found out became $4.8 billion in job creation—$200 million for the job of the Minister of Finance (Mr. Lalonde)—is a great shell game. The fact is that the budget takes $5.72 billion out of the economy and puts $4.8 billion back into the economy, and the difference is the cost of administration by the Government of Canada.

The philosophy of Government Members is that they really know better than the ordinary consumer, the ordinary Canadian, how to spend his money, how to create employment and the rest. What they believe is that money should be taken from the country and come into this great bowl of Ottawa, that it should be spent by Ottawa, and that they should somehow direct where employment is to go, and how the money is spent.

Mr. Evans: That's not true.

Mr. Blenkarn: It is a socialist philosophy, a bureaucratic philosophy, the philosophy supported by Hon. Members like the Hon. Member for Ottawa Centre.

Mr. Evans: That is not true and you know it.

Mr. Blenkarn: The Government does not believe in the enterprise system. The Government believes in the direction of tax money, where it can put it. In the total term, there is no advantage in this budget to employment, to job creation or anything else. The Government has decided that it can best direct the economy and that it can do it better than the ordinary citizen who works, saves and creates. It has decided that it will take $5.72 billion out of the economy, maybe put $4.8 into the economy, keep the rest in its pocket and then wonder about the pocket.

When one considers what it forecast in deficits, it becomes unbelievable. When the Government took office, the statement for March 31, 1980 indicated a net Government debt of $68.5 billion. By March 31, at the end of this current fiscal year, the net debt of the Government is forecast to be $146.8 billion. In other words, during the life of this Parliament so far, the Government has come very close to doubling the net national debt. I say "net national debt" because it has nothing to do with the monstrous expenditures, the massive losses, which have taken place in Crown corporations. It has nothing to do with the guarantees which the Government has so freely given to the Export Development Corporation, to Canadair, to de Havilland, to people in other countries around the world, guarantees which the Auditor General himself has said should be treated as liabilities of the Government of Canada and part of our net debt.

The fact is that when the Government of Canada spends $3, it borrows or creates $1 in deficit. Indeed, this year it is forecast that for every $3 spent by the Government, more than $1 will be either borrowed or put on the cuff against future pension obligations or something of that nature. The Government cannot go on in this way. We all know that there is really no free lunch. However, the concept presented by our $200 million Minister of Finance is that there must somehow be a free lunch, that the Government can somehow spend $3 for every $2 it takes in taxes. That philosophy cannot continue to exist.

At the present time the Government is spending nearly one-third of the tax dollars it takes in just to cover interest on the debt. That situation does not improve despite massively overoptimistic projections for growth for the country. Let me refer to those massive overestimates of growth for a moment. The Government has suggested that this year there will be a growth of 2.3 per cent in real GNP improvement. I hope it is right, but where is the evidence to show such growth in GNP in real terms? Then it somehow goes on to say that in the year 1984 there will be a 5.2 per cent increase in real GNP. This country has not had 5 per cent growth since the 1950s, yet the Liberals say that somehow we are going to have this kind of growth in 1984.

• (1150)

The Government goes on to 1985, 1986 and 1987 forecasting growth of 4.4 per cent. I hope the Government is right. But these growth projections are so unrealistically high as to cause one to doubt every single figure in the budget presentation made the other night. They are growth projection figures beyond what we accomplished in any group of years during the 1960s or 1970s. To suggest that we are going to have, coming out of this depression almost like a rocket being shot from a missile launcher, the growth projections which the Liberals have suggested is, in my view, overly optimistic. I hope very much that the Liberals are right. But I say to you, Mr. Speaker, and to the country that these projections are not realistic. They are likely to create, and have created to people looking at the budget at first glance, some optimistic feelings, unfortunately overoptimistic.

If you compare that growth projection to what the Government says are its projections in terms of deficit, you find not only are we going to have, in accordance with the Government's projections, massive growth in economic activity, but also that that growth is not going to be reflected in a reduction of the deficit. The Liberals say that even with this massive, and I say unrealistic, growth projection, our deficit will not come below $25 billion in the foreseeable future. In other words, as far as the eye can see this Government will continue to go to the country to borrow and borrow and borrow, notwithstanding the fact that if the Government's projections of growth are correct we should be in boom times.

There is something radically wrong with a Government that on the one hand says we are going to have boom times, tremendous growth, 5 per cent, 4.4 per cent year after year after year, yet our borrowing will remain in the range of twenty billions of dollars. Our deficit will always be over $25 billion. There is something wrong, something structurally wrong, with what we are doing in the management of this country.

If there is any criticism, the greatest criticism of this budget is that it does nothing to attack the basic structural problems facing the country. We cannot go on forever thinking that somehow there is a free lunch out there, that no matter how good things are or how bad things are, all we need to do is borrow some more against the future. We know in running our households that that does not work. We know from our own personal experience that that does not work. There is nothing magic about it. Somewhere along the line you go broke because you cannot for ever continue to have financial requirements, even on this Government's projections of 6.9 per cent, 5.9 per cent, 4.9 per cent and so on of the GNP, borrowed against the future.

If we have the growth which the Government forecasts, we are going to have to expect that a great deal of the savings of Canadians will be poured into the business sector. Yet where are the savings to finance business growth and Government deficit growth? There are not those savings available, Mr. Speaker. You cannot have it both ways. You cannot have tax credits and so on for investment in equity—and we need it—and at the same time expect there to be money around to

finance massive Government deficits, without creating a horrible crowding out in the marketplace.

I do not think that crowding out will take place this year. The business sector is so down and so depressed that the Government probably can borrow the money to carry it this year. But if there is the kind of growth which the Government anticipates, the kind of revival in employment which the Government thinks it would like to see, I say to you, sir, that you cannot have these kinds of deficits and expect that to take place without forcing interest rates to the moon again and squeezing out any possibility of new employment.

The budget projections, the budget statements, the budget provisions, are provisions that make very little sense on close examination. They are provisions made by a Minister of Finance for a Government desperate to hang on to power. They are provisions made by a Minister of Finance who is a buffoon, a Minister of Finance who cares little about what he says. His projections are invariably wrong, in many cases incompetently wrong. But more than that the Minister is an actor. He likes to be before the television cameras flipping pages. He is a show off. He likes to talk about his mistakes, somehow doing something for Canadians by increasing the debt of the country by $200 million.

I see that my time is moving along so I will get to some of the things that we would have done. First, we commend the Government for taking a look at the investment plan that will somehow, as suggested by the Lortie Commission, eliminate or index capital gains on listed stocks. The problem with the plan, however, is that it does not really get at what we need to get at. All Members will know that the vast majority of job creation takes place in the private sector by small business, closely held family businesses and that type of thing. The Lortie Commission provisions are great for the stock brokers, great for the guys with the big companies, but that is not where job creation and employment exists. Those provisions for eliminating or indexing capital gains with respect to investment in business ought to extend to small business, to those who will create the real jobs in the 1980s.

I say to the Government that this is a first step, but it has to be a bigger step than what the Government is prepared to take. We have to go all the way. We have to eliminate, or at least index, capital gains on business investment so that we can get small business, medium business and businesses that are not listed on the stock exchanges—most business are not—back building, getting capital and getting people working again.

Second, had we had the opportunity to present a budget, we would have presented a budget which would have directed tax credits not to losses that took place some time ago or may take place in the future, but to employment tax credits. We would have paid people a tax credit on the basis of hiring more people this year than they hired last year. The real problem is getting people back to work again. We would have directed what little money is available there—and we do not think there is enough—toward getting people back to work again.

• (1200)

Third, we would have expected the Minister of Finance, knowing the horrendous complications under the Income Tax Act, the Customs Tariff Act and the rest, to say that he would immediately start work on a method of simplifying them. If the insurance industry can simplify its insurance policies, surely to goodness the Government of Canada can simplify its taxation statutes. It is not a difficult problem but it would save all sorts of overhead in Canada. People ought to be able to figure out easily what are their taxes themselves. The present tax Acts are so complicated that another industry in the country has been created, that is, the tax avoidance and tax consulting industry, which is not very productive. I am sure the Hon. Member for Ottawa Centre agrees with me on that.

Fourth, with respect to charities, we would not have been the type of Government that this Government is. It takes away the $100 charitable deduction without receipts, but it does not do anything for the voluntary sector which creates employment. Later in this debate my colleagues will be speaking about that. We would have accepted the recommendation of charitable organizations across Canada of a 50/50 tax plan which would have given tax credits for charitable donations. While it would have eliminated the automatic deduction, it would have given charities the proper kind of financing they deserve. The voluntary sector creates enormous numbers of jobs. To penalize that sector as this budget really does is totally improper.

Fifth, we would have done something with respect to the absolutely stupid measures contained in Bill C-139. Those measures did great damage to Canada. I am speaking of the way insurance and annuity investments and savings were attacked, the concept of taxing income on an accrual basis rather than on a received basis. The present capital cost allowance measure allows only half capital costs in the first year. We think that is anti-productive. We are pleased that the Government accepted our suggestion of a productivity council. If it really wanted to do something, it would ensure that those who invest take advantage of tax credits and have capital cost allowances which make it possible to pay for the investments.

Sixth, we would have done something with respect to the national energy policy. We are not at all impressed with falling oil prices at the continuance of payments of PIP grants. We think the Government could have eliminated those types of grants and at the same time eliminated the taxes used to support them so that the industry would have its own money to do its own development without the interference of the bureaucracy at Dow's Lake. Let us free that industry. Let us take off the ties and the restrictions. Let us remove the bureaucrats and take away the forms. Let us get at it and make the oil and gas industry produce again. My colleagues will also speak on that later in the debate.

Seventh, there are a number of things I could say, but most important is that the Government's expenditure plan shows no element of restraint at all. It is spend more, spend more and spend more. I point out that this is the first time in Canadian history that we have finally broken the $100 billion mark.

Perhaps that puts us among the big nations of the world, but on a national accounts basis spending this year by the Government will be in excess of $100 billion. Somewhere along the line there is room for paring down, priorizing and reducing Government expenditures, overlapping and waste.

If there is anything the Government must do, it must come to grips with its spending, with its bureaucracy, with its size and with its total control of the country. It must be reduced. It must take a slimming lesson.

Mr. Evans: Mr. Speaker, I was very interested in hearing the remarks of the Hon. Member for Mississauga South (Mr. Blenkarn) concerning what his Party would do if it were in office. From a rough calculation of what he said, I totalled up somewhere in the range of $4 billion to $5 billion of either revenue loss or expenditures. Given his parting comments, which were a plea for a reduction in the size of Government and its expenditures, could the Hon. Member tell us how he would reduce Government expenditures and at the same time increase the revenue loss or expenditure outlay by $5 billion? If he would not increase the deficit, how precisely would he pay for these suggestions?

Mr. Blenkarn: Mr. Speaker, all of us are around the City of Ottawa, we see the size of Government offices and Government activity. All of us know by taking a look at various Government departments that indeed the only federal Government department this year which keeps within the six and five guidelines is Parliament Hill. The expenditures of the rest of the Government departments are increasing at 9 per cent, 10 per cent and 12 per cent. Indeed, on average expenditures of Government have increased by 12 per cent this year.

If the Government kept within its own six and five guidelines, it would have on a national accounts basis $6 billion. Does the Hon. Member for Ottawa Centre really believe that the Government should be paying for insulation programs? Does he really believe that the Government should be paying for the conversion of oil furnaces to gas furnaces when energy prices and energy supply situations have dramatically changed in Canada? He could go through one program after another. Does he really think that we need CBC-2? Does he really think that we need all the foreign aid expenditures we have had? Does he really think all these are absolutely necessary? Does he put those ahead of making jobs available for Canadians? I ask him those questions.

Mr. Evans: Mr. Speaker, it is unbelievable. Is the Hon. Member saying that, by staying within the six and five program, the Government would suddenly generate $6 billion? Can he tell me how he would cut back on transfers to people, which comprise 50 per cent of total federal expenditures? He talked about cutting the Public Service and that by doing so somehow we would generate $6 billion. That is absolute nonsense. That would mean that the wages and salaries of the entire federal Government make up its entire budget. If we cut the entire Public Service to zero, we would save about $10 billion out of the entire budget. In that event there would be no Public Service.

Mr. Gauthier: There would be nothing.

Mr. Evans: That is right, there would be nothing. From where will this mythical $6 billion as a result of staying within the six and five come? Would he cut back on Old Age Security? Would he cut back on pensions? Would he cut back on transfers to the Provinces for medicare, education and other items?

Let us get down to brass tacks. Given that we have a deficit and debt, that there is interest on that debt and that we have to pay that interest, how would he suggest we hold the interest payments on the debt to 6 per cent?

Mr. Blenkarn: It is not very difficult when we are required to keep expenditures down to the six and five level—and the Government is great at boasting about this—to eliminate or reduce expenses by taking away from programs sufficient amounts to keep within the six and five. There is no reason the Government cannot do that.

If we take a look at employment increases and salary increases by the Government where it moves people from one grade to another, the Hon. Member knows that the expenditures of the Department of Finance for people are up 20 per cent. There is no evidence of any control over the massive growth of Government. It continues to take and grow and grow. By its own figures in the budget, according to the Government, it grew last year at the rate of only 16.8 per cent. It says that this year six and five means 12.5 per cent and that somehow it can be kept down to 5.8 per cent next year. If the Government can do it next year at 5.8 per cent, why cannot the Government do it this year?

• (1210)

[*Translation*]

Mr. Gimaïel: Mr. Speaker, I have a question for my colleague from Mississauga (Mr. Blenkarn). Not long ago, following a speech by the Hon. Member, I spoke in the House about the state of the Government's deficit, and I said there was no reason to be overanxious about what is referred to as the national debt, since most of the money borrowed by the Canadian Government is borrowed from Canadians. This is not a national debt contracted abroad but within the country, a reallocation or redistribution, as it were, of funds among the people of this country, to prevent serious social problems, and so forth. The Hon. Member sent me a letter in which he stated very clearly: there is a point here I would like to clarify, namely that the provincial debt is mostly contracted abroad. I agree, but I would like to point out to the Hon. Member that in my speech, I was not referring to loans contracted by the provinces but to the federal deficit and to loans contracted by the Canadian Government.

The second point which seemed rather interesting—I have been unable to get the exact figures and I wonder whether the Hon. Member has them—could he tell me what percentage of loans for the year 1982-83 were contracted by the Government

abroad as compared to the loans contracted by the Canadian Government here in Canada with Canadian banks or through Canada Savings Bonds.

[*English*]

Mr. Blenkarn: Mr. Speaker, I do not have that figure at hand for the Hon. Member. I believe I have it in the office. I will send it to him. It is my perception that the Government of Canada this year was generally able to borrow about 95 per cent of its money in Canadian funds. It did not have to rely on foreign fund borrowing.

I want to point to the Hon. Member that a good part of the Government's borrowing is in Treasury bills and bonds. Two things happen. These bonds are borrowed in Canadian-paid denominations. That does not mean they are held by Canadians living in Canada, or for that matter held by Canadians at all. A great many of those investments are held offshore. While the investments are denominated in Canadian dollars so that when the Government pays the debt off it pays it in Canadian dollars, it does not necessarily pay those Canadian dollars to Canadians in Canada. It pays them to holders of the bonds.

If the Hon. Member will recall the debate with respect to the Income Tax Act, we brought forward to the Minister of State for Finance (Mr. Cosgrove) evidence of companies incorporated in the Bahamas and in the Cayman Islands. The whole purpose is to buy Canadian securities offshore. The reason is that under our Income Tax Act those who hold our securities pay no income tax on the interest. They get the interest in their pocket tax-free because there is no withholding tax on Canadian Government securities held offshore.

The consequence is that it is very difficult to say how much of our debt is held offshore and how much is held domestically. It is quite true that Canada Savings Bonds are largely held domestically, but when you get into the traded bonds and Treasury bills, you find that a great deal of those are held offshore. Second, you find that a great deal of those Treasury bills are held by banks and others who in our Canadian banking system have been bringing offshore money into Canada as opposed to taking Canadian savings out of Canada. The consequence is that they are borrowing foreign savings to buy Canadian securities in Canada.

[*Translation*]

Mr. Gimaïel: Mr. Speaker, the Hon. Member has more or less confirmed what has always been my impression, and that is that most of the money borrowed by the Canadian Government is borrowed from Canadians. Although the banks may have assets offshore or bring offshore money into the country, the Bank Act regulates this area very well. In fact, this is what I was saying the other day, Mr. Speaker, that first of all, the debt being incurred and funded by the country is for long-term investment, in other words, when a house is built, it is not just for one generation but for two or three generations. Even if the Government gives $3,000 to build a house, it is an investment. Even if it has to borrow to be able to give those $3,000, the investment is subsequently paid back. The same applies to all infrastructures. This is a young country and a vast one, and I would like to point out to the Hon. Member that by borrowing $31 billion this year from the Canadian people, we are, as it were, taking the money out of the pockets of Canadians and investing it in long-term projects including construction of harbour or railway facilities and industrial development, all of which are assets that will last for generations and will also generate considerable social benefits, by keeping people employed who would normally have trouble working in our economic system and by preventing very serious social problems from developing. Through the principle of sharing and equalization, we, as a society, are able to acquire the facilities we need and that would cost even more if they were built later on. I am glad that the Hon. Member pointed this out, because it shows how well the monetary structure of this country was put together in years gone by, and how impregnable it is to any control from offshore by a handful of individuals, whether they are Canadians or not. Which proves that our banking and financial structure is such that the Canadian Government is able to meet the needs of Canadians from its own Canadian resources, and I would say that this is similar to what the Americans had in mind with the New Deal and what they themselves want to do today, and we are now busy reaching the same goal. We have some difficult years behind us, but we made sure that Canadians had a roof over their heads, medical care and enough to eat, and that they can get help from the Government if they are in need. My point is, Mr. Speaker, that we should stop being defeatist and stop scaring Canadians. I hope that in future speeches, the Hon. Member will stop making Canadians think Canada is getting into debt when it borrows from Canadians. That is not the case at all. When Canada borrows from Canadians it is using its borrowing authority to allocate the money to Canadian projects and Canadian construction and to the development of Canadian capital projects.

[*English*]

Mr. Blenkarn: Mr. Speaker, I have never believed that you can borrow yourself rich. I do not believe you can print yourself rich. If the Hon. Member would look at the total collections for personal income tax, he would find that the total is very close to the anticipated total borrowing. If he thinks that is just a redistribution, perhaps we should be redistributing by doubling income tax in this country. Perhaps that is how the redistribution should take place. If he somehow thinks you can borrow and borrow, have free lunch after free lunch, and that it does not matter because you owe it to yourself, he should think again about his own family savings and see whether he honestly believes that that is possible.

Mr. Roy MacLaren (Etobicoke North): Mr. Speaker, this budget debate is taking place against a background of increasingly promising elements in our economy, indeed against a background of gratifying economic recovery. One need only

consider some of the leading economic indicators to realize the truth of that welcome trend.

Inflation, for example, has been significantly reduced during the past year. The general economic upturn in the United States and in other countries has contributed substantially, but a major factor here at home has been the significant reduction in our own rate of inflation. The Government's successful "six and five" program has contributed in a major way to bring our inflation under control. I have been particularly encouraged by the magnitude and speed of the decline in our inflation rate. It is expected by some expert observers to drop to 5 per cent by the middle of this year. In short, Canadian consumers can now put aside some of their concerns over the constantly rising prices of the past years and spend with more confidence in support of the economic recovery now under way.

• (1220)

Additionally, Canada's inflation rate is coming into line with those of other industrialized countries, particularly our major trading partner, the United States. That will allow our industry to be more competitive internationally. Reducing the rate of inflation will also help to ensure that the Canadian dollar will not be under pressure on foreign exchange markets and will afford the Bank of Canada a greater opportunity for matching whatever declines take place in short-term interest rates in the United States.

Interest rates in Canada are down significantly. The commercial bank prime rate is currently 11 per cent, the lowest level in more than four years. The current stabilization of international oil prices will also contribute to the reduction in inflationary pressures. One might also note, as the Minister of Finance (Mr. Lalonde) did in his statement on Tuesday evening that, both industrial production and housing starts in Canada are up markedly over the past year.

All this indicates that business and consumer confidence is on the upswing. As we have already seen from business and stock market reaction, the budget will strengthen that confidence.

It would be naive, however, to assume that our economic recovery is now guaranteed. Employment has started to grow again, but unemployment remains high, especially among young people, and will decline but slowly over the years immediately ahead.

As the Minister pointed out in his statement, the creation of jobs is the first priority for this Government. In recognition of the fact that although inflation and interest rates have sharply declined, unemployment remains high, the Government has designed both private and public sector programs that will create thousands of additional jobs for Canadians, a topic to which I shall return in a moment.

In his budget speech the Minister of Finance stated that his budget had two central objectives:

> The first is to make sure that recent stirrings of growth pervade the whole economy as quickly as possible. The second is to make the recovery a durable one by beginning immediately to create the conditions required for sustained growth and development during the rest of the eighties. Underlying these goals is the Government's determination to ensure that Canadians are provided with the jobs they need—good jobs, permanent jobs, satisfying and well-paid jobs.

To achieve our broad goal or making economic recovery permanent, the balance sheets of Canadian companies must be improved so as to enable them to make the significant investment in the new capital equipment necessary to improve our lagging productive performance. There is no other way to ensure our international competitiveness.

With one-third of our prosperity—one-third of our Gross National Product—dependent on our export trade, we must put ourselves now in the position of being able to compete effectively around the world. There is no other long-term answer to the high level of unemployment. Without measures to ensure our medium and long-term competitiveness, there will not be enough jobs for all Canadians. Unquestionably, increased productivity is the only real answer both to inflation and to unemployment.

Accordingly, a wide range of initiatives—capital projects, tax incentives, research and development measures, support for industrial training programs—have been included in the budget. They will not only create jobs but will also help to ensure our permanent recovery and economic growth through a greater ability to compete internationally.

Needless to say, our major trading competitors will at the same time seek to increase their ability to compete internationally. Most of our trade competitors have already recognized that it is a mistake to believe that productivity gains mean unemployment, that in fact, as they know, it is only steady productivity gains which can sustain the growth of employment.

The budget provides a basis for sound future growth based on urgently needed improved productivity. The projects initiated by the Government to help directly in the promotion of greater productivity and international competitiveness will for example, be enhanced by the tax incentives that encourage more investment in new plant and new equipment. Equally, productivity will improve as a result of the additional measures to assist in the training of better management and a more skilled work force. Generally, these and other factors making for greater productivity are best identified on an industry-by-industry basis. They will, however, be possible to realize only if all three major players in our economy, governments, labour and business, agree on what has to be done.

Accordingly, I join many Canadians in their gratification at the degree to which the Minister of Finance in the pre-budget period consulted with business, provincial Governments and labour on the measures that could be included in the budget to increase our productivity and international competitiveness.

In this connection, the Minister of Finance, in his statement, said:

> Our collective search for the means to improve Canada's productivity performance will be complex and difficult. Success will not come overnight. Neither business nor labour will get very far without the co-operation of the other.

The Minister added:

—we should acknowledge that businesses do not invest in more efficient and cost-cutting equipment just to throw people out of work ... Labour, business and Government must co-operate to improve the productivity and competitiveness of the Canadian economy. This is the key to higher wages and better profits. More importantly, it is the best way, in the long run, to provide Canadians with the jobs they need.

To that end, Mr. Speaker, the Government's proposal in the budget to create a national centre for productivity is an important step in providing one major place where business, governments and labour can sit down together, distant from the immediate concerns of collective bargaining, and review and agree upon the fundamental or structural issues that confront us when we evaluate our future ability to compete internationally. Much more needs to be done to improve our productivity, but a promising start can be made not only by the budget's fiscal initiatives to improve productivity, but by the creation of the new business-labour centre for productivity.

The Government's plans for economic recovery place a high priority on technology, including yet more support for research and development. As we move farther into the era of high technology, it is imperative that we in Canada increase our research and development. That is why the Government in its budget announced a number of important additional measures to supplement those that already exist for the support of science and technology, measures that represent a public expense all the more necessary in a country with such massive foreign investment.

The Capital Projects Program contains major new technology-related investments. For example, research and training facilities critical for the mastering of new technologies will receive more funding and there will be accelerated procurement by Government of high technology products.

Over the next two years, the Government will undertake other new technology policy initiatives. The Minister responsible for economic development will soon provide additional information about those proposals intended to enhance the effectiveness of current research and development tax incentives, especially the ability of Canadian companies to benefit from them by making them simpler, more accessible and more effective. The paper on research and development policy which accompanies the budget suggests that while current tax incentives compare favourably with those of other countries, new measures remain necessary to increase the ability of firms to use them and to provide avenues for technology companies to attract more outside financing.

• (1230)

To take full advantage of technological advances and to help improve our international competitiveness, Canada increasingly needs well trained workers. Workers in the high technology era will from time to time have to acquire new skills. The Government recognizes that important and fundamental fact in the future health of Canadian industry. With the comprehensive National Training Act of last year, the Government had already acted to make available training initiatives more responsive to our future requirements. The budget adds to those initiatives by making them yet more effective. More funds are being provided this year and next for programs to ensure that Canadians have the skills needed to take advantage of employment opportunities that will contribute to economic growth during the current decade. This will bring to a total of some $1.2 billion the funds allocated for skills development. Over 250,000 Canadians, half of them young people, will benefit this year alone from federal support for training and retraining programs.

Since incentives for more private investment and job creation in the private sector hold the key to our economic future, another major aspect of this realistic budget which will contribute to our greater productivity and international competitiveness is support for an improved industrial infrastructure. Financing of new capital projects is intended to improve necessary public facilities which directly support improved private sector performance. Firms will soon receive orders for a wide range of goods and services necessary to ensure that improved infrastructure.

Other incentives in the budget which will be available to the private sector include the refundable investment tax credit. This will accelerate private investment by enabling corporations to obtain more immediate benefits from the investment tax credits now available and earned on new investment, thus making the investment tax credit program yet more effective. The measure will be of particular importance to those small Canadian firms which will not generate sufficient profit in the early years of operation to be able to claim their investment tax credit fully. Now the tax credit will provide them with extra support during the critical early years of development, those fragile years before they cross the threshold to self-sustaining growth. By refunding a portion of the credit in a cash grant in the same year in which the investment is made the measure will improve the cash flow to small Canadian corporations and lower the cost of their investment.

The share purchase tax credit, the plan originally set forth in the Lortie Commission report, will assist corporations to raise badly needed equity to help finance new investment. The measure will facilitate the financing of investment during the immediate recovery period and will assist corporations to undertake new investments and attracting capital needed to strengthen balance sheets and ultimately to contribute to the circumstances necessary to bring more Canadians back to work. This measure will permit corporations to use tax credits earned on new investment to attract purchasers of new common equity, a fundamental difficulty in the business community in recent years.

Reference has been made to measures in the immediate period of recovery. I want to emphasize the importance of strengthening private investment during the times immediately ahead. To that end, the Government is committing some $300 million in the next two years to the Special Recovery Fund. That fund alone will help the Minister of Industry, Trade and Commerce (Mr. Lumley) to use additional financial resources with a speed and flexibility that has been unavailable before.

Provisions in the budget provide for improvements in the ways that business can benefit from tax carry forwards and tax loss carry backs. At the present time, we have a system where business losses can be carried back for one year and forward for five years to reduce the impact of income tax. Under the new provisions, those periods will be extended backwards for three years and forward for seven years. This measure alone will enable firms to benefit more from existing tax revisions contributing an estimated improvement of some $270 million this year to their cash flow.

These factors which I have noted are illustrative of the degree to which the Govenrment is committed to ensuring that the private sector can play its full part in the economic recovery now under way. The private sector, especially the small business sector is the principal generator of jobs. The measures that I have touched upon and a large number of other budget measures are intended to ensure that the private sector can play its full and essential role.

The budget has demonstrated the Government's commitment to ensure that the recovery takes hold permanently, that jobs are created quickly and that Canada increases its producitivity and international competitiveness as the sure means of providing full employment and prosperity in the future. Accordingly, the budget contains a variety of measures to improve our growth prospects by strengthening the current difficult financial position of companies and by supporting the technological advances necessary for Canadians to compete successfully in the world. The budget embodies the national drive for higher productivity, the only sure way as I have said to provide a lasting answer to the problems of both inflation and unemployment. The co-operation which business, labour and government achieved during the preparation of the budget must continue. That is essential if we are to meet the tough, competitive challenge of the 1980s and for the economy to provide the jobs that Canadians need.

The Acting Speaker (Mr. Blaker): Questions, answers or comments.

Mr. McGrath: Mr. Speaker, the Hon. Member talked about the purpose of the budget being for recovery to take hold and unemployment to be reduced quickly. As I look at the unemployment forecast contained in the budget, I see nothing there to reconcile that statement. For example, according to the Minister's forecast contained in the budget we will have more people unemployed at the end of 1985, which is supposedly well into recovery, than were unemployed at the end of 1982, which was the highest unemployment rate since the Great Depression. The figures at the end of 1982 are 1.317 million unemployed, and according to the Minister of Finance (Mr. Lalonde) at the end of 1985 we will have 1.347 million unemployed.

• (1240)

Therefore, where can the Hon. Member draw from the budget the fact that it is designed to reduce unemployment quickly and to make sure that recovery takes hold permanently?

Mr. MacLaren: Mr. Speaker, as you noted, the Hon. Member for St. John's East (Mr. McGrath) is not the Hon. Member for St. John's West (Mr. Crosbie). And equally, I did not say that the purpose of the budget is merely to reduce unemployment in the short run. There can of course be palliative measures. There are in fact measures intended to reduce unemployment in the short run. I can tell the Hon. Member where he will find in the budget these measures set out in greater detail. Equally in the budget, however, there are measures of the longer-term character, some of which I touched on this morning, intended to render Canada more internationally competitive and to ensure that permanent employment is thereby created and to a degree which will meet the increasing number of workers who are coming on to the job market. In the short run—during the period over the next two years—the estimated number of additional new jobs is some 600,000. They will in part result from the measures which the Government has designated special recovery measures; but increasingly, as the budget incentives for the private sector take hold, we shall find that the jobs are created by the private sector. This, I am sure the Hon. Member opposite will agree, is the only permanent answer to the unemployment problems facing Canada today.

Mr. Domm: Mr. Speaker, I was quite concerned when I saw the extension in the budget of the Canadian Ownership Special Charge which is put on gasoline in order to acquire these great assets such as British Petroleum and Petro-Canada. I was even more alarmed to discover that the charge extended over the next three years in the budget will total over $3.3 billion, which will be taken from the pockets of consumers at the gas pumps.

I would like to ask the Hon. Member for Etobicoke North (Mr. MacLaren), who has been a former Parliamentary Secretary to a Minister of Energy, if it is possible that the Government is considering using some of this $3.3 billion to get into Canagrex should such a Bill be passed?

Mr. MacLaren: No, Mr. Speaker, that is not, as I understand it, in any way the intention. It is a suggestion which perhaps does not do justice to the intelligence of the Hon. Member opposite. However, be that as it may, the ownership charge which is to be continued will be recalled by the Hon. Member opposite as financing a greater degree of Canadianization of our petroleum industry. That charge assisted in the acquisition by Petro-Canada of the total assets of Petrofina and more recently the downstream assets of BP in Canada.

I cannot speak for the Government, not being a Minister as the Hon. Member opposite described me, but I speak rather as a Private Member who assumes that the intention to continue that charge should be seen within the broad purpose of increasing Canadian investment in our petroleum industry, whether through the vehicle of Petro-Canada or through additional measures to promote private Canadian investment.

Mr. Orlikow: Mr. Speaker, given the fact that 40 per cent of the 1.5 million people who are unemployed are the unemployed youth, given the fact that 300,000 or 400,000 young people in the next few weeks will have completed their university or high school year and will be looking for work, and given the fact that last summer a very high percentage of the students did not get work, which had a very adverse effect on their continuing education, would the Hon. Member indicate to me if he has any figures on the percentage of university and high school students who will be looking for work and will not find work this summer; and will he indicate why the Government has not taken steps to put them to work rather than forcing them to be unemployed for the rest of the summer?

Mr. MacLaren: Mr. Speaker, the Summer Canada Program has in fact been greatly expanded. The announcements made by the Minister of Employment and Immigration (Mr. Axworthy) the other day would, I believe, answer in part the question put by the Hon. Member opposite, who evidently is unaware of those initiatives. In addition, with regard to the inability of students to earn the necessary funds by summer employment to assist them in their further education, there is provision in the budget for improvements in the Students Loans Program of the federal Government as well as the continuing grants to universities. There is also provision for increased support for unemployed youth.

Finally, as I mentioned during my statement, there is additional support for training and retraining to supplement that which is already available. As I mentioned, over 250,000 people, half of them young people, will benefit from that program alone during the course of this year.

Mr. Domm: Mr. Speaker, I was impressed with a point in the statement of the Hon. Member for Etobicoke North that we really have to rely on investment in the private sector if we are going to turn our economy around. Does the Hon. Member not feel it might be more advantageous to consider doing away with that $3.5 billion tax at the gas pumps which is there so that the Government can intervene more in the marketplace by the acquisition of private companies? Would it not be better if that $3.5 billion tax which is now in the budget was not there so that the money could be left in the hands of consumers rather than turning it over to the Government? Does the Hon. Member not agree, Mr. Speaker, that that is the way to turn the economy around? We should not give more money to the Government to spend, but rather we should rely on the private sector to turn the economy around.

Mr. MacLaren: Mr. Speaker, I suppose that theoretically, if one had the assurance that equivalent funds would in fact be invested by the private sector in such a way as to enhance Canadian participation in the petroleum industry, one could forgo that tax. The problem in the past, however, has been that in an industry dominated by foreign multinational corporations, there has been a limited opportunity to do this. The opportunity for investment by Canadians has gradually grown but not at a sufficient rate for junior Canadian companies to expand substantially and more generally for the Canadian people, whether through private or public sector vehicles, to take a greater part in their own petroleum industry. I am satisfied that the charge is indeed necessary to do just that, to assist the private Canadian investor, and indeed the Canadian people generally, through the national oil corporation, Petro-Canada, financed in part by the charge, to have a greater opportunity to participate.

Mr. Cooper: Mr. Speaker, I would like to ask the Hon. Member a question which relates to the issue of youth unemployment. The Hon. Member just a few moments ago referred to the Youth Internship Program, or the training program, and the Wage Subsidy Program which totals some $95 millon over the next two years. The fact of the matter is that we have some 500,000 young Canadians who will be leaving school this year, within the next couple of months, looking for their first full-time job. If you spread that $95 million over just those 500,000, it works out to something like $190 apiece. How can the Hon. Member say we can really expect much improvement in youth unemployment with that kind of figure?

• (1250)

Mr. MacLaren: I do not recall saying that, Mr. Speaker. If the Hon. Member opposite wants to come to my constituency office on a Saturday morning, he, too, would realize the degree to which youth unemployment is a major problem. I do not belittle that problem. What I do say is that the Government is acting to address that profoundly disturbing social and economic problem partly through short-term and partly through long-term measures.

The Hon. Member refers to one of several short-term initiatives which the Government has taken to reduce youth unemployment. There will be youth unemployment this summer. It will continue at a high level. The Government does not have the capability—how could we—of guaranteeing every youth a job this summer. What we are attempting to do is alleviate some of the worst difficulties involved, to help channel young people into the more promising areas of the economy, to assist with training in both the short and longer term.

There are specific measures into which I could go in some detail, but I believe that the Hon. Member opposite recognizes at least some. He has mentioned one. They can bring real relief to youth unemployment; but over the longer run the only real answer is the restoration of a dynamic private sector economy, both in Canada and abroad, so as to provide jobs for all those who seek them.

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I am pleased to stand up and speak on this budget. When I hear the speech of the Hon. Member for Etobicoke North (Mr. MacLaren) I was reminded of Little Red Ridinghood. If the wolf were at the door I think the Liberals would give Little Red Ridinghood a grant if she cried out, or a tax credit over four years. Worse still, after much consultation with the wolf community, the Government would give the wolf a grant so it could be more efficient.

We are in a terrible work crisis in Canada. We have a budget which literally does nothing. It certainly does not keep the wolf from the door. It is a Conservative budget.

Mr. Cooper: Shame.

Mr. Waddell: I should tell the Hon. Member before he leaves that it is a Conservative budget because it is a stand-pat budget. It does not really do anything. It basically favours big business and that is it. Forget small business, the consumer, youth, women, the poor and students. Forget them. It helps only a certain group in society.

My friends to my right say that it is not a Conservative budget. A few minutes ago the Premier of Ontario, Bill Davis, said how much he thought this was a good budget. He liked it. He is a Liberal, I am told by one of my colleagues. We do not know that, but we do know that 1983 opened with a plea from the Catholic Bishops that the Government give priority to the real victims of the recession, the unemployed, the welfare poor, the working poor and so on. The Bishops called for primary emphasis to be given to fighting unemployment, which then stood at 1.5 million. Instead, this budget we have today predicts—this is not socialist rhetoric or made-up figures, the figures are from the budget papers themselves—an unemployment rate of 1,495,000 Canadians unemployed this year with no real hope of finding a job and no alternative income except welfare. That is what this budget is about, Mr. Speaker.

I want to deal with some myths of this budget. One of them is that this is a recovery budget. We have heard the Government side say this is a recovery budget. Some recovery budget! The budget says—not my rhetoric or what we say, but the budget itself—that fewer people will be working than in 1982. In other words, fewer people will be working in 1983 than were working in 1982. There will be .6 per cent decline. The budget also says that 12.4 per cent will be unemployed. Then there will be a slight decline after that to 11.4 per cent.

Now, what disturbs me about this is not only the high level of unemployment—some recovery when you are going to have 12 per cent unemployment—but we are beginning to accept, if you notice, a high level of unemployment as a permanent level, something we are going to live with. Well, we cannot live with that. Not only will it kill our young people, it will literally create a generation of zombies out there. Not only that, it will bankrupt the Treasury, the UIC and our welfare system. The UI program cannot live with that, it was not created for that. The Provinces will go bankrupt because of welfare. We cannot live with this high level of unemployment and we should not accept it.

What does the budget say? We are on the way to recovery. I just did a tour of southwestern Ontario; Niagara Falls, St. Catharines, Welland, Thorold, Hamilton, Windsor and so on. I have looked for this recovery. I went back to my riding at Easter, my colleagues went to their ridings. Have you seen this recovery, Mr. Speaker? Can you find it? I have looked for it everywhere, and I am looking under chairs now for this recovery. Where is it? It is supposed to be around the corner, say the Liberals. There is a recovery for a few bankers and a few people who play the stock market. Old so-called economists like the Hon. Member for Ottawa Centre (Mr. Evans) find a recovery, but let me tell the Member who is yelling at me that for the average person in this country there is no recovery now.

Mr. Evans: Nonsense.

Mr. Waddell: The major premise of this budget is that we will just wait and see and we will go on with the American recovery. That is what the budget papers say; we are going to wait for Ronald Reagan. We have not seen any recovery yet.

The budget's second myth is that we are going to have job creation. If you look at it, the budget gives $4.8 billion for job creation, but that is over four years. The Minister neglected to emphasize that in his speech. It will be over four years. New job creation money for next year will amount only to $440 million. We are paying out something over $12 billion a year in Unemployment Insurance and we have no real job creation measures in this budget.

There is a third myth in this budget. In fact, the Minister has very little room to manoeuvre because he has this large deficit to deal with. Well, Mr. Speaker, if we could put people back to work through federal and provincial programs, we could generate more revenue and get people off Unemployment Insurance and welfare. That would cause the deficit to go down. There is no danger of interest rates going up because there is lots of money out there. Businesses are not borrowing money to expand. That is the fact of the matter. It has been said by the Governor of the Bank of Canada and by Dominion Securities in Toronto that businesses are not going out to borrow. So I am saying there is nothing to stop the Minister of Finance (Mr. Lalonde) from bringing in a massive stimulative budget, and he could have done that had he accepted that unemployment was the major problem in the country.

There is a fourth myth, which I want to deal with after one o'clock, about how ordinary people are not going to pay as much in taxes. In fact they are going to pay a lot more in taxes, but I will deal with that after lunch.

The Acting Speaker (Mr. Blaker): It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

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HOUSE OF COMMONS

RESIGNATION OF MR. MARK ROSE

Madam Speaker: I have the honour to inform the House that I have received a communication notifying me that a

vacancy has occurred in the representation, namely, Mark Rose, Esquire, Member for the electoral district of Mission-Port Moody, by resignation. Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a writ of election for the said electoral district.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

NATIONAL PHYSICAL ACTIVITY WEEK

TRIBUTE TO CO-OPERATIVE EFFORT

Mr. Jim Schroder (Parliamentary Secretary to Minister of National Health and Welfare): Madam Speaker, the week of May 15 to 23, 1983, is National Physical Activity Week.

Over 15,000 schools and more than 1,000 communities have decided to take part. In total, close to ten million Canadians are expected to run, swim, walk, cycle, or generally participate in this celebration of physical fitness.

It gives me particular pleasure to state that National Physical Activity Week stands as a shining example of a monumental co-operative effort. As the lead organization, Fitness Canada has worked diligently over the past two years with both provincial and municipal Governments, with leaders of Canada's prominent health and fitness organizations and our national voluntary organizations to create what is to be an annual event.

National Physical Activity Week will allow Canadians time to express our pride as Canadians in the nation's growing awareness of the benefits of physical activity.

* * *

THE BUDGET

CONDEMNATION OF PROVISIONS

Mr. Gordon Taylor (Bow River): Madam Speaker, the budget announced on Tuesday night was a cruel hoax on the unemployed. With two million Canadians out of work, the Minister of Finance (Mr. Lalonde) promised jobs to 600,000 over two years, with nothing for the other 1.5 million. A few of the thousands of young people looking for jobs are promised consultation and training, not jobs, with the Minister destroying their hopes by saying "youth unemployment rates are expected to remain high".

The budget stated nothing about extending UIC payments to the thousands of unemployed whose UIC benefits have run out. The Government is content to let the unemployed suffer on welfare because welfare is cheaper, but there is one exception. The Minister of Finance looks after his own job. Yes, $200 million is provided to ensure that the Minister of Finance keeps his job in spite of the leak of information which benefited the wealthy, and for which any responsible Minister would resign. It is treated as a joke by the Minister and the Prime Minister (Mr. Trudeau). The Minister blunders, and then the people of Canada are punished and must pay interest on $200 million for years to come.

Yes, the Minister looks after himself. He has no credibility, no accountability, no integrity, no honour. He charges his blunder to the people, and the Minister laughingly, and the Prime Minister arrogantly, continue to live high on the hog while the rank and file of the people just pay and pay.

How much longer can Canadians stand this Government which thrives on trickery and lies?

* * *

NATIONAL FILM BOARD

THREATENED REMOVAL OF LIBRARY FROM SASKATOON TO REGINA

Mr. Bob Ogle (Saskatoon East): Madam Speaker, today I have good news and bad news. The good news is that the St. Louis Blues will be moving to Saskatoon. The bad news is that there is a threat that the National Film Library in Saskatoon will be moving out to Regina. At this particular time I would like to protest to the Minister of Communications (Mr. Fox), in the loudest form possible, that this should not take place. The National Film Board has an office in Saskatoon, as in many other cities, Hamilton being an example where the same threat is being made.

In Saskatoon the two school districts, the University of Saskatchewan, the public libraries, and, in particular, the senior citizens, have been using this facility over the years. A senior citizens' home which I know has just bought a new 16-millimetre projector to use the films.

People in Saskatoon are mad about this. People in northern Saskatchewan are mad about this. Regina cannot handle this kind of a job. The Province is too big to have films distributed from that place alone.

Therefore, I would suggest that the savings which would seem to result because of this facility being moved would not compensate for the loss, and I ask that the facility stay in Saskatoon. The harm done would be too great to make up for the small amount of money which would be saved. I again ask the Minister of Communications to reconsider the whole problem and allow the National Film Board to keep its office in Saskatoon.

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CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

TRAINING OF PAKISTANI NURSES

Mr. Stanley Hudecki (Parliamentary Secretary to Minister of National Defence): Madam Speaker, CIDA, the Canadian International Development Agency, is currently negotiating

joint ventures with international groups in order to promote economic development and social welfare in underdeveloped countries. One such venture focuses on the need for upgrading training for nurses in Pakistan. This project by CIDA is being carried out in conjunction with the Aga Khan Foundation. The project is an extremely useful one and is a departure from what has been the general practice in Canada's development assistance.

Instead of having the teaching staff from Canada sent to developing nations, the University of Karachi is planning to send some 50 nurse-tutors to Canada to upgrade their qualifications and teaching skills, utilizing the excellent facilities at McMaster University in Hamilton. The details of this trend-setting program are in the process of being worked out, and a contract will soon be signed.

My concern is based on past experience involving medical personnel who have come to this country for training. Quite often these skilled people decide to remain in industrialized, developed countries instead of returning to their homelands where their skills are desperately needed. I hope that an understanding will be reached and enforced for such programs for foreign graduates, to ensure that these skilled professionals return to their countries of origin so that they will be able to help their fellow countrymen, rather than remain in the more developed nations.

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NATIONAL PARKS

HIRING OF LIFEGUARDS IN PRINCE EDWARD ISLAND

Mr. Mel Gass (Malpeque): Madam Speaker, I would like to address a serious problem concerning the hiring practices for lifeguards in Prince Edward Island's National Park by Parks Canada Officials.

The 1983 competition for surfguards at the National Park resulted in a situation where many previously employed, trained and qualified surfguards from P.E.I. scored poorly in a ratings interview by two Parks Canada employees. Eight qualified, experienced applicants from P.E.I. were not offered positions. These applicants were previously employed with the P.E.I. Parks System and had from two to seven years' experience.

In the past, at the end of the season, each lifeguard would be appraised and, on the appraisal, the supervisor would add comments whether or not this person would be recommended for employment again. In the past, these appraisals have been used as a factor in rehiring.

A number of questions require answers. Why were these appraisal sheets, used in previous years, not used this year? Why would these qualified people, with their past experience, suddenly receive such a poor rating, in an interview? Why would people from outside the Province be hired when qualified people are available on the Island?

The P.E.I. National Park Surfguard Service has the best reputation in Canada and a perfect record of never having had a drowning within a supervised area since its inception in 1949. This record is thanks to our qualified, experienced lifeguards.

Why has the method of hiring changed at the P.E.I. National Park when the system has proven to work so well?

I would suggest that the Minister take a serious interest in this matter and take immediate steps to rectify this situation.

* * *

THE BUDGET

ALLEGED LEAK OF VOLUNTARY SECTOR PROVISIONS

Mr. Stan Darling (Parry Sound-Muskoka): Madam Speaker, today the local CBC morning radio show, "CBO Morning", contained an interview with a Mr. Mac McDonald of the Canadian Heart Foundation. Mr. McDonald ended the interview with the casual comment, "And by the way, I was told about these changes in the budget (that affect the voluntary sector, and charitable donations) before the budget was brought down." To this, the interviewer replied, "Oh, another budget leak, eh?" Mr. McDonald answered, "Yes."

Granted that the concept of honour means something different to the upper echelons of the Liberal Party than to the rest of the western world, and granted, even, the Minister's feelings about budget secrecy being unnecessary, which would have carried much more weight if he had revealed them before being caught with his hand in the cookie jar, it seems to me that this revelation seriously changes the nature of the budget leak issue. No longer is it possible to consider the leak as being an accident. Now it can only be seen as one of two things, either a deliberate attempt to flout parliamentary traditions, or the exhausted stumblings of a Party and a Government weary unto death. Neither explanation brings much credit to the Government.

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• (1410)

THE BUDGET

INTRODUCTORY DATE OF SPECIAL RECOVERY TAX

Mr. Dave Nickerson (Western Arctic): Madam Speaker, far be it from me to complain on partisan grounds, but I cannot help but observe that in his recent budget the Minister of Finance (Mr. Lalonde) has sunk to a new low, even for the Liberal Party.

In order to gloss over the past mistakes of his Government he now proposes to undertake major new expenditures, but in order to pay for this largesse he proposes a $2 billion special recovery tax that will not come into effect until October 1, 1984.

The new principle is presumably, "Spend now and let the next Government pay for our mistakes." Or, in other words,

"Let the Liberal Party go out in a blaze of spending and let the Conservatives, who will form the next Government, pick up the pieces." I am sure that the Canadian public will recognize this subterfuge for the dastardly trick it is and, at the first available opportunity, make known its displeasure at the polls.

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INDIAN AFFAIRS

CONDITIONS ATTACHED TO FUNDS FOR NEWFOUNDLAND CONNE RIVER INDIANS

Mr. Jim Manly (Cowichan-Malahat-The Islands): Madam Speaker, the Minister of Indian Affairs and Northern Development, by his indifference to the needs of the Conne River Indian people, has forced them to take the drastic action of occupying the office of the Newfoundland Minister of Rural Development. Last spring the Minister of Indian Affairs and Northern Development said he would ensure that funds voted for the Indian people of Newfoundland would reach the Conne River people without unacceptable conditions being imposed by the Newfoundland Government. This spring the Minister has completely caved in to the Newfoundland Government and reneged on his earlier commitments. The conditions set by the Newfoundland Government for the receipt of funds would prejudice the Conne River court case against the federal Government. I now hear that a representative of the Department of Indian Affairs and Northern Development helped the Newfoundland Government to draft those unacceptable preconditions.

This backroom dealing, which ignores the urgent needs of the Conne River people, must stop. The Minister of Indian Affairs and Northern Development must meet immediately with the Conne River people and the Government of Newfoundland to ensure that the funds voted by Parliament reach the people they were intended to help.

The Cabinet must act immediately to register the Conne River people so that they can get the rights that are due to them as to other Indian people of Canada, as is only fair.

* * *

[*Translation*]

THE BUDGET

ADVANTAGES OF CANADIAN HOME OWNERSHIP STIMULATION PROGRAM

Mr. Jean-Guy Dubois (Lotbinière): Some time ago, Madam Speaker, I asked the Minister of Finance (Mr. Lalonde) a question about the Canadian Home Ownership Stimulation Plan. I had received many representations from builders in my riding, from people directly or indirectly involved in that field who wanted the Canadian Government to know that this plan, under which $3,000 grants are made available to people who want to buy a new house or have a new one built, had gained wide acceptance and made it possible to boost appreciably the number of housing starts and to provide additional work for construction workers. Here is a typical example: on my own street, Madam Speaker, four new houses were under construction not so long ago. I am pleased to be able to say to my constituents today that the Minister of Finance did listen to my representations. An additional amount of $30 million has been earmarked for that plan, which will spur construction until the month of May. I also believe that this plan offers great opportunities in all ridings, yours included, Madam Speaker, I am sure of that. I even see that my friend from Nepean-Carleton (Mr. Baker) fully agrees with me and is certainly proud of the plan. The Minister of Finance listened and paid attention to our representations about this plan, and I am quite pleased about that.

* * *

[*English*]

NEW EMPLOYMENT EXPANSION AND DEVELOPMENT PROGRAM

PLEA FOR PRESERVATION OF EXISTING NATIONAL DEFENCE JOBS

Mr. Howard Crosby (Halifax West): Madam Speaker, let me bring to the attention of the House of Commons the plight of a resident of Halifax West who was robbed of his job because of an employment fraud being perpetrated by the Minister of Employment and Immigration (Mr. Axworthy) and the Minister of National Defence (Mr. Lamontagne).

This person was employed at a National Defence installation and was laid off March 25, 1983, after being given one week's notice. The purpose of the lay-off was to allow the Department of National Defence to hire additional employees pursuant to the NEED Program. This employment fraud is being perpetrated so that the Government can pretend to be hiring 3,000 employees while, in fact, it is dismissing over 1,000 employees from their jobs that have existed over a three-year period.

If we allow this sort of fraud to be perpetrated in the name of job creation, we will be destroying the faith of thousands of Canadians not only in the Government of Canada but in the Parliament of Canada. I urge the Minister of Employment and Immigration and the Minister of National Defence to stop this Program right now and preserve the jobs of the people who have been faithful employees for the Government over a three-year period.

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

SPECIAL RECOVERY PROGRAM—SELECTION OF PROJECTS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my question is addressed to the Minister of Finance. He has said that more than 100 projects have been selected for the Special Recovery Capital Projects Program and that "earth will be moved, steel will be rigged and concrete will be poured" this spring or early summer. Would the Minister tell Canadians what projects have been selected and where they will be built? Can he please tell unemployed Canadians when and where they might look for work?

Hon. Marc Lalonde (Minister of Finance): Yes, Madam Speaker. We will be very happy to proceed with the announcement of these various projects in the next very short while. The Minister responsible for economic development is in charge of that particular program. He is in the process of proceeding to the ultimate consultations and discussions with the Departments concerned. As soon as the announcements are ready to be made, I am sure the Minister will be very happy to announce those projects as they are being processed.

Mr. Nielsen: Why wait for spring? Do it now.

TIMING OF APPROVAL FOR PROJECTS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my supplementary question is also addressed to the Minister of Finance. I asked him the question because we cannot find much evidence that such a list is actually in existence. There has certainly been no consultation with the Provinces about projects of this magnitude. We would like the Minister to produce this list of projects that he says have been selected and are in the advanced planning stage. We want him to announce now where they are, so that we can put Canadians back to work.

The Minister also said in his budget that there would be no red tape and no delays in initiating the capital projects because they are being put on a "fast track". Yet the Minister's own budget papers state that projects will be physically under way within six months of approval, that is, as late as October, and will be only 60 per cent completed in two years.

How many of those projects have actually been approved and we can expect to be in place in six months, and what does the Minister plan on doing with the 110,000 unemployed Canadians who could be working on those projects between now and October?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have said that 70 per cent, not 60 per cent, of the money provided for those projects would be expended in the next two years. Again, the Minister responsible for economic development is going to be in a position to speak on this subject, I hope in the course of next week, to give more details as to how the program will be implemented and proceed to the announcement of projects that can be started in very shortly. As I said, as soon as he can do it, having finished his consultations he will be able to announce those programs and will be able to ensure they are begun on time, on schedule, and are proceeded with very expeditiously. I can assure the Hon. Member that I have personally seen the list that is being considered. I hope that the Minister will be able to proceed with the official announcements very, very shortly.

Mr. Baker (Nepean-Carleton): Table it.

NEED PROGRAM—DELAY IN CREATION OF JOBS

Miss Pat Carney (Vancouver Centre): Madam Speaker, my final supplementary question is for the Minister of Finance. We are having an awful lot of trouble, as we have explained in this House, trying to cope with the changing numbers the Minister keeps giving us. I would refer him to page 7 of his own budget papers for the 60 per cent figure that I used.

This Government's track record in fast tracking is not impressive if you look at programs like the NEED Program. Last October the NEED Program was announced as an urgent plan to spend $500 million to create 60,000 jobs. Yet the budget papers show that, by the end of the fiscal year, NEED has spent only $30 million, that is only 6 per cent of the total, to create about 6,000 jobs. With that kind of record, what faith can unemployed Canadians have that the Government can deliver all these promised jobs? Again, I submit that the Minister has not told us when he is going to put those 110,000 people to work in the next few months.

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Hon. Member complained in her question that we had not consulted the provinces. One of the reasons why the implementation of the NEED Program was delayed for some time was the need to consult the provinces, and I am thinking especially of my own province, Quebec. We had to wait many weeks before getting some answers from the provincial Government, and even afterwards the Quebec Government changed its mind concerning the eligibility of municipalities to this most worthwhile program. This caused certain delays in the implementation of the NEED Program.

As for the programs announced in my budget, in general, they come exclusively under the jurisdiction of the Canadian government. In certain cases, the programs call for the involvement of some provinces, but on the whole, the amounts to be spent come under the jurisdiction of the Canadian government and will not be affected by delays such as those feared by the Hon. Member.

In addition, my budget speech underlined the fact that the Government has created a task force of public servants and a special committee responsible for ensuring that there is no

undue delay in carrying out these projects. We intend to see to it that these projects are implemented as quickly as possible to reduce unemployment in every Canadian province.

• (1420)

[*English*]

USE OF CANADIAN OWNERSHIP CHARGE—INQUIRY RESPECTING RESOURCE DEVELOPMENT

Hon. Don Mazankowski (Vegreville): Madam Speaker, I have a supplementary question. The budget papers indicated as well that some $170 million will be allocated under the Capital Projects Fund for resource development. Can the Minister of Finance identify in more detail what kinds of projects will be eligible under the particular section of the Capital Projects Recovery Program?

Also the Minister will be aware, having regard to the fact that he saw fit to exend the Canadian Ownership Charge, that some $3.4 billion will be generated in that fund over the course of the next three years or so. Will the Minister indicate how he plans to use that money? Will it be used to assist in Canadianizing the energy sector from a private sector point of view, or will it be used as a slush fund to nationalize further the energy industry of Canada?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, if I may begin by answering the last part of the question, I can tell the Hon. Member that the Government of Canada is not considering any further acquisitions in the oil and gas sector. Indeed, the funds will be used to improve and expand the Canadianization of the oil and gas industry in the private sector, we hope.

The first part of his question concerned projects having to do with the resource industries. The Minister of State for Economic Development is in charge of that program and intends to make announcements in the next few weeks in that regard. I urge my hon. friend to show a little patience. The Minister is finalizing consideration of these projects and should be in a position to make announcements over the course of the next month as they are processed through the system which has been established to speed up consideration of the projects.

Mr. Mazankowski: I am surprised the Minister has not yet decided what sort of guidelines will apply. In reply to a question to his colleague, the Minister of State for Economic Development was not able to enlighten us with respect to that matter yesterday either.

REQUEST FOR REVITALIZATION OF ENERGY MEGAPROJECTS

Hon. Don Mazankowski (Vegreville): Madam Speaker, having regard to the fact that the Minister found some $200 million Monday evening to add to his budget and that this $200 million is being allocated to the Capital Projects Recovery Program, have those funds been allocated as yet? If not, when will they be? I suggest to the Minister that he might consider using those funds to revitalize some of the energy projects which were shelved as a result of the National Energy Program and his Government's disastrous economic policies. These megaprojects could be undertaken immediately to provide long-term meaningful jobs in the immediate term.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I can tell the Hon. Member that I have already had discussions with representatives of the oil and gas industry since my budget. I can report to him that those representatives have spoken in extremely positive terms about the measures contained in the budget, in particular the measure which will allow companies not to pay the PGRT, the Petroleum and Gas Revenue Tax payout, until they have recovered the cost of their investment. It will be a very significant element in the launching of a number of projects during the course of next year.

I have had discussions as recently as this morning with a representative of a major company who said that he was once again taking into active consideration a number of projects which he had in mind. They may not be necessarily of the style of huge megaprojects about which they were talking a few years ago, but I remind my hon. friend that all over the world the oil and gas industry has been reconsidering huge megaprojects and is now addressing the issue by trying to stage its expenditures in a more gradual and less concentrated way. This reaction is quite encouraging and quite positive. I am confident that we will see renewed activity and announcements—as a matter of fact very shortly—in this particular regard concerning at least one or two projects.

My friend has the habit of asking two questions at the same time.

Mr. Mazankowski: The $200 million.

Mr. Lalonde: As far as the $200 million is concerned, I suggest that that sum will be allocated to capital expenditures coming under the authority of the federal Government, projects which Departments had been planning for later this decade that can be advanced. As a matter of fact there are several hundreds of millions of dollars of proposed expenditures by Departments which I had to postpone because we came to the conclusion that we should be spending about $4.6 billion under the recovery program. Our plan was to spend between $4.5 billion and $5 billion under the recovery program. Having added $200 million to the program, this will allow us to speed up a number of expenditures which are quite worth-while and useful in terms of national interest. Again it will mean more Canadians are being put to work in the course of the next two years.

* * *

LABOUR CONDITIONS

PLIGHT OF UNEMPLOYED

Hon. Edward Broadbent (Oshawa): Madam Speaker, my question is directed to the Minister of Employment and

Immigration. The Minister acknowledged in the House yesterday that the money included in the budget with reference to direct job-creation programs will create employment for fewer than one-sixteenth of the approximate two million men and women who are out of work in Canada right now. Outside the House he admitted that he included among these jobs the raking of leaves for one week. When the Government is so willing to do so little for the one out of sixteen people who will get a job, what is the Minister saying to the more than one million Canadians who will not benefit at all from any of these programs?

Hon. Lloyd Axworthy (Minister of Employment and Immigration): Madam Speaker, I thank the Hon. Leader of the New Democratic Party for the opportunity to correct what was a very blatant misrepresentation in a story which has appeared. At no time did I ever say that. In fact that was a question posed by the particular reporter, which I rejected out of hand. I pointed out that in fact the job-creation programs which we put into place were designed to work in particular with communities and municipalities which wanted to start major projects of sewage or community services. A large proportion of the uptake in the NEED Program is by private sector firms which are modernizing their plant, extending their facilities, and therefore creating the foundation for long-term permanent jobs.

We are saying that the direct employment program over the next two years will provide over 300,000 jobs with the money provided by the Minister of Finance. The funds are to be used for bridging and transition programs to help those people most severely in need, while the private economy, being stimulated through the budget, will provide the longer-term work.

We have always said that the job problem is not subject to one simple solution, although the New Democratic Party seems to believe that. It must be attacked in a comprehensive manner with a wide variety of strategies, each trying to pinpoint and target a different set of needs. That is the kind of strategy we are adopting. It is a realistic one, not a rhetorical one.

• (1430)

Mr. Broadbent: The realistic one does include, in the Minister's own words, creating jobs. On the average these jobs, as a result of these programs, last only two months. Including what he said today, the average percentage affected, the number affected, still comes to about one-sixteenth of the total in terms of aid.

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THE BUDGET

ALLOCATION OF FUNDS TO CREATE JOBS

Hon. Edward Broadbent (Oshawa): Madam Speaker, I would like to ask the Minister of Finance a related question on the matter of the need for more short term jobs. We learned recently that the Government is prepared to consider using taxpayers' money to bail out the Canadair Corporation to the extent of $2.3 billion. In the budget, in the two programs that involve direct job creation, the Government is prepared to allocate less than one half of that, namely $1 billion. Does the Minister really think that allocating $1 billion, less than one half of the Canadair total, to all of the other companies in all of the other parts of Canada for job creation, really meets the human and economic need of the country at this time?

Hon. Marc lalonde (Minister of Finance): Madam Speaker, the Hon. Member refers to a figure for Canadair that I have not seen. That is not being considered by me at the present time.

REQUEST FOR INCREASE IN FUNDS TO CREATE JOBS

Hon. Edward Broadbent (Oshawa): Madam Speaker, the Prime Minister, who is just five or six seats to the left of the Minister, referred to the serious situation faced by Canadair recently and acknowledged that the Government had before it a comprehensive set of figures that we would love to see publicly released. I know the Minister is always a little late with his figures. The rest of us have seen the figure of over $2 billion. That aside, I will ask the Minister this question.

Last fall, speaking at his Party's convention, the Prime Minister said that all across this land of ours there are roads to be built, sewers to be constructed, and municipal facilities of kinds which are needed, and rather than people collecting welfare or Unemployment Insurance, they should be put to work doing these things. I ask the Minister of Finance why, in heaven's name, given the human need for people to get satisfaction from working, the Government is not allocating more money to put more Canadians back to work on the kinds of projects his own Prime Minister suggested a few months ago.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Leader of the New Democratic Party alleged that the Government was ready to pour $2.3 billion into Canadair. I told him I had never seen that figure or seen such a recommendation. This is what I told him. I remind him that thousands of Canadian workers are involved. This is not some place on another planet. It is in Canada. They are members of unions which, I am sure, my hon. friend would like to see kept at work. We are talking about actual jobs and actual Canadians in an industry that is important for Canada. I am surprised that my hon. friend seems to be so indifferent to that.

Leaving that aside, as far as the Government is concerned, we are indeed supportive of all of this. The fact is, under the NEED program, as the Minister of Employment and Immigration indicated, we are putting in additional funds. We are spending in the course of this current fiscal year $900 million more in direct job creation over last year. Canada will have the largest direct employment program in its history in 1983-84. Third, a number of Provinces are going ahead with their own programs of stimulation in terms of capital investment similar to what the federal Government announced on Tuesday. Some have already announced programs. I said I was hopeful that

more Provinces would do the same. We indeed will have Canadians working in this country, building all the types of projects to which the Hon. Member has referred.

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BANKS AND BANKING

CHARTERED BANKS' REFUSAL TO ASSIST SMALL MANUFACTURERS

Mr. Leonard Hopkins (Renfrew-Nipissing-Pembroke): Madam Speaker, I have a question, surprisingly enough, for the Minister of Finance. In Tuesday night's budget the Minister quite correctly put great emphasis on job creation by both Government and private enterprise. At the same time, it is a known fact that many chartered banks in Canada have been refusing to provide project financing for small and medium-sized manufacturers. This has meant that these manufacturers could not pay for labour and material to fill a contract or order. Will the Minister of Finance take up this issue with the chartered banks? Second, what solution does the Minister have to overcome this serious difficulty which, if resolved, would go a long way to help provide more jobs and, indeed, more job security in the private sector?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I would indeed by very pleased to raise the question of my hon. friend with the Canadian Bankers' Association. I will ask the Superintendent of Banks to pursue this matter as well.

I can tell my hon. friend that I had a conversation this morning with a representative of the Canadian Bankers' Association in which we discussed the general implications of the budget.

As far as the Canadian economy is concerned, I indicated that I expect the banking system in Canada to be very supportive of the thrust of the budget. I am quite encouraged by developments which have taken place recently, particularly the fact that the banks reduced their prime rate by half a point in the last few days. I hope that in the weeks to come, thanks to the greater confidence as a result of the recovery that is taking place, we will see further progress in terms of interest rates. The developments that have taken place recently have been very encouraging. It is up to all Canadians to ensure that this happens even more in the future.

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THE BUDGET

RESTORATION OF CONSUMER CONFIDENCE

Mr. Doug Lewis (Simcoe North): Madam Speaker, my question is directed to the Minister of Finance. In the budget the Minister predicts that record high unemployment will continue through 1983 and 1984. Many of the 2 million unemployed will exhaust their Unemployment Insurance benefits in the near future. However, at the same time the Minister is predicting an increase in consumer spending. Will the Finance Minister agree that consumer confidence will only return to Canada when Canadians see fewer and fewer of their friends and relatives unemployed?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Yes, Madam Speaker, and that is exactly what is going to happen in the next two years. More and more Canadians will have jobs. I said that by the end of next year, 600,000 more Canadians will be working, compared to what the situation was at the end of 1982. I also pointed out that between now and 1984, there will be a gradual drop in the number of unemployed Canadians. There will be a net increase of 600,000 workers in Canada over the next two years, which is nearly the total number of workers in a city such as Toronto. This is a very substantial increase in employment, and I think that the general reaction of the market since yesterday is a clear indication that Canadians have more confidence in the future then the Hon. Member seems to have.

[*English*]

EFFECT OF INCREASED CONSUMER TAXES

Mr. Doug Lewis (Simcoe North): Madam Speaker, it is difficult for Canadians to square those figures of high unemployment with the figures that the Minister is now predicting. The Minister is increasing taxes on consumers to the tune of $5.7 billion over the next four years. With so many Canadians concerned about surviving and about high unemployment, with these increased consumer taxes how does the Minister expect Canadians to run out and buy a new fridge or stove and thus fulfil his pipedream of increased consumer spending?

[*Translation*]

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I will answer the Hon. Member quite simply that Canadians will indeed do well to incur those expenses now or at least between now and October 1984, since the manufacturer's tax does not become effective until October 1984. I have also pointed out that as far as, for instance, household appliances or furnishings are concerned, Canadians who have a Registered Homeownership Savings Plan may use the funds in such plans for the purchase of many appliances and furnishings they need. I hope this will encourage them to make use of this program and that they will purchase products made in Canada. I hope that Canadian workers will take advantage of this extremely attractive measure provided in the budget, which is, in fact, a very substantial tax benefit for Canadians.

• (1440)

[*English*]

EFFECT OF BUDGET ON VOLUNTARY SECTOR

Mr. Walter McLean (Waterloo): Madam Speaker, my question is also directed to the Minister of Finance. Would he

explain to the House why his budget ignored the contribution of Canada's voluntary sector to his projected recovery of the Canadian economy? More specifically, would the Minister indicate why he has rejected the representations of his colleague, the Secretary of State, and the face to face recommendations of the national voluntary organizations, by specifically ignoring the "give and take" tax proposals, the charitable activity definition, and the cost effectiveness which has been shown in job creation in the voluntary sector?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, the Canadian Government has a great deal of confidence in the voluntary sector and recognizes and acknowledges its major role in our society.

Like hundreds of organizations, the voluntary sector made a number of representations and recommendations. There were two major recommendations made by the voluntary sector. One was to do away with the $100 automatic exemption without receipts; the other was the one to which the Hon. Member refers. I have accepted the first recommendation made by the voluntary organizations. That is a .500 batting average which I would submit, is pretty good and compares very favourably with the recommendations made by any other sector.

When I met with representatives from the voluntary sector, I indicated to them that there would be difficulty in implementing all their recommendations. They said, "We will accept a first step if we cannot get everything." They are very happy about the steps that I have taken, very happy indeed.

Mr. McLean: Madam Speaker, the Minister of Finance is not speaking to the same representatives from the voluntary agencies of Canada with whom I speak—they feel very let down. Their proposals to the Minister included only one side. Their proposals specifically indicated that only if there was an incentive would they agree to the deduction.

INQUIRY RESPECTING TASK FORCE

Mr. Walter McLean (Waterloo): Madam Speaker, my supplementary question is for the Secretary of State. Would the Secretary of State in this National Volunteer Week tell the voluntary sector of Canada, over three million Canadians, why his long-planned and awaited task force on the fiscal and legal situation of Canada's voluntary sector has not been included in the budget? We had all expected that it would be. Will he tell the House if he did recommend to the Minister of Finance that the removal of the $100 deduction should be done without the "give-and-take" tax credit proposal?

[*Translation*]

Hon. Serge Joyal (Secretary of State): Madam Speaker, I heard the Finance Minister's reply to the question and I should point out to the Hon. Member's attention that his proposal has not met as much objection as is suggested. Indeed one of the campaign officials of one of the most important organizations in the sector, that is the United Way, stated yesterday and I quote:

[*English*]

Next year, without the automatic deduction, maybe they will be giving the hundred bucks to charity to get the deduction that way.

[*Translation*]

There is no doubt that national organizations will have every opportunity to conduct their regular canvassing to increase their share of income from that source. Our surveys show that 43 per cent of charitable or voluntary organizations' funds come from Canadian taxpayers' moneys and that approximately 22 per cent are provided for by the Government. Consequently, in the assessment of additional sources of financing, we wish to take into consideration the impact of the positive statement made this week by the Minister of Finance in his budget speech and I think that it is a step in the right direction with a view to revaluating how we may contribute additional funds to the financing of the voluntary sector in Canada.

* * *

[*English*]

RAILWAYS

CROWSNEST PASS RATE—VARIABLE RATES ISSUE

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, my question is for the Minister of Transport. Many Members attended a luncheon today sponsored by the Saskatchewan Wheat Pool. The delegates are upset with the Minister of Transport's draft Bill to end the Crow rate but they are almost as greatly upset with his stated intention to use closure to ram the Bill through the House. Will the Minister take seriously the overwhelming representations against changing the Crow freight rate, and will he particularly consider eliminating the clause which permits railways to discriminate against certain farmers because of where they live? In other words, will he consider making sure that variable rates are not possible?

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, I also met with the Saskatchewan Wheat Pool and other representatives from Saskatchewan this morning. I can assure you that any worry they may have about the second statement, about using closure, is totally unjustified and totally unfounded.

With respect to the other issues, we had a discussion and I asked them a number of questions, but there is nothing in particular on which to report. By the way, it was a private meeting and I do not think I should be asked to report on what took place in a private meeting.

VOLUME LIMITATION

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, this Government and this Minister have the power to end many things. We just saw the end of the Western Development Fund

in Tuesday's budget. Let us hope that the $4.8 million Special Recovery Program does not end the same way.

My supplementary question is for the Minister. That particular draft legislation includes a proposed cap of 31.1 million tonnes on the amount of grain that can be shipped at lower rates. This proposal is unfair, illogical and not in the best interests of Canada as a whole. Has the Minister considered throwing this clause away.

Hon. Jean-Luc Pepin (Minister of Transport): Madam Speaker, the volume limitation of 31.1 million tonnes is not one of my inventions. It was a recommendation made to Gilson during their meetings and was incorporated in the Gilson report. The reason for it is very simple. There is an amount of money that the federal Government is willing to put into this plan, and the shippers, the representatives of all the producers at the Gilson exercise, said to themselves, "Let us distribute that amount of money over a certain quantity of grain." That was recommended in the Gilson report, the implication being that production over and beyond that amount would be more profitable to farmers who already were receiving a contribution from the federal Government for the basic 31.1 million tonnes. This reasoning, I thought, was quite acceptable and quite plausible.

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THE BUDGET

REPORTED LIST OF SPECIAL RECOVERY PROJECTS

Mr. Tom McMillan (Hillsborough): Madam Speaker, my question is for the Minister of Finance. I have, this very moment, been handed information that confirms that Canadian Press has just transmitted through its national wire service a specific list of Special Recovery Projects to receive funding under the Minister's budget. That list apparently includes major funding for the Atlantic Regional Veterinary College to be located in my riding, a project that I have been pushing for many months, as well as references to certain other detailed projects concerning wharfs, Search and Rescue initiatives, et cetera.

My question to the Minister is this. Why a few moments ago in the House did he tell my colleague from Vancouver Centre that she and the House in general could not have such a list when evidently the media of Canada already have that list and presumably have been given it by the Minister himself? Or is this another $200 million budget leak?

Some Hon. Members: Another leak.

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I have not seen the CP story but I have indicated to the House that indeed I have examined a list of projects. I have indicated that the Minister of State responsible for economic development was in the process of finalizing the consultations in this regard, and obviously many, many people in the Government of Canada are reviewing that particular list at the present time, but until announcements and decisions are made by the Minister of State for Economic Development, we are not in a position to make a formal announcement.

The Minister himself will make the announcement concerning related projects once he has finalized discussions with his officials. That is when the projects will be made public. I am not surprised that there may be a Canadian Press report, but as I have said, the Minister responsible for economic development will be the one to make the announcement in due time.

• (1450)

INQUIRY WHETHER MINISTER POSSESSES LIST

Mr. Tom McMillan (Hillsborough): Madam Speaker, this is the second time in a week that the Minister has made a major announcement about budgetary provisions through leaks. Would the Minister tell the House if he has such a detailed list of special projects which are to receive funding under the budget? If so, would he make that list available to the House rather than leaking it through the media, or being sloppy enough to have the media leak it for him?

Hon. Marc Lalonde (Minister of Finance): Madam Speaker, I cannot help it if any particular journalist gets any particular information at any particular time from any particular source. I have demonstrated that quite clearly in the last few days. I can add nothing to the answer I have given to the Hon. Member than what I have said before. The Minister who is responsible will made an announcement in due time.

Take your time, my friend, you will get all the good news, including that which might affect your riding.

* * *

NATIONAL DEFENCE

ANNOUNCED ENROLLMENT OF YOUNG CANADIANS IN ARMED FORCES

Hon. Allan B. McKinnon (Victoria): Madam Speaker, my question is directed to the Minister of National Defence. Yesterday the Minister confirmed that the Government intends to enroll 5,000 young Canadians into the Armed Forces for ten to 12 months as a measure to alleviate unemployment. The Opposition has been recommending for the past year an intake of 25,000 to 50,000. Can the Minister tell the House if this trivialization of our initiative satisfies the 108 Liberal backbenchers who petitioned him a couple of months ago to accept a plan similar to ours?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I can assure the Hon. Member that the caucus on this side of the House is very satisfied with the fact that DND has managed to get 5,000 extra men for the next year, and $75 million. I have to add what I said to the press yesterday, that is, that in addition to this $75 million, we have $25 million for civilian temporary employment; we have $16 million for cadets which will allow us to enroll this summer 8,215 more cadets. We also have the Extended Youth Training

and Employment Program which is the one mentioned by the Hon. Member. There are in addition to the employment which will be provided through several projects which will be announced later by the Minister of Finance and the Minister of State (Economic Development), as moneys are made available.

LAYING OFF OF TERM EMPLOYEES

Hon. Allan B. McKinnon (Victoria): During the Minister's boasting yesterday he said that the forces would be hiring 15,000 to 16,000 people in a variety of jobs. At the same time the Department is laying off hundreds of term employees. Can the Minister deny that these recently laid-off term employees will be drawing unemployment insurance while their jobs will be taken by the new short-term employees, the whole exercise representing a gigantic scam on the unemployment insurance fund?

Hon. J. Gilles Lamontagne (Minister of National Defence): Madam Speaker, I have to deny very strongly the connection that the Hon. Member suggests between the employees that we have hired through the NEED program and the term employees referred to. The Hon. Member should know that every year on March 31 we have to end the contracts of some of our employees who are in fact term employees. That is normal practice and this does not affect any other employees who might be hired through the NEED program. I have the figures here, Madam Speaker. In March we had 4,232 term employees. The employees hired by the NEED program will be over and above the normal term employees that we have.

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VETERANS AFFAIRS

NOTIFICATION OF BENEFITS FOR WIDOWS

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, I am grateful to you for permitting me to put a question or two this afternoon to the Minister of Veterans Affairs. I suppose one could say that the discussion on the budget this week has not included very many references to veterans and their problems.

I welcome this opportunity to congratulate the Minister of Veterans Affairs for some of the things he has done since he took on that job.

Some Hon. Members: Hear, hear!

Mr. Knowles: I am happy to say that in the past ten or 12 years we have made considerable improvements in legislation with respect to veterans and others, but this is a problem on which we must continue to work.

A few days ago the Minister of National Health and Welfare sent to all pensioners a printed document signed both by herself and by the Minister of Veterans Affairs, telling the pensioners that there are many people who, in the last two or three years, have not received their benefits, and if they would send their notices they might be able to get some of the benefits that are now available to them.

We regard it as very important to extend this effort, although we are glad about what has been done. I hope the Minister of Veterans Affairs will be able to indicate that he and others are prepared to do further things by newspapers, radio broadcasts and all the rest, to advise the thousands of widows, widowers, and dependent children of the things that are coming to them under veterans legislation.

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, may I thank the Hon. Member for his question and preface my comments by saying, on behalf of all Members, how pleased we are to see the tremendous recovery in health of the Hon. Member and his active participation in the proceedings of the House.

Some Hon. Members: Hear, hear!

Mr. Campbell (Cardigan): The particular item to which the Hon. Member refers is the cheque stuffer which the Minister of National Health and Welfare agreed to include with the March cheques for Old Age Security and Guaranteed Income Supplement. This is a further attempt to contact widows who are entitled to receive proportionate pensions as a result of amendments to the Pension Act.

When the legislation was passed we anticipated that some 23,000 widows would become eligible for pension benefits. To date we have received and processed in excess of 17,000 applications. We have used every avenue available to us, through the *Legion Magazine,* veterans' publications, periodicals and the assistance of Members of Parliament. I can only suggest that if Hon. Members know of anyone who is a widow who may be entitled to benefits under the Proportionate Pension Program they urge that person to get in touch with the Department.

AGING VETERANS PROGRAM

Hon. Stanley Knowles (Winnipeg North Centre): Madam Speaker, may I ask the Minister if he is aware of the fact that in many sections these days there are efforts to do something to improve the position of aging veterans by establishing a program. This is very important to those concerned—the older people, the younger people, veterans' organizations, and Members of Parliament.

May I ask the Minister if he is making other efforts to improve on what has been done and to improve the position for all aging veterans?

Hon. W. Bennett Campbell (Minister of Veterans Affairs): Madam Speaker, about 2 years ago we introduced the Aging Veterans Program which was deliberately geared to provide the necessary support services to enable veterans to continue living in their own homes and own communities as long as possible. This Program has gone through the pilot stages and it was provided to approximately 200 veterans who are disability

pension recipients. The Program is to be further expanded this year. I am pleased to report that over 1,000 veterans are now participating in the Aging Veterans Program. I intend to continue to expand that Program to other disability pensioners. We are in the process of examining ways and means whereby the Program could be extended to War Veterans Allowance recipients as well.

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HOUSE OF COMMONS

REMOVAL OF WOOD CARVINGS FROM OFFICE OF LEADER OF THE OPPOSITION

Hon. Erik Nielsen (Leader of the Opposition): Madam Speaker, I wish to ask the Minister of Public Works whether he can shed any light on an unauthorized intrusion into the Office of the Leader of the Opposition in this building—my office lately—apparently by members of his Department. This has resulted in the removal of the wood carvings over the west and east entrances to the boardroom in my office, the one over the west door containing the words "Fear God", and the one over the east door "Honour the King". These wood carvings were apparently done during the time of the Liberal Prime Minister, the late Mackenzie King.

In view of the harmless and even commendable nature of those two sentiments, I wonder if the Minister can ascribe any reason, legitimate or otherwise, that the Office of the Leader of the Opposition should be subjected to such intrusion, surreptitiously, after dark, without any authority from me, without any knowledge by me or my staff, and without any request from me or my staff. Can he give us an explanation?

• (1500)

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I have listened to the Hon. Member. Although I cannot join him in the melodrama of his question, I will ascertain the facts, which is what he must expect me to do. If the facts are accurate, I will try to find an explanation and I will report back to the House.

Mr. Nielsen: I am not rising to make any attempt to be melodramatic. I must say that I am concerned about—

Miss Bégin: He should be concerning himself with unemployment and the economy.

Mr. Nielsen: I did not hear the Minister of National Health and Welfare.

Miss Bégin: We are concerned about unemployment and the economy.

Mr. Nielsen: Yes, it is about time they got themselves concerned about the economy of this country. They have been sitting on their backsides for three years.

Some Hon. Members: Hear, hear!

Privilege—Mr. Nielsen

REQUEST FOR PRESERVATION OF MUNIMENTS

Hon. Erik Nielsen (Leader of the Opposition): I am concerned, Madam Speaker, about the retention of the heritage features of these buildings. The Minister knows that millions of dollars were spent in doing just that, on the East Block. Will he have his workmen restore those carvings to their original state so that the heritage features of this building are not mutilated and debased any further? And will he give me assurance at the same time that the other murals and carvings in those offices will not be tampered with in any way whatsoever?

Hon. Roméo LeBlanc (Minister of Public Works): Madam Speaker, I take a back seat to no one in my efforts to preserve the heritage of these buildings. I only hope that the removal of objects was not done in search of some pseudo bugging equipment from some years ago.

* * *

PETITION

MR. SKELLY—RIGHT OF ASSEMBLY

Madam Speaker: I have the honour to inform the House that the petition presented by the Hon. Member for Comox-Powell River (Mr. Skelly) on Wednesday, April 20, met the requirements of the Standing Orders as to form.

* * *

PRIVILEGE

MR. NIELSEN—ALLEGED UNAUTHORIZED INTRUSION INTO OFFICES OF LEADER OF THE OPPOSITION

Hon. Erik Nielsen (Leader of the Opposition): I have a question of privilege, Madam Speaker, arising out of the Question Period. It has to do with the answers given to me by the Minister of Public Works (Mr. LeBlanc) in connection with—

Some Hon. Members: Oh, oh!

Mr. Nielsen: Hon. Members across the way make light of the fact that offices of Members of Parliament can be broken into without authority, without request, without knowledge, at any time by servants of the—

Madam Speaker: Order. Order, please.

Some Hon. Members: Oh, oh!

Madam Speaker: Order. If that is not a continuation of Question Period, I do not know what is. We are on a question of privilege.

Mr. Nielsen: Thank you, Madam Speaker. My question of privilege involves the unauthorized intrusion into my offices in this building by the employees of the Minister of Public Works. The offices of a Member of Parliament, Madam

Speaker—even if those Members over there do not know it—must be regarded as private and personal in light of the customs and traditions of this place. As far as I am concerned they are sacred as long as they are occupied by the Hon. Member occupying them at the moment.

Some Hon. Members: Hear, hear!

Mr. Nielsen: The offices of the Leader of the Opposition fall within that category just as the offices of any Hon. Members of this House. The offices which are currently occupied by me as Leader of the Opposition were formerly occupied by a number of very distinguished Canadians.

Madam Speaker: Order. Order, please. The Hon. Member might have a grievance, but he must demonstrate to me very quickly how this affects his privilege. "Privilege" has a definition which the Hon. Member knows just as well as I do, and he cannot use a question of privilege in order to pursue a debate. Therefore, I warn him—

Some Hon. Members: Oh, oh!

Mr. Lewis: When will you find one?

Madam Speaker: I do not know what this House has come to. I am only trying to be a Speaker.

Mr. Nielsen: Madam Speaker, like you, I do not know what this House has come to when Hon. Members cannot rest secure in the thought that their offices are not going to be broken into.

Some Hon. Members: Hear, hear!

Mr. Nielsen: Madam Speaker, the breaking and entering of an Hon. Member's office without his knowledge or the knowledge of any of his staff, and without any request to enter those offices from that Hon. Member or the members of his staff, surely must constitute a question of privilege, just as it did a while back in the case of the Hon. Member for Kingston and the Islands (Miss MacDonald) when the Chair listened to that question of privilege when it was raised. If the Chair finds that I have a prima facie case of privilege, I will be moving an appropriate motion to refer the circumstances to the appropriate committee of the House.

The memorabilia in this place are part and parcel of the history of this country.

Madam Speaker: Order, please. I do not know what the Hon. Member is coming to, but I can see from the first sentence of his intervention that he wants to complain about the fact that his office has been broken into. This does not fall under the purview of a question of privilege. I can assure—

Some Hon. Members: Oh, oh!

Madam Speaker: —the Hon. Member that the whole matter will be investigated and I am sure that the Hon. Member will find satisfaction in the investigation which we run. We will investigate the matter fully. However, that is not a question of privilege.

Some Hon. Members: Oh, oh!

Madam Speaker: Absolutely not.

Mr. Nielsen: Madam Speaker, since when—

Mr. Pinard: Order. No questions of the Speaker.

Mr. Nielsen: The Government House Leader is now the Speaker of this place. Since when, Madam Speaker—

Mr. Cosgrove: Let's have some respect for the House.

Mr. Nielsen: Since when, Madam Speaker, is the offence of break and enter, which is an offence under the Criminal Code of Canada, not a question of privilege? My offices have been broken into. There has been a trespass by the employees of the Minister of Public Works. That office has been defaced without my request, my permission, my authority and without my knowledge. Surely, in keeping with the precedent established by the Chair in the case of the Hon. Member for Kingston and the Islands (Miss MacDonald) when her office was broken into, this must constitute a question of privilege. If the Speaker is telling me no, it does not, then no one in this place can rest secure that the premises which constitute their offices are not subject to the same kind of violation at any time by anyone.

Some Hon. Members: Hear, hear!

Mr. Nielsen: What I was advancing to the Chair is proof of the fact that they were broken into. They were broken into because those carvings above the doors in my boardroom were mutilated, defaced, removed. That, Madam Speaker, must surely constitute a question of privilege. If you find it does not, if you were to tell me, Madam Speaker, that it was done by your authority, that might constitute a different matter. I would have, of course, expected to have been consulted before any such authorization was made by the Chair, if in fact it was, but that would at least provide me with an explanation, which has not been advanced by the Minister of Public Works.

The sanctity of an Hon. Member's office must be regarded as just that, and I submit, as in the case of the Hon. Member for Kingston and the Islands, that an intrusion must constitute a question of privilege. If you so find, Madam Speaker, I would intend to move that the circumstances surrounding the trespassing, the break and entry, the invasion of my offices as a Member of Parliament, now the Leader of the Opposition, be referred to the appropriate standing committee of this House so that all of the circumstances can be investigated and a report made to you and to other Hon. Members of this House, who then might feel secure that their offices will not be invaded in a similar fashion.

Some Hon. Members: Hear, hear!

Madam Speaker: Obviously this has taken place without my knowledge as, it seems, without the knowledge of the Hon. Minister of Public Works (Mr. LeBlanc).

Mr. Nielsen: All the more privilege.

Madam Speaker: Well, the Hon. Member has been able to function in this House, as far as I can see, and therefore I do not see at this point where there is a privilege.

Some Hon. Members: Oh, oh!

An Hon. Member: Be reasonable!

Madam Speaker: Oh, I am terribly reasonable.

An Hon. Member: What about the security in my office?

Madam Speaker: Order, order. However, I will investigate all the facts, even the ones concerning the possible mutilation of some precious sculpture.

• (1510)

I have notice of a question of privilege in the name of the Hon. Member for York-Peel (Mr. Stevens).

MR. STEVENS—REVISED BUDGET TABLES ALLEGED MISLEADING

Hon. Sinclair Stevens (York-Peel): Madam Speaker, if I may, I would like to refer you to two rulings or at least comments, one by yourself and one by your predecessor. I refer first to December 12, 1979, when at page 2287 of *Hansard* the then Speaker said:

> There is a very clear rule which was enunciated by one of my most distinguished predecessors, former Speaker Michener, that to accuse a Member of this House of misconduct in any way, and to expect that that accusation can be sent to the Standing Committee on Privileges and Elections for investigation and examination, the allegation of misconduct by a Member will have to be clear.

In the course of my remarks, Madam Speaker, I hope I will meet that requirement. Secondly, I would direct your attention to page 12898 of *Hansard* for November 18, 1981. When dealing with a question of privilege you stated:

> —it is in that respect that a formal charge must be made.

Madam Speaker: Order. Would the Hon. Member tell me, before he quotes all of these precedents, what his question of privilege is all about?

Mr. Stevens: Yes, Madam Speaker. I will be showing you that the Minister of Finance (Mr. Lalonde) on budget night misled Members of this House. He was, I suggest, in contempt of Parliament as a result of what he tabled. I will be suggesting that he breached his oath of secrecy, that he limited my ability and that of other MPs to join in the budget debate itself, and as such I will suggest that there has indeed been a breach of the privileges of this House.

If you find that I have at least a prima facie case, Madam Speaker, I propose to move that the tabling in the House of Commons on Tuesday, April 19, of a fiscal plan by the Minister of Finance in a significantly altered version of the printed version of that fiscal plan be referred to the Standing Committee on Privileges and Elections for scrutiny and report back to this House.

Madam Speaker: I just want to warn the Hon. Member that this question of privilege resembles very much one that was dealt with previously in the House. The Hon. Member quoted part of my ruling where I made it quite clear that if the Hon. Member wanted to charge the Minister with the things he is now mentioning, it is not the right procedure to use a question of privilege to do it. There are other procedures which can be used in order to give the Hon. Member satisfaction on his grievance or desire to lay charges against the Minister, and he must use that route. I think I must remind Hon. Members that no Member of this House can be charged in a like way in his duties as a Member unless the Hon. Member who is making the charge is prepared to do it on a substantive motion. This is quite understandable because we cannot be throwing accusations at each other without using the proper procedure which will allow the House to investigate completely.

So I urge the Hon. Member in his presentation to stay very much within the line of what might be his question of privilege. If it is something else, I will have to interrupt him and not allow him to pursue it.

Mr. Stevens: Madam Speaker, you will recall that yesterday I gave notice at the conclusion of Question Period that I would likely be raising a question of privilege. In the meantime we have researched, both from a procedural standpoint and from an actual standpoint, what the documentation in fact represented. I think if you will be patient with me I will be able to outline clearly to you that I have indeed a question of privilege, that I am only trying, if you like, to anticipate the arguments you might otherwise raise against me in my anxiety to have you hear me out on something that I think is one of the most fundamental questions of privilege which has ever been raised in this House.

As a precedent, I refer you to a question of privilege raised in this House on February 28, 1979, which was subsequently debated that day and through to March 1, 1979. There you will find that the changing of a tabled document was very much the focal point of the question. My question of privilege is, however, significantly different in the sense that not only do we have a changing of the fiscal plan I have referred to, but we also have a document circulated—presumably at the request of the Minister and described as "Revised Budget Tables April 19, 1983"—in the lobbies of this House and I understand distributed across the country.

The significant point is that both I and other Members of this House were misled by the revised budget tables into thinking that what was filed at the Table was also revised to conform to the mimeographed pages being circulated in our lobby. The truth is that that did not happen. What happened was that there were various inked copies delivered by the Minister of Finance at the point of tabling to the Table, and on our examination of those copies which had been inked and in various ways altered, we found that they differed in the way

that they were tabled; first, of course, from the basic fiscal plan circulated across the nation, but most importantly, they differed from the revised budget tables circulated to individual Members and represented at that time as being the final version of the fiscal plan that the Table was receiving.

Now, Madam Speaker, the reason I suggest this is clearly a question of privilege is that it means that those who entered into the debate on budget night, those who joined in debate yesterday, including myself, and those who have taken part in this debate today, have been misled as to what in fact was the fiscal plan the Goverment tabled on budget night. As I indicated, I believe the Minister misled the House into feeling that he was filing something that was in conformity to his fiscal plan as amended by these revised budget tables.

Secondly, I suggest that he was in contempt of Parliament to represent that what he was filing was what in fact he intended the nation to accept as his final version of the fiscal plan.

I would suggest that he was also in breach of his oath of secrecy because tabled documents are an integral part of any budget, and how can we even today know what the Minister was attempting to deliver on Tuesday night? The fact is that we have three versions of it. Two of them must involve a breach of his oath of secrecy, because two of them are either leaks or certainly incorrect. Yet the Minister, first by his unfortunate leaking to the press, second by what he distributed in the lobbies of the House, and third by what he in fact tabled, represented three versions of what his budget entailed.

• (1520)

With all due respect, how can Members of this House properly cope when they are left in such a dilemma? Most importantly, this does not only concern what has been brought to our attention. When we checked with research houses, with those who are attempting to come up with an analysis of the budget, we found that they themselves do not know what the final version is. On two occasions I have consulted with those with whom we generally consult as to what they feel about the budget, only to be told that they are not certain what figures to feed into their computer econometric models and this type of thing in order to determine what is in fact the import of the budget.

To give Your Honour only one example of how these discrepancies are so relevant, we were told, certainly on budget night during the oral presentation of his budget speech, that the Minister intended to raise the amount in the printed version with respect to the Special Recovery Capital Projects by $100 million this year, $50 million next year and $50 million the year following. If Your Honour checks with the inked version which the Minister actually tabled with respect to those figures, you will find that this year he did raise it, by the inked change, $100 million. Next year it will be raised only $40 million, in the ink change. In the final year it will in truth be raised $50 million. What, in fact, is the truth? Did he intend to go up $50 million or $40 million?

I would suggest that in our handling of the various budgetary matters it is essential that we as Members of the House know what, in fact, is the final version of the tabling of the Minister of Finance. In short, I could take Your Honour through something like 12 different discrepancies which appear between the tabled version of what the Minister felt was final, what was distributed in the lobbies in the form of the revised budget tables, and what the Minister told us in his oral presentation. To weigh the import of 12 variations surely involves a question of privilege which affects every Hon. Member of this House when attempting to respond to the Budget.

If, as I said earlier, Your Honour finds that I have a prima facie case with respect to my question of privilege, I am prepared to move the motion which I indicated at the beginning. I believe that until the matter is referred to the Committee on Privileges and Elections we cannot, in a meaningful way, find out why there was such confusion on budget night. Was it a misrepresentation on the part of the Minister of Finance, deliberately done to throw off the track those who received those revised tables out in the lobbies when, in fact, he knew he was tabling something different? Do we have a Minister of Finance who has in fact broken his oath of secrecy? As I say, there are three stages involved.

Finally, I would suggest that the Committee on Privileges and Elections could perhaps determine the proper solution, to somehow or another put, in a more orderly way, what the Minister so ineptly did on Tuesday night; that is, in the presentation of his budget he did not file the proper papers, if Your Honour believes what he represented to us orally or at least through his handout in the lobbies in the form of revised budget tables.

Mr. Douglas Fisher (Parliamentary Secretary to Minister of Finance): Madam Speaker, I think this is a regrettable incident, and I hope that my comments now will indicate to you that the issue can be settled very quickly. Although I am sure that the Hon. Member for York-Peel (Mr. Stevens) is deeply concerned, I hope my comments now will show you that he is also wrong.

I believe that if Your Honour checks with the Clerk of the House and with his staff, you will find that a document entitled "Revised Budget Tables" and a similar version in French were submitted to him at the time the budget papers were tabled by the Minister. There was a considerable degree of confusion in the House at that time, and apparently the confusion extended, on someone's part, to these documents. Therefore, if Your Honour now goes to the Journals Branch, you will find that it has the very documents; but they were not accepted by the Clerk as tabled.

In order to clarify this confusion, this morning I rose and asked for unanimous consent to table these same documents. At that time I clarified that these documents had been submitted to the House on April 19 for tabling with the budget. These are the same documents which were intended to be tabled at that time. There was unanimous consent that I do

this, and I am happy to say that I appreciate it. The House Leader for the Opposition was one of the people who extended his consent, after receiving this same explanation.

I also believe that Your Honour will find that the documents in the possession of the Journal Branch, the documents which I tabled this morning and the documents to which reference was made by the Hon. Member for York-Peel, are all the same. Those are the documents entitled "Revised Budget Tables, April 19, 1983".

I regret the confusion which appears to have occurred. Near the end of the Hon. Minister's speech, just before the beginning of the reply from the Opposition, someone decided that these documents were not part of the Minister's submission. I am sure that in the confusion it is understandable, but I am also sure that research with Your Honour's own staff will indicate that these documents were given to the Table at precisely that time, and they were circulated to Members of Parliament prior to that time, as the Hon. Member for York-Peel has indicated.

Mr. Stevens: I rise on a point of order, Madam Speaker. May I attempt to help clarify what the Parliamentary Secretary has just indicated? He has referred to the revised budget tables. Yesterday I inquired from the Table as to whether such a revised budget table, a mimeographed publication, had been received on budget night. I was assured, on checking with the staff, that no such document had been received. This morning, I once again checked the *Votes and Proceedings* of April 19 to see whether there was in fact evidence that the revised budget tables had been filed. If Your Honour checks page 5,807, you will find that all of the other budget documents were tabled and recorded, but that the revised budget tables to which I referred were, in fact, not tabled.

If what the Parliamentary Secretary is saying is true, that by unanimous consent he filed such a revised table today, I would suggest to Your Honour that he has made my case for me, because that essentially means that the Minister of Finance did mislead the House on budget night. He did table the wrong documents to conform to what he was representing to the House to be his final version as far as the budget and supporting documents were concerned.

If that is true, I can only presume that Your Honour will find that I have a prima facie case of privilege and that this matter should be referred to the Committee on Privileges and Elections because, in truth, his own Parliamentary Secretary admitted what I suggest happened on budget night.

• (1530)

Madam Speaker: The Hon. Member has had a chance to speak on the question of privilege. Unless he rises on another point of procedure I cannot listen to him. I do not accept two interventions in the course of a question of privilege.

Mr. Fisher: Madam Speaker, I believe—

Madam Speaker: I am not giving the Hon. Member the floor, unless he is rising on some other procedure.

Mr. Fisher: It is the same point of order, Madam Speaker. I appreciated the opportunity to speak the first time.

Madam Speaker: At this point in the debate I just want to tell the House that I am aware of some of the facts which have been brought forward by the Parliamentary Secretary, namely, that some documents were refused by the Table at one point, I will not venture to say exactly when, because it was not felt that they had been formally tabled. What happened subsequently I will have to check because I think the sequence of events is very important in this particular case. I will investigate all of the facts and the arguments put forward by the Hon. Member for York-Peel (Mr. Stevens) and will come back to the House on this matter later.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Lewis: Madam Speaker, this being Thursday, could I inquire of the Parliamentary Secretary to the President of the Privy Council as to the projected order of business for next week? While I am doing that, I would point out to the Parliamentary Secretary that on April 18 of this week, on Monday, the Prime Minister made the following statement, as reported on page 24576 of *Hansard:*

—I will make an offer now which I hope that the Acting Leader of the Opposition will accept on behalf of his Party. If we can have all-Party agreement—I would not even say "all-Party agreement"—I would say that if we can have agreement of the Conservative Party to introduce an amendment on property rights and to pass it in 24 hours, I will undertake to do that—

Yesterday during statements made under the provisions of Standing Order 21, the Leader of the Opposition indicated the agreement of our Party after consultation with caucus. I see the Government House Leader has now returned to the House. I am sure he has caught the gist of my request. May I ask him, will the Government now give consideration to introducing the agreed upon amendment to the Constitution with respect to property rights immediately since the Government House Leader does have the agreement of our Party and the agreement of the New Democratic Party is not needed under the terms of the Prime Minister's remarks? Could he tell us when we might proceed with that resolution?

[*Translation*]

Mr. Pinard: Madam Speaker, as far as the business of the House for next week is concerned, I can inform the House that Monday will be the third day of debate on the budget of the Hon. Minister of Finance (Mr. Lalonde). I would like to confirm that next Tuesday will be an Opposition day. In accordance with the Standing Orders, next Wednesday we shall be considering Private Members' Business, and Thursday will be the fourth day of the budget debate. If there is an amendment, there will be a vote at 5:45 p.m. next Thursday.

This was the business of the House for next week.

[*English*]

In so far as the request made by the Hon. Member is concerned relating to the resolution and the amendment to the Constitution, I wrote to the Leader of the Opposition on Monday and sent a copy of my letter to the Leader of the New Democratic Party. We have offered to introduce that resolution in the House with proper notice when we have a House order to limit debate to one day. I met with my colleagues, the House Leaders and sought consent for a House order. That must come first. I am waiting for an answer from the Acting House Leader of the New Democratic Party who must consult his caucus. The question of the Hon. Member is whether, if the New Demcoratic Party refuses to give the House order, I will nevertheless give notice. I will take the Hon. Member's suggestion under advisement.

Mr. Lewis: Once again, Madam Speaker, with respect to the Prime Ministers' comments, I would point out to the Government House Leader—perhaps he was just entering the Chamber when I made this comment—that the Prime Minister on Monday did not insist upon all-Party agreement. In fact, he said:

—I would not even say "all-Party agreement"—

It is very clear the Prime Minister wants to go ahead with this resolution, as does our Party. I submit to the Government House Leader that we do not need all-Party agreement. Perhaps for the House order we do.

Mr. Deans: I think you might.

Mr. Lewis: But I want to reiterate once again our Party's agreement to proceed with this item expeditiously. I would ask the Government House Leader to take it up with the Prime Minister so that we can proceed as soon as possible.

Mr. Pinard: Madam Speaker, we want to deal with this matter expeditiously. But the Prime Minister was very clear. He said he needed a House order. I would like my Hon. colleague to explain to me how he can get that House order without the support of the New Democratic Party. I see my colleague, the Hon. Member for Hamilton Mountain, is seeking the floor. Maybe he wants to give that consent or express other views on the subject. But certainly a House order requires unanimous consent. What I said subsequently, in answer to the question whether, if the request fails and we do not get the House order, I will place a notice of the resolution on the Order Paper? That I would consider doing that. I am not sure this will guarantee getting the required House order before we deal with the matter.

Mr. Lewis: Madam Speaker, once again I would point out that the words of the Prime Minister are:

—I would say that if we can have agreement of the Conservative Party to introduce an amendment on property rights and to pass it in 24 hours, I will undertake to do that—

I submit, Madam Speaker, in reply to my hon. friend that it is not a House order that is required, it is the agreement of the Conservative Party, which was given yesterday in good faith after discussing the matter in caucus. We wish to proceed as a Party with that amendment to the Constitution as soon as possible. I do not think we need to wait around for a House order. The Prime Minister has made it very clear, he even rejected the words "all-Party agreement." That was rejected by the Prime Minister. He said:

—I would say that if we can have agreement of the Conservative Party—

I would reiterate to the Government House Leader that he has the agreement of the Conservative Party. We wish the matter to proceed. It is something in our opinion that should have been in the Constitution from the start. We want to see property rights included in the Constitution as soon as possible. I would hope that the Government Party, having reconsidered its position, wants that, too. When can we proceed?

Mr. Pinard: Madam Speaker, the Hon. Member read the important part of the Prime Minister's statement rather fast. The Hon. Member read "—if we can have agreement of the Conservative Party—". Then he read very fast, but I listened very carefully the following: "—if we can have agreement of the Conservative Party to introduce this resolution and pass it in 24 hours—" right or wrong?

Mr. Lewis: Yes.

Mr. Pinard: Then I would do it. Fine. There are two things to be done. The first one is to introduce the amendment and, second, to pass it within 24 hours. My question is: how do we pass the amendment within 24 hours with the consent of only the Conservative Party?

Some Hon. Members: That is your problem.

Madam Speaker: The Hon. Member for Hamilton Mountain might help us.

Mr. Deans: Madam Speaker, the one way that might be achieved is, of course, through the process of negotiation, which we always enter into. It is interesting how the Conservatives want to cut everyone else out of everything. I just want to say that this matter raised by the Conservative House Leader was not on the House Leaders' agenda up until Wednesday last. The first time it was brought to my attention by the Government House Leader was on Wednesday last between the hours of 1.30 p.m. and 1.50 p.m. On Wednesday last our caucus had already completed its meeting by 1.30 p.m. of that day. It was therefore not possible for us to deliberate on, consult about or have any discussion of the question which the Government House Leader and the Official Opposition House Leader are now debating. I have assured both of them privately, and I now assure both of them publicly, that this matter will be given careful consideration by this caucus at an early date, and we will report, as I said we would, on the decision this caucus will take with regard to a matter that we consider to be of crucial importance.

We have made it clear for years that we think people in Canada should have the right to own their own homes. I wish we had received support from the Tories for lower interest

rates in order that the people of Canada could have exercised that right. However, the commitments I made privately, over which we do not normally have to engage in discussion, I make publicly now. Sometime between now and the next time we meet as House Leaders, assuming that it does not occur before the caucus meeting of the New Democratic Party which will take place on next Wednesday, I will be able to enter into further discussions. Then at that time the resolution of this matter will undoubtedly be clear.

• (1540)

Mr. Lewis: Madam Speaker, in direct reply to the House Leader of the New Democratic Party, I would say that we did not have that difficulty in our caucus because our Members follow the proceedings of the House and are ready for it on Wednesday. In direct reply to the Government House Leader concerning his request as to how we might pass it, I would be pleased to meet with him and give him some suggestions at any time.

Mr. Pinard: Madam Speaker, perhaps the Hon. Member could give me suggestions as well on other legislation. We would be willing to consider passing other legislation very quickly too. I would welcome his advice, and especially his consent.

ROUTINE PROCEEDINGS

[*Translation*]

OFFICIAL LANGUAGES

PRESENTATION OF FIFTH REPORT OF JOINT COMMITTEE

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Madam Speaker, I have the honour of tabling the Fifth Report of the Special Joint Committee of the Senate and the House of Commons on Official Languages, to which a comprehensive response is requested, pursuant to Standing Order 69(13).

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

* * *

[*English*]

SOCIAL SECURITY

TABLING OF AGREEMENT BETWEEN THE GOVERNMENTS OF CANADA AND JAMAICA

Hon. Monique Bégin (Minister of National Health and Welfare): Madam Speaker, pursuant to Standing Order 46(2), I am very pleased to table in the House in both official languages an agreement between the Government of Canada and the Government of Jamaica with respect to social security.

PETITIONS

MR. McKNIGHT—CROWSNEST PASS FREIGHT RATES

Mr. Bill McKnight (Kindersley-Lloydminster): Madam Speaker, it is my duty to present a petition signed by 110,000 men and women in the Province of Saskatchewan where 40 per cent of the arable land of Canada is located. These petitioners reject the federal Government's transportation proposal because it fails to guarantee the following key elements: statutory non-variable freight rate protection on all prairie grains and their processed products with adequate recognition of producers' ability to pay, payment of Government transportation subsidies directly to the railways on all grain volumes shipped, assurance of adequate railway performance guarantees, and assurance that the ability of the Canadian Wheat Board to perform its function as a central marketing agency is protected.

This is in recognition of the regional needs of western Canada and the vital importance that the grain sector plays in the Canadian economy. Wherefore the undersigned, your petitioners humbly pray and call upon Parliament to enact legislation that would address the key elements identified by the petitioners.

MR. TAYLOR—CONSIDERATION OF BILL C-671

Mr. Gordon Taylor (Bow River): Madam Speaker, I am herewith presenting a petition signed by another 563 Canadian citizens, asking for the consideration of Bill C-671 and the passing of same in order that Clifford Robert Olson may secure his just due and be executed.

When we had capital punishment in the country there was provision made for exceptions by the Cabinet not to execute a person. Now that we do not have capital punishment in Canada, there should also be a provision made for the execution of persons who have deliberately planned and murdered a number of people, as in the case of Clifford Robert Olson.

This petition will bring the number of persons who have asked that Bill C-671 be brought forward for debate and that Clifford Robert Olson be executed to over 2,400 persons.

MR. MURPHY—CROWSNEST PASS FREIGHT RATES

Mr. Rod Murphy (Churchill): Madam Speaker, I wish you good luck in finding God and convincing him or her to return to the Conservative Party. My petition also relates to a religious matter, that is, the destruction of the holy Crow. Farmers in the Cartwright, Manitoba area, in the riding of Lisgar, have studied the proposal of the New Democratic Party to preserve the Crow rate and to upgrade and approve rail services in all parts of Canada. I wish to present a petition which is signed and supported by the people of the Cartwright area.

Senate Reform

PUBLIC SERVICE

MEASURE RESPECTING STANDARDIZATION OF THE METHOD OF APPOINTMENT OF SENIOR OFFICERS

Mr. Stan Schellenberger (Wetaskiwin) moved for leave to introduce Bill C-681, an Act respecting the appointment of deputy, associate deputy and assistant deputy ministers.

Some Hon. Members: Explain.

Mr. Schellenberger: Madam Speaker, the purpose of this Bill is to standardize the method of appointment and tenure of senior officers of the Public Service and to tie their appointments to the duration of a Parliament. The Public Service would thereby be more accountable to the Government of the day and to the electorate.

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

* * *

CRIMINAL CODE

AMENDMENT RESPECTING ASSISTANCE TO VICTIMS OF CRIME

Mr. David Kilgour (Edmonton-Strathcona) moved for leave to introduce Bill C-682, an Act to amend the Criminal Code (victims of crime).

Some Hon. Members: Explain.

Mr. Kilgour: Madam Speaker, this is a Bill based upon the premise that victims are far too often the forgotten people in our criminal justice system. It has two parts. The first part would authorize criminal courts to award damages to victims who suffer physical or mental injuries as a result of crimes. The second part would require the Solicitor General of Canada (Mr. Kaplan) and the Minister of Justice (Mr. MacGuigan) to undertake a study with their provincial counterparts within a stated period of time to bring in a whole set of rules which would improve the rights of victims in our criminal justice system.

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

* * *

SENATE REFORM

COMPOSITION OF SPECIAL JOINT COMMITTEE

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, there have been discussions among Parties, and I have a motion which I believe will receive the unanimous consent of the House to be put without debate. Therefore I move:

That the Members to act on the part of this House on the Special Joint Committee on Senate Reform be Mr. Andre, Miss Campbell (South West Nova), Messrs. Comtois, Dubois, Epp, Harquail, Hopkins, Jarvis, MacLaren and Murphy; and that a message be sent to the Senate to acquaint Their Honours thereof.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 2,279 and 4,467.

[*Text*]

POLITICAL FUND RAISING

Question No. 2,279—**Mr. Cossitt:**

1. Are there Cabinet Ministers who have agreed to or will be agreeing to meet with persons willing to pay a certain amount of money and, if so (a) what are the names of the Cabinet Ministers (b) are such Ministers or others acting on their behalf actively promoting the meetings (c) is the amount of money $150 and, if not, what is it?

2. Is it government policy to permit only those who can afford a certain amount of money to meet with Cabinet Ministers, and, if so, how do those who cannot afford that sum make appointments with Cabinet Ministers?

3. (a) What is the purpose of these activities (b) are the Ministers involved turning over the funds to the Liberal Party of Canada and, if so, are the persons who paid the sum able to deduct that amount from their income tax?

4. Are cocktails, food or other favours extended by the Ministers, at such meetings, to those involved and, if so, does any of the money used to buy such favours come out of taxpayers' funds?

Mr. David Smith (Parliamentary Secretary to President of the Privy Council): 1. No. 2 to 4. Not applicable.

EXPORT DEVELOPMENT CORPORATION

Question No. 4,467—**Mr. Neil:**

1. Since the inception of the Export Development Corporation, what is the total value of the financing agreements entered into on behalf of Bombardier Inc. of Montreal?

2. What rates of interest does the EDC charge for such financing?

Hon. Gerald Regan (Minister of State (International Trade)): Export Development Corporation states that:

1. The total value of the financing agreements entered into by EDC or its predecessor, Export Credits Insurance Corporation, and foreign borrowers where Bombardier Inc. was the exporter of record, is Cdn. $153.925 million and U.S. $995.843 million as of January 31, 1983.

2. As a matter of general policy the Corporation does not disclose details of transactions such as that which is of the subject of the present request. As to the rate of interest, in view of the intense competition that prevails among countries in foreign trade, it is not in the public interest for the Export Development Corporation to discuss its participation in export transactions or proposed export transactions. Such information would assist an exporter's competitors both foreign and

domestic. Since information on bids, participation or negotiations, is given by companies to EDC in confidence, the Corporation, to respect that confidence, refrains until the sale arrangements are final, from discussing a deal or even from indicating that it has been approached in a transaction. EDC makes public its participation in direct lending transactions when the financing agreement therefor is signed and, on request, in credits and foreign investment insurance cases where the exporter or investor consents to publication. If the exporter or investor has not given its consent the reply will so state. When EDC makes public its participation in direct lending transactions it does not because of the intense competition above-mentioned, publish the rate of interest, for the reasons mentioned above.

[*English*]

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

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Lalonde that this House approves in general the budgetary policy of the Government, and the amendment of Miss Carney (p. 24689) and the amendment to the amendment of Mr. Riis (p. 24691).

Mr. Ian Waddell (Vancouver-Kingsway): Mr. Speaker, I wish to continue the speech I was making before the luncheon break. At that time I said that in fact this was not a recovery budget; it is really a stockbroker's budget. It is a Conservative budget, a standpat budget, a budget which is awaiting the recovery of the American economy and puts all its eggs in that basket. It is a budget which lets down the Canadian people at a time of massive unemployment and massive insecurity. One wonders where the Minister of Finance (Mr. Lalonde) has been. One wonders where Members of the Liberal Party have been in the last six months. Probably just here in Ottawa. If they had travelled around the country they would have seen that people are suffering, especially young people who are having trouble obtaining jobs. It is not only our young people. Many people are being laid off, taken back for a short period and laid off again. Premier Davis of Ontario said this morning that he thought it was a good budget. This is why I call it a Conservative budget. Stockbrokers and bankers like it but everyone else dislikes it, such as seniors, working people, consumers, people who are struggling to get by, the working poor, the unemployed and so on.

• (1550)

I said this morning that this budget reminded me of the story of Little Red Riding Hood. If she were crying for help from the Big Bad Wolf, the Liberal Government would give her a tax credit based over four years or, worse still, give a grant to the wolf to make him more efficient. It does nothing immediately to stop the wolf at the door and help Little Red Riding Hood, or indeed the Canadian people.

I said this morning that the Government had completely ignored the exhortation of the Catholic Bishops of Canada who said that unemployment was the number one problem and that it should be tackled. The Government in the budget papers says that unemployment will continue at 12.4 per cent and in 1984 at 11.4 per cent. We will have continued, permanent unemployment. I said this morning that we are in real danger of accepting permanent unemployment as a fact.

I said this morning that there are some myths. One is that this is a recovery budget. It is not, and I will show that later in my speech. I said there was a myth that there was very little that the Minister of Finance could do, that he had very little room to manoeuvre.

I say he had a lot of room to manoeuvre. He did not have any trouble finding an extra $200 million at the last moment. If he could find that at the last moment, he could have found a heck of a lot more money for immediate job creation programs. The municipalities in this country are screaming for job creation grants in order to construct bridges, sewers, traffic lights, community arenas and so on. There are things to be done in this country and we have to put our people to work. This budget does not do that.

I want to deal with job creation in a little more detail. What the Government does in its budget is to expand short term programs like the NEED program. The NEED program is not working. I have talked to municipal councils and their staffs in the Niagara Peninsula, Welland, Thorold and areas like that. They told me that it was bureaucratic, short term and only applies to UIC exhaustees, the jobs are low-paying and some are absurd. In Windsor there was a program whereby people are hired to count dogs. In St. Catharines there was a program to clear brush. I am not saying these programs are all bad, but they are no substitute for long term solid job programs that people want. There is nothing in the NEED program. The $4.8 billion for job creation is over four years. In fact, in the next year the Government will give in total job creation what it spends in one month for Unemployment Insurance.

There is another myth in this budget, the myth that private business is the engine of economic growth. I have nothing against private business and I wish it were so, but if you really look at the matter, you see it is not so. We have much more fundamental problems. We are in the midst of a work crisis. That is much more severe. This budget gives money to business. It gives a $1.7 billion tax break to business over the next four years. It takes $3.5 billion out of the consumers' pockets over the next four years. I found in my tours of the country that many businesses are foreign owned. Give them money,

and it goes outside of the country. We have to tackle that problem.

There is something I cannot understand about the Liberal Party and the Minister of Finance. The Minister and the Deputy Minister, Mickey Cohen, are the same people who gave us the National Energy Program. In one instance they moved toward tackling the problem of foreign control. A year later they bring in a budget that does nothing about tackling the problem of foreign control. Indeed, it gives money to foreign controlled businesses.

This is a zig-zagging Liberal Party. If you look down beneath their message, the Bishops are telling us that Liberalism is finished in this country, that you cannot zigzag like that, you have to choose one way or the other. Are you going to choose the Conservative way of giving money to business, hoping that it will be the engine of economic recovery, or will you choose the New Democratic way which says there has to be a combination of business and Government with a long-term plan to figure out what are the best industries to help and how we as a family can plan to get control of our economy again? That would enable us to have made-in-Canada interest rates and control over our industry in Canada.

This budget gives money to business. It should be giving money to consumers. It does nothing for the people in my riding. It takes money out of their pockets.

I said there would be an increase in tax over the next four years. This budget is so cheap it even takes away the $100 deduction for charity and medical expense. It is only a little matter, but people notice it. The budget increases rather than decreases the sales tax, which is what it should have done.

We should not be looking at giving money to businesses, because they are running at about 70 per cent of their capacity. There is no demand out there. You have to create consumer demand. You have to reduce the tax on consumers. Instead of increasing the federal sales tax, you should be reducing it. You have to work with the Provinces to get them to reduce their sales tax. That would create a huge job stimulus which would give the economy a jolt. This is a Conservative, wait and see, stock broker budget.

[*Translation*]

Mr. Speaker, this is a very conservative budget. It is going to help the private sector, not the average Canadian. The budget is taking money out of the pockets of taxpayers and is doing nothing for the unemployed. The budget even refers to an unemployment rate of 12.4 per cent. This is incredible. And at the same time the Minister says it is an economic recovery budget. What recovery? I did not see any recovery. Has anyone seen any signs of recovery? Not I. The New Democratic Party says we need many more short-term jobs, but not what the Liberals' programs are producing, as in Windsor, where people are hired to count dogs or clean up the bushes. There are bridges in need of repair, municipal projects to be carried out, and so on.

The Liberal Government has promised $4.8 billion, spread over a period of four years. That is all. In one month, the Government is going to spend more on unemployment insurance benefits than it will spend on job creation in a year.

The bishops said that unemployment was immoral and that it was the greatest problem in Canada. This budget is doing nothing to solve it.

[*English*]

This budget will not help ordinary people. The final question remains: what can be done? I would follow the Bishops. I would say that unemployment is the number one problem in Canada and that we have to stimulate now. I have outlined some of the ways of doing this. We have to work with the Provinces in reducing taxes. I would say, as was said by the President of the Canadian Labour Congress in expressing his dislike for this budget: put money in people's pockets, consult with labour and working people, not just with big business. That is what we have to do.

It is about time we gave the ordinary person in Canada a break. As the Hon. Member for Kamloops-Shuswap (Mr. Riis) said yesterday, we have to plan as a family for the future. Like all other successful industrialized countries, we have to look at what they did in Sweden, Japan and Austria. Finally, we must free the Canadian economy from the American economy. We must have our own interest rates. We must have our own industrial strategies. We must have a vision for this country. Where is the vision in this budget? There is no vision there. Where is the plan in this budget? There is no plan there. All they offer us is hope.

• (1600)

As our former finance critic once said, the budget is like Tinker Bell. Just put your hands over your eyes and hope and wish that you will fly. This budget is a wish for recovery. In spite of all the words that the Minister of Finance uses, the budget is just more short-term job-creation programs that are not of much use. The people of the country understand that there is no vision in the long term.

In spite of what the Members from the Liberal side may say, more unemployment is right in the budget papers, not significant growth. Mr. Speaker, that is why we in the New Democratic Party have introduced an amendment.

I will conclude by saying that we should stimulate consumer demand. Do not look to big businesses but look to the consumer. Look to the little guy, he will pull this country out. Second, we should undertake job-creation programs immediately to reduce unemployment significantly. Let us not talk about 11.5 per cent unemployment. Let us get it down to 10 per cent, then to 8 per cent, and then to 6 per cent. That is what we should be shooting for.

Finally, we should have an industrial strategy, a family plan for Canada, where we can integrate private and public sector investment and finally take over control of our own country. This has been suggested to the Liberal Party by many of its

own Members who have not been listened to in the past. That is the prescription for a recovery budget.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, in listening to the Hon. Member for Vancouver-Kingsway (Mr. Waddell), I am provided with an excellent example of the kind of criticism which I find particularly pernicious and sterile; in other words, a view of the mind instead of a view of reality.

For good reasons, most newspapers in the country have labelled this budget a "business" budget. The Hon. Member for Vancouver-Kingsway concludes that that is a kind of sin, that there is something deeply wrong with that. He tries to conclude that there is a deep, intrinsic opposition between a business budget and a budget for the people. I do not quite know where the Member's conclusion comes from. I do not know what kind of extraordinary thesis he is propounding. He opposes the private sector and concludes that only a mix of Government and private sector—for some reason it must be the small private sector because they are better—would save the country. He does not elaborate at all on what that mix would be. That is his thesis.

If I may say, I am a social Minister. I have been the Minister of social affairs in this country for more than five years. I have been in politics for more than ten years for that very reason. Like many others, I have often tried to fight against Ministers of Finance because that is the name of the game. At times I have tried to obtain from the Minister more money for benefits in the field of which I am the special voice in Cabinet. Although this budget is labelled a "business" budget, I am very pleased with it.

Let me explain. It is a business budget, but it is for the people. That is what interests me. I do not see any sancrosanct rule that says anything that comes from the private sector is automatically covered with sin. In a country like Canada, that concept totally escapes me. I respect the private sector each time they create a good job in my riding.

When this Member concludes emphatically that there is nothing in the budget for the people of his riding, I disagree. I happen to know Vancouver-Kingsway. I have been in that riding to visit and to campaign. I know people who live in Vancouver. What he said is not fact.

Some young people in his riding will find jobs because of this budget. Some mothers will get better deductions for child care expenses because of this budget. All the low-income workers in his corner of the country will get a much better tax break under expenses against their jobs, and many others will find jobs because of the budget. I do not understand why he says municipalities do not benefit from this budget.

In my own municipality in a corner of Montreal, we have just announced an excellent project through the NEED program that includes physical fitness equipment. This is in the northern part of Ville d'Anjou. This equipment will be there forever because of the NEED program.

I could name project after project that will provide municipalities in the country with things they did not have before the NEED program, and this budget expands the NEED program. I do not understand why the NDP has no respect for a good business budget that does not harm the small people, that does not bring inflation up, that does not bring interest rates up. To me, that business budget has a social dimension. It is the best of both worlds. I am very pleased with it.

I do not like to be the Minister of welfare. I do not like to have to pay more welfare to the people through the Provinces day after day, month after month. I would like to see every person in Canada working. If the private sector is a good provider of jobs, I am in favour of the private sector. What is wrong with that? Where is the sin in that? Can you tell me? What is wrong in labelling that budget a "business" budget when it is for the people? A people's budget is my budget. I want it and I like it.

I do not see what is conservative about the budget. Why oppose conservatism in a budget that uses the private sector, the key part of society, to create jobs and to make the motor of the economy turn and run?

As the biggest spender in the Government, let me put to my colleagues in this House why I not only accept but fully support a budget like this. I am the one who spends the most because of my statutory program and other programs of transfers of income to people and provincial Governments. It is immoral that these programs have to increase because of tough times in the economy. Mind you, it is good that these programs exist to help people in these difficult times. But I know very well that a highly productive economy is not necessarily the enemy of the population. On the contrary, it is with high productivity that I am assured of more funding for better social programs.

[*Translation*]

In other words, I feel we must have a highly productive economy if Governments are to improve the social programs they use to deal with problems that must, in fact, be dealt with by Governments, because the private sector does not operate according to the same rules. It is also my earnest wish that this highly desirable goal of increased productivity should be achieved in a manner that is both civilized and humane. We must keep our social perspective and always maintain, as the bishops requested in their letter, a scale of human values, with emphasis on the individual and not on corporate and technological considerations.

I think this is very important.

[*English*]

Another dimension of the budget has not been discussed very much because it is not spelled out in words in the budget. That is because at a time when social programs are under attack in other western countries, as is well known to the media, this Government has been able to maintain and even strengthen the social contract with Canadians. That is also part of the budget. There is an explicit budget which we can all read, and there is an implicit budget which we must decode. That is part of the budget just the same.

Canada, like all western democracies, is in a period of financial restraint. This budget will help us move toward recovery. However, we have kept our social commitment to Canadians. The American Government is seeking drastic reduction in social security spending. The Dutch Government has proposed a 12-month freeze on social service benefits, the closure of some hospitals and an increase in social security premiums. In France, which has a socialist Government, hospital patients will be required to pay daily for food and other non-medical services. The West German Government will require pensioners to pay health insurance contributions. Surely all these restraint measures will hurt those who can afford them least.

• (1610)

In Canada we have taken decades to build our social programs. Now we find ourselves in the most serious period of restraint since the thirties. We feel the pressure to ease the burden of these expensive Government services but we are determined to make this leaner time as equitable as possible. It is not just good enough to maintain the social policies that we have developed. It is not because times are tough that we cannot, here and there, keep budgetary restraint in mind and make sure our tax dollars are well spent. It is like a test. The social programs are being challenged to prove that they are useful, well run and necessary to the well-being of the country. In other words, we must use this time to make sure that we are serving Canadians well. That is the way I envisage the crisis that hit all of us and in particular, the most fragile sector of social security.

Recently there has been increasing discussion in this country on the issue of universality of our social programs. We have heard from many individuals and organizations on these important issues. Canadians have told us that they have a strong preference for the maintenance of universality as a basic element of social programs. Canadians do recognize, however, that a greater proportion of available funds must be aimed at helping families that need help most.

One of the areas that has brought forth a great deal of discussion is the child care expense deduction. The growing consensus—I have to use the word "growing" because it is not yet done throughout the country—is that the current child care expense deduction is totally inadequate. Daycare costs have risen tremendously since 1976 when the limit of $1,000 per child or $4,000 per family was set. Consequently, the past budget practice was unfair and especially onerous for single-parent families, mostly headed by mothers who must combine work and child rearing, a difficult task at best. It is much harder when you realize that women usually make only 58 per cent of men's salaries. The inadequacy of the child care expense deduction places a burden not only on the single-parent families but on families where both parents work. The Government has responded through the budget, and I am pleased about that.

[*Translation*]

The budget proposes changes in the child benefit system that will maintain the principle of universality in programs aimed at low- and middle-income families. In recognition of the real costs being incurred by families, we have increased the Child Care Expense Deduction from $1,000 to $2,000 per child and $4,000 to $8,000 per family, thus doubling the present deduction. This will certainly help those 750,000 children in families where the mother works outside the home, and I am referring to children under six years of age. This measure is an excellent one. I realize it does not cover the entire cost of child care, but it has never been the policy of this Government to subsidize the total cost of child care. Our objective is to support the family in its role of bringing up children in a society where all family partners are working. Of course, we take this opportunity to do away with the indirect sexual discrimination which did exist, since that assistance was provided only for mothers, and in response to the tribunal of the Canadian Human Rights Commission, the other family partner will henceforth be able to claim the deduction, according to the circumstances, and the spouse with the higher income of the two partners will be able to claim the deduction.

We have also taken a very significant step which will affect a great many people—precisely two thirds of all Canadian mothers. It has to do with the child tax credit, which has been increased by $50 this year to help families live through difficult times. Of course, that extra allowance was to be removed in the coming years. However, it will be maintained and, in addition, when mothers claim their child tax credit next spring they will still be entitled to a non-taxable amount of $343 for each child. Those extra $50 will cost us $85 million this year and $90 million next year. Obviously, although all that money is lost to the Government because it goes directly into the pockets of mothers, in this instance, they will not hang on to it very long and they will inject it right back into the economy through household expenses or purchases for the children. So that amounts to an investment in low income families and young couples who are still not earning very much in life. I fully endorse that measure and, as Minister of Social Affairs, I am delighted.

We have also advocated two other changes which in the future will enable us to channel our social expenditures where they are needed. If I may, I should like to comment briefly on them. The $26,330 ceiling with respect to the child tax credit will remain unchanged. That is a sizeable increase, and my colleagues will recall that when Parliament voted for that program in 1978 the limit was only $18,000. It has now been raised to $26,330 and our intention is that it should stay there. We will save some money, of course, for instance by maintaining the full indexation of the amount itself without raising the ceiling. It should be noted that this will not be done at the expense of people who need the money because, for a family with two children, the child tax credit in 1983 will still be paid

in part to people whose income does not exceed $40,000. I, for one, am therefore fully satisfied that most low and middle income Canadians will be protected. And what is to be done with all that money? This can be found in what is called the Fiscal Plan.

Money will be saved there, and I am glad because this measure is regressive in nature, it is not fair to those low income people who are paying no income tax. The exemption for dependent children, which I think amounts to $710 now, will remain the same, something I can live with for the following reason. All families, mothers and children whose parents are earning less than $11,000—you cannot go far with that nowadays—have never seen any of that money because they are not even earning enough to pay income tax, unlike all those who have more than an adequate income, such as all Hon. Members in the House of Commons.

[*English*]

All Members and Ministers fall into that category. Most people on the Hill, most people in Ottawa who earn good salaries, have never realized that they get quite good value out of that special exemption for each child—not the Child Tax Credit but the exemption of $710 which they deduct from their income on which they have to pay tax. That is worth a cash contribution of $400. I am very pleased that the ceiling of that has been frozen and that it will not increase.

I am very pleased that the Minister of Finance (Mr. Lalonde) has stated that these two future savings go into the social policy fund, a special fund that is mentioned on page 16 of the Fiscal Plan which in four years will become $585 million. It starts at the end of this year with $20 million and is piling up in a special bank account to become $585 million in four years. That will go to our most urgent needs for future funding in the social policy envelope.

I am extremely pleased about these measures, Mr. Speaker, and I could go on and on but I do not think I have time. But "social" also means all the low income housing which has been announced. It means—and this I want to stress as the Minister of Health directly responsible for the health status of the Indians in our country—that the good money put aside for Indian housing may not look as if it were directly connected, but if people knew how much decent housing is a factor in good health they would understand. We have had it so good for so long in the southern part of the country that we forget what it is like on Indian Reserves and in isolated parts of the country. Good housing, decent housing, means good health. Therefore, I am very pleased that an additional $14 million is put aside in the budget for on-Reserve housing, which will really be of tremendous help to improve the health standards and the socio-economic conditions of Indian communities. I believe all my colleagues agree with that.

• (1620)

I believe I should add one more element which is a social concern as well as a business one. That is the fact that *le petit monde*, the small people—and that may not be the exact expression in English—the workers, people with small incomes, will see great savings because of the fact they can now claim much higher expenses for their tools or other expenses related to their employment. That provision is excellent. There are a great many things I would like to say about the fact that our country has not embarked on Reaganomics. The budget, after a long suspense of several months, is the very proof, if I dare say, by what is not in it as well as by the measures I have just outlined, that Canada is not in the Reaganomics business or on a Reaganomics trip. I say that meaning no insult to our friends south of the border but simply to say that we have managed, and I am so very pleased about it, to save all the social programs and have maintained them.

Mr. Orlikow: Mr. Speaker, I would like to direct a question to the Minister. For a number of years now voluntary organizations have been banded together in one Canada-wide organization representing over 150 voluntary organizations many of which are involved in health and welfare fields, including the Cancer Society, the Canadian Mental Health Association, the YMCA and the YWCA, to mention a few. All of these organizations do important work. They also employ about 175,000 people. Since 1977 they have been urging the Government to eliminate the $100 automatic deduction which people are permitted to claim on their income tax returns for charitable and medical expenses, whether they made the contribution or not. These organizations wanted the Government to get rid of that $100 automatic deduction and give a tax credit of 50 per cent to people who actually make contributions to charitable organizations involved in various fields. They felt very strongly that that kind of system would enable them to raise a great deal more money to fund their projects which, if they were not funded by these organizations, would have to be funded by the Government. What the Minister of Finance (Mr. Lalonde) did the other night was to remove the $100 automatic deduction which gives the Government about $80 million more in taxes, but he did not do what the voluntary organizations had been urging him to do and which in 1978 he said was a good idea. Could the Minister tell the House why the Government did not do what the voluntary organizations urged it to do which to a good many people seems to be a very sensible step to take?

Miss Bégin: I could give an explanation even though I am not the Minister of Finance. I am very aware, of course, of the problem raised by the Hon. Member. I was very pleased to announce three weeks ago an additional $3.2 million in sustaining grants to voluntary organizations in the health and welfare fields. The answer is that in this budget we have taken the first step toward what they have asked. We believe it will help the associations to raise more real revenue. That was the thesis which was put to us. I was the Minister who attended several of the symposiums of the Coalition of Voluntary Associations. It is true that they wanted the deduction replaced by a tax credit. I do not have the figures from the Department of Finance. We could obtain them easily. I just do not have them with me this afternoon. The tax credit of 50 per cent is, of course, far more expensive to the Treasury than the

actual measure which existed in the budget. We will do it, I suppose, at a future time, but that could not be entertained right now for obvious reasons. However, the most urgent matter is to help the voluntary associations to get more funds from the public. They do not receive real funds when people hide behind the automatic $100 deduction without receipt. Now people will have a receipt.

There is one more thing which we need to correct in the future, and that is, to switch from the concept of an exemption to the concept of a tax credit. I acknowledge that. But to raise such a credit to 50 per cent of the donation is extremely expensive. We have not reached that level yet in the country from public funds. It is impossible this year, for obvious reasons, to consider that. We have taken the first step, however, and we have put the only resources available on job creation.

Mr. Orlikow: Mr. Speaker, surely the Minister knows that the voluntary organizations do provide services and do things for the Canadian people which, if they did not, would have to be done by Governments and would cost a great deal more money than they do at the present time. In the *Winnipeg Free Press* on Tuesday there was a front page story quoting Captain John Moore, the Director of the Salvation Army's Suicide and Crisis Intervention Bureau as saying that because of the fact that we have 1,658,000 unemployed and because Government programs are not making provision for more jobs, there are going to be more suicides. The Salvation Army's Suicide and Crisis Intervention Bureau is just one of many organization which operates to a large extent from the voluntary contributions of Canadian citizens. If they were not there, the federal and provincial Governments would have to provide the services. Surely the Minister knows, and anyone who has been involved in trying to raise money for voluntary organizations knows, that one of the best ways of getting people to contribute is to be able to assure them that they are going to get a refund, they are going to get a credit toward the payment of their income tax. Surely the request of the voluntary organizations made repeatedly since 1977 makes so much sense that even this Government should have paid attention. When they accepted the least important suggestion of the two made by the voluntary organizations, surely they could have gone the whole hog and adopted both suggestions.

Miss Bégin: Mr. Speaker, I would say no, we could not go the complete way. The Hon. Member has also made a mistake in the way he put his case across, and I would like to refer him to the Fiscal Plan, page 27, for the detailed figures. The truth is that in the past, dozens of millions of dollars were lost to the voluntary organizations by Canadian taxpayers who never donated a penny and got away with $100 deductions. Well, that is wrong. That is dozens of millions of dollars that did not go to voluntary organizations. We have not abolished the tax deduction; you are making a mistake on that. There is a tax deduction but with receipts. So that is an excellent step in the right direction. The next step, which is to give a bigger refund via a tax credit, will be for the future when the country is able to afford it.

• (1630)

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I would like to put a question to the Minister with regard to the reassessment of the social welfare program in New Brunswick where the new provincial Minister is hiring some 35 new inspectors to make sure that there is no cheating in the system. I do not think anyone can argue that there should not be cheating, but I point out that that devious Government was very careful not to talk about that during the recent election campaign. Has the Minister satisfied herself that that inquiry, or inquisition, is being carried out fairly and properly with regard to welfare recipients in New Brunswick?

Miss Bégin: To my knowledge no complaints have been received in my office. Of course, each time we see provincial initiatives like that which may threaten the rights of social service clients, or welfare payments, we make sure the basic rules of the game are respected. Knowing that tough times would make Governments take tough measures, I sent, particularly through the Family Allowance cheques, last August or September a little pamphlet explaining to people who need welfare and are refused welfare the appeal mechanism in each of the Provinces and the way they can make sure their rights are respected.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I appreciate the answer of the Minister but I point out to her that the election campaign in New Brunswick did not start before August or September. While the Leader of the Liberal Party publicly stated that he would take a careful look at the welfare system to make sure there were no cheaters, the present Government heaped scorn on him for suggesting such a thing, but after the election it immediately implemented the program he had suggested. Therefore, I would ask if the Minister would make sure she monitors the situation on a continuing basis because it is not possible to trust the motives of that Government.

Miss Bégin: We always do. We always do monitor that, and we are very sensitive to tough times in order that no accident takes place anywhere.

Hon. James A. McGrath (St. John's East): Mr. Speaker, I listened with great attention to the Minister of National Health and Welfare (Miss Bégin). I was glad to hear her finally say that she was conscious of the plight of the unemployed in this country. As she enunciated her social responsibility in defining them, she made one serious omission; she forgot to mention her responsibility with respect to the unprecedented unemployment situation we have in this country today. It was alluded to during the course of the question and answer period by virtue of the point being made that the scope and length of the unemployment problem was putting undue stress on the voluntary sector, the voluntary organizations in this country. I could go on to tell her that not only is it doing that—all you have to do is read about the soup kitchens and

the problems resulting from the unemployment situation—but it is also placing a very great burden on the Provinces which administer welfare directly and on the municipalities which administer welfare in other parts of the country. I know that in my own Province of Newfoundland, where we have an official unemployment rate of 21 per cent and a real unemployment rate more like 25 per cent, one in four is unemployed, the Government has had to tighten up on the administration of welfare and, as a consequence, people have had to go without. I have seen evidence of that; they have been in to see me. Now, I would have liked the Minister, who has left the House—that is the problem with this Government; it does not listen.

Mr. Evans: That is a cheap shot.

Mr. McGrath: Mr. Speaker, that is not a cheap shot. I listened to the Minister. I was in the process of replying to some of the things she said, and she got up and left the House. Now there is the cheap shot, not my drawing attention to it. I would have expected that she would have made some reference during the course of her speech to the necessity of dealing with this unemployment situation from a social point of view. It was supposed to have been addressed in the budget of the Minister of Finance (Mr. Lalonde). I would have expected the Minister responsible for social welfare in this country to have convened a meeting with her provincial counterparts to see how they can cope with the burden placed on the Canada Assistance Plan, the burden placed on the Provinces and municipalities administering welfare, and the burden placed on the voluntary sector, to see how the federal Government can assist these groups. But no, the Minister sits there complacently, saying that she is very pleased to say we have not cut back on social payments because of the recession. But she failed to admit that because of the depth of the recession, because of the size and length of the unemployment problem, undue and unexpected problems have been created. These are problems, Mr. Speaker, referred to by the Canadian Conference of Catholic Bishops in their unprecedented statement made immediately after the commencement of the new year. I quote from their statement:

> We have seen the social realities of abandoned one-industry towns, depleting unemployment insurance benefits, cutbacks in health and social services and line-ups at soup kitchens. And we have also witnessed first-hand the results of a troubled economy: personal tragedies, emotional strain, loss of human dignity, family breakdown and even suicide.

That is the social dimension of the problem, dramatically highlighted by the Bishops in their statement which we had hoped would be addressed this afternoon by the Minister of National Health and Welfare during the course of her speech. The Bishops went on to say, and the Minister obviously does not appreciate this fact, that there is nothing normal or natural about present unemployment rates. Indeed, massive unemployment, which deprives people of the dignity of human work, and inadequate family income, constitute a social evil. That, Mr. Speaker, is the kind of sentiment we would have liked to have seen addressed by the Minister today during the course of her speech in the House. She does have a responsibility to the people of Canada.

But let us see what the Minister of Finance has to say. He certainly identified the problem during the course of his budget address, or he pretended to address the problem. He attempted to deceive the people of Canada. I have described the budget as a terrible hoax on the unemployed, which is precisely what it is. Listen to what the Minister of Finance had to say. He said, "My dominant concern in preparing this budget has been to help the more than 1.5 million Canadians who want work but cannot find jobs." I intend to examine what the Minister proposes to do in the context of that statement.

• (1640)

Then, in the course of his budget speech he went on to say, as reported at page 24668 of *Hansard:*

> But the job losses we have suffered in this recession have been severe and, as employment begins to grow again, many workers who withdrew temporarily from the labour force will once again seek work. This will maintain upward pressure on the unemployment rate.

The unemployment rate is forecast to average 12.4 per cent this year, according to the Minister, and will only fall to 11.4 per cent in 1984. This means that we must reconcile ourselves to the prospect of over 1.5 million of our fellow citizens in this country unemployed and unable to find work. Of course, if we consider it in realistic terms, one is speaking more in terms of two million people this year. Given the growth in the labour force, according to these forecasts there will be something approaching two million people out of work in 1984.

Where does the Minister address the concern which he expressed in his budget? In March of this year, the official rate of unemployment stood at 12.6 per cent, representing 1.658 million Canadians out of work.

Let us consider youth unemployment, with 21.3 per cent represented, or 621,000 young people. We are speaking of young people between the ages of 15 and 24. If one takes that into account in terms of the total labour force, one finds that they account for 25 per cent of the labour force. Therefore, young people represent 40 per cent of the unemployed.

Of course, I could go on and speak of the long-term unemployed. Almost 1 million Canadians, well over 900,000 people in this country, have been unemployed for three and one half months or more. Since August of 1981, we have seen the loss of 523,000 jobs in this country. Let us go back and see how that compares to other years. Between 1973 and 1980, there was an average of 271,000 new jobs per year created in the economy in Canada. Here we are speaking of a loss of 523,000 jobs since August of 1981. In 1982 alone, 359,000 jobs were lost. We look at the unemployment rate, and what do we see? In terms of unemployment, there is no hope, in spite of the fact that the budget is supposed to hold out hope for the unemployed. This was supposed to be the answer.

Prior to the bringing down of the budget, we were told, "Wait until the Budget is brought down". We were told that the Minister of Finance would address the problem of unemployment in the budget. What did he do? Consider his own forecast. We will consider the expectations before we even

consider the money which has been targeted for job creation and stimulation of the private sector. At the end of 1982, 1.317 million Canadians were unemployed. That was the highest rate since 1933, during the height of the Great Depression. What do we expect between 1982 and 1985? In 1985, 1.347 million people will be unemployed. In other words, more people will be unemployed at the end of 1985, when we are supposed to be well into recovery, than at the end of 1982, when there was the highest rate of unemployment since the Great Depression.

Where is the budget going in terms of addressing the unemployment problem? We should consider the level of employment since 1981, in other words, the jobs in the labour force. In 1981, there were 10.933 million jobs in Canada, and that dropped in 1983 to 10.511 million jobs, for a decline of 422,000 jobs. Yet the growth in the labour force will more than offset any job creation which we can expect from the initiatives taken by the Minister during the course of his budget debate.

Concerning 1983-84, let us consider what the Minister of Finance, through the Minister of Employment and Immigration (Mr. Axworthy), expects to do with the over $440 million designated for direct employment. In 1983-84, we can expect 36,000 new jobs as a result of the new expenditures under the NEED Program, as well as 27,000 jobs from special youth initiatives, 5,000 jobs from the special employment initiatives, and so on it goes. However, this new money will only create jobs for 6 per cent of the total unemployed this year, or a total of 101,000 jobs.

Where is the promise that was held out by the Minister of Finance? Where is the initiative which was to have been taken? I would have liked to have seen the Minister move in terms of providing incentives to the private sector by way of refundable employment tax credits. What do we receive instead? A slight expenditures of $90 million over two years is supposed to provide wage subsidies for young people. Over 600,000 young people are unemployed, and they are soon to be joined by another 300,000 graduates from our post-secondary institutions and high schools. Therefore, we can see how insignificant the direct wage subsidies will be in terms of addressing youth unemployment. Yet we were told by the Minister of Employment and Immigration during the course of his speech that the Government has discounted out of hand refundable employment tax credits, notwithstanding the fact that this would have an immediate impact on job creation and would create permanent jobs as opposed to the short-term jobs which would be created by the NEED Program and various make-work projects which the Minister announced during the course of the budget.

I suppose one could say that if one went the route of refundable employment tax credits, then there would be no direct way for the Government to intervene in terms of porkbarreling or being able to use the patronage apparatus which supports the Government. However, the fact remains that even within the Minister's own Department, even with the short experience we have had with employment tax credits, this is a much more inexpensive, efficient, direct and immediate way to create jobs. Yet the Government fails to act and tries to justify it by dismissing out of hand this means of creating employment.

I could go on, and I note that the Minister has brought in a special program analysis of a job strategy for the eighties which he tabled in the House yesterday and which, by unanimous consent, has been referred to the Special Committee on Labour, Manpower and Immigration. It is very interesting that that is the one Standing Committee involved with line Departments of the House. It was only struck this week, two months after the other committees were established, and then only after pressure was brought to bear on the floor of the House. We had our first meeting last Tuesday and we elected a Chairman, yet there is no meeting of that Committee today. Why? It is because the Ministers were not prepared to go to that Committee and meet with it. The Unemployment Insurance Commission, which is laying out billions and billions of dollars, was not prepared to meet with that Committee. The Committee could not meet today to deal with the incentives or the initiatives, whatever initiatives could be identified, in the Minister's budget. They will not be meeting until next Tuesday. Hopefully, we will be meeting with the Minister of Labour (Mr. Caccia) who is accountable to Parliament through that Committee. More important, I hope we will have an opportunity next Tuesday to meet and hear from the Minister of Employment and Immigration so we can examine the paper that was tabled in the House yesterday and so we can examine just exactly what the Government proposes to do in terms of job creation in real terms. I hope he will not try to play a shell game with Parliament by playing with statistics and figures. We want answers in terms of what the Government is getting for the money it is spending on direct employment. As I indicated, it can be demonstrated that the new money the Government is spending on direct employment, if I can use the metaphor, is a drop in the bucket. It is less than 6 per cent in terms of the total impact on the unemployment situation.

• (1650)

I have already indicated to you, Mr. Speaker, that what disturbs me and disturbs Canadians everywhere is the recognition implicit in the budget, indeed explicit in the budget, that unemployment will be here for a long while. We will have double-digit unemployment for at least three, four or five years. We can take that as gospel because the Minister has indicated that in his own budgetary forecasts. Yet all we get from the Minister of Employment and Immigration, who has the responsibility of advising the Minister of Finance on his budget, is ongoing—more of the same—in terms of the NEED Program which now has over $600 million in funds for a total to date of 27,000 jobs. That program has been in operation since last October and it was supposed to meet the needs of those in dire straits.

Of course, we have the student employment programs. How many jobs will we get? Will it be 50,000 or 100,000 for the 600,000 to 900,000 young people who will be on the unemployment rolls of this country next month? It is not only shameful

but it is tantamount to being criminal the way this Government approaches and addresses itself to the unemployment problem.

I am hoping that we will hear from other Ministers during the course of this debate because we have heard nothing so far from which we can draw any encouragement. We have not heard anything from the Minister responsible for social policy as to her responsibility in terms of addressing the ongoing nature of the unemployment problem and the social consequences that derive from long-term unemployment. Certainly I am not alone in this House in having direct experience with it. I suppose everyone of us when we go back to our constituencies is directly confronted with the problems of the unemployment situation. If there is a problem in the economy, if the economy has a cold in terms of a recession, then in certain parts of the country it amounts to a case of pneumonia. In my own Province, if the national economy has a cold it gets chronic pneumonia. We have twice the official rate of the national unemployment in my Province of Newfoundland and no prospects, because of continuing Government deficits, to cope with that situation. We have no chance whatsoever to deal with our unemployment in terms of the social need attendant on it in terms of additional welfare benefits. I believe this is a serious problem, Mr. Speaker, and I do not believe the Government is addressing it.

The Acting Speaker (Mr. Corbin): Questions?

Mr. Schroder: Mr. Speaker, I did not want to interrupt the Hon. Member when he referred to the absence of the Minister of National Health and Welfare (Miss Bégin) because I felt I did not want to impinge upon his time. But I think it is only fair for the House to know that the Minister is a witness before the Special Committee on Pension Reform this afternoon. She was 20 minutes late going before the Committee and therefore she could not stay to listen to the Hon. Member's address. I listened to it with care, and I will talk to the Minister about some of the matters that were brought up.

I think we would all agree that pension reform is one of the basic factors in the social welfare and the social well-being of Canadians. I hope the House will not think the Minister is not interested in social reform, social programs or social activities because she was not here. As I said, she went to the Special Committee on Pension Reform as a witness.

Mr. McGrath: Madam Speaker, I accept the Hon. Member's intervention. It was not my intention to take a "cheap shot" at the Minister of National Health and Welfare (Miss Bégin). I did think and I do feel that this debate is important enough that the ordinary rules of parliamentary etiquette be followed. Certainly when a Member in his place finishes his speech, he or she should have the courtesy, if I can put it that way, of staying in his or her place to hear whatever rebuttal there is to what was contained in the speech. That is common parliamentary etiquette. I am sorry it was not followed in this case because I believe it is essential that the Minister responsible for social policy in this Government hear the concerns expressed in this House with respect to the social consequences of unemployment. I believe, and I say this more in sorrow than in anger, that the Minister of National Health and Welfare is living in a sheltered world having isolated herself from that aspect of her responsibilities.

The Acting Speaker (Mr. Corbin): Any further questions or comments?

[*Translation*]

Mr. Rémi Bujold (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I am very pleased to be taking part in a debate that is so important in view of the current economic situation. I was very glad to see that on Tuesday, the 19th, the Minister of Finance (Mr. Lalonde) brought down what is probably the most expansionist budget ever, a budget that in both the short and long term will prove to be the best answer to dealing with the unemployment situation.

Looking at this budget which comes after several months in which we have seen signs of economic recovery and a drop in inflation, we will find incentives for the private sector that will enable many Canadian businesses to continue this recovery and to provide even more productive and long-term jobs across the country. The 2.2 billion, to be injected into the economy over the next four years through special recovery programs, will certainly help to spur and accelerate economic recovery. I agree that this will not remedy all our problems in this country, but we shall certainly see a renewed confidence among all Canadians, and especially among those in the private sector.

When the Minister of Finance brought down this budget, he had to bear in mind the extremely difficult situation of many Canadians who are having to cope with unemployment. That is why the Minister decided to inject $710 million more into direct job creation programs. I know the Opposition said this is not enough and that we should have injected more funds, but I believe the Minister of Finance preferred to bring down a balanced budget that would respond to present and future needs and would therefore respond to the pressing problem of unemployment.

I was listening earlier to my colleague, the Member for St. John's East (Mr. McGrath) who referred to the letter published by the Catholic bishops. The Minister of Employment and Immigration (Mr. Axworthy) is indeed anxious to consider proposals and recommendations from all levels of society. He has been able to meet with some of the bishops from the Conference and discuss with them ways of improving the employment situation and finding solutions to very pressing problems.

• (1700)

I notice that my colleague referred to the Standing Committee on Labour, Manpower and Immigration. We shall certainly have an opportunity, in committee, to consider in detail the

entire employment situation in Canada and how we could, realistically, find jobs for the unemployed. Papers were tabled in the House yesterday, with the unanimous consent of the House, and I would like to take advantage of this opportunity to thank our two Opposition critics for agreeing to let the Minister table the document in question and refer it to committee, where we shall be able to have some frank and straightforward discussions about finding realistic solutions to the unemployment problem in Canada.

Mr. Speaker, in line with the new budget, and within our own Department of Employment and Immigration, the Minister has decided to restructure all our job creation programs and to follow up what the Minister of Finance said the other evening, namely, that the Government would try to eliminate as much as possible all the administrative red tape from these programs.

Across the country, the NEED Program has shown that it is possible to streamline administrative procedures in order to create jobs as quickly as possible, and I believe that by amalgamating various programs in our Department, we can substantially reduce the administrative workload for many programs and enable a large number of Canadian workers to get the jobs as soon as possible.

Of course, employment opportunities for the eighties had to be a major concern when amalgamating programs and restructuring the Department of Employment and Immigration. As I pointed out before, many Canadians in industries and regions across the country have been severely affected by the profound changes that have taken place in our society in the past five or six years, and especially this past year.

The manpower requirements of our industry have changed dramatically, Mr. Speaker. That is the reason why over the past year the Minister has had, and intends to continue to have, consultations with Canadians everywhere in this country, and I am sure that the committee meetings we will hold over the next few weeks will be beneficial in terms of our planned improvements under these programs.

Thus, Mr. Speaker, the Minister has decided to gather into four different groups the previous 12 programs administered by the Department of Employment and Immigration with a view, as I said before, to reducing the red tape involved in the implementation of these programs, meeting job requirements, and supporting the job creation effort and the economic growth in all parts of Canada as a whole, but especially in slow growth areas.

Mr. Speaker, I should like to spend a little time explaining just how these four programs will be established and to what target group they will be directed.

The first program, and important one to be known as the ACCESS program will deal of necessity with human resources. I think it will greatly help channel the measures aimed at developing human resources by unifying them under a single program. Mr. Speaker, this program will therefore combine those formerly known as DPEP, namely the Portable Wage Subsidy Program, the New Technology Employment Program, the Summer Canada Program stages which began this year, as well as the Canada community development projects. The new ACCESS Program is therefore aimed directly at those who are disadvantaged on the labour market. Through this program, we can go to the regions with a very low rate of economic growth and few job opportunities and return to the labour market those individuals who have failed repeatedly to find a job.

Mr. Speaker, a second program is also very important, in my opinion, the Youth Job Corps Program. As I said earlier, the drastic changes we have seen on the labour market these last few years have brought home to us the fact that many Canadian workers had neither the skills nor the work habits needed to find a paying job. This new program will therefore combine part of the Local Employment Assistance Program, or LEAP, and the Youth Job Corps element of our community development projects aimed at students or young workers to provide young people that are disadvantaged on the labour market with opportunities they did not have before.

Mr. Speaker, a third program is aimed directly at employment development. As I indicated earlier, this is the NEED Program which was implemented last fall, and in this regard, I would like to correct something that my colleague for St. John's East said. This program came into effect last October 27. We have to remember that it was announced last October 27 and that the Minister of Finance then announced that projects would first be approved early in February 1983. The data then available and later collected by the Department prompted the Minister of Employment and Immigration to ask the Minister of Finance to implement this program without delay and put it into effect in early January to meet the needs of jobless workers at that time. The program therefore started early in 1983 and has resulted to date in the creation of 35,000 jobs throughout the country.

Obviously, neither this program nor our other job-creation initiatives will enable the Government to hire all the unemployed in Canada. The question that we must ask ourselves is this: Are the Federal and Provincial Governments solely responsible for hiring all the workers in the country? Mr. Speaker, I believe that the private sector must share some responsibility for hiring workers, and that is why part of the budget is aimed at this sector of the Canadian economy to restore the climate of confidence of which Canada has always been so proud, so that the private sector can do its share in hiring the unemployed.

Even to this date, Mr. Speaker, under the NEED Program, many excellent projects were developed in certain communities because people believed in them and were willing to give their

time to set them up, and in many cases, by providing temporary employment, these projects have made it possible to protect long term jobs and create others.

• (1710)

That is why $280 million will be injected into this program over the next two years, which will necessarily have beneficial effects on the Canadian economy as a whole, and most important, a direct effect on unemployment. The NEED Program is the result of merging the program in existence since October with all the job-creation programs established under Section 38 of the Unemployment Insurance Act, which were also very successful throughout the country, especially in my own region, the Gaspé Peninsula, where we were able last year to hire people then on unemployment insurance and put them to work in the forest fighting the spruce budworm epidemic. All these workers were then able to work for 20 to 30 weeks during the fall, so that they were once more eligible for unemployment insurance.

Of course, an additional amount of $100 million dollars allocated to this program will benefit the people of my region and of many others across the country. Mr. Speaker, the new NEED Program will also include the community employment and Summer-Canada programs, that is the community project stream of the Summer-Canada program. Finally, the community development program which we have known for three years now, namely the new NEED Program, will enable us to help especially the highly underprivileged regions. When I look at my colleague from St. John's East, it is obvious that Newfoundland, which is in an underprivileged region of Canada, will have its share of the projects and be in a position to benefit from those programs.

Finally, Mr. Speaker, the fourth stream of those job-creation programs will be the community employment expansion program. It will contribute to the long term development of employment, particularly in those regions where the unemployment rate remains high and where the economic recovery will probably be slower than in other regions. That is why such a program will obviously be very important in areas like Eastern Quebec and the Maritime Provinces.

Those, Mr. Speaker, are the four streams within which the Department of Employment and Immigration has attempted to regroup a wide variety of programs to make it easier for all Canadians, and particularly workers who want to benefit from those programs, to understand what they are all about.

There is also another subject which I would like to comment on and which is of great interest to me and to many of my colleagues on this side of the House. I am convinced that our friends opposite are concerned as well about that problem, namely youth unemployment. Last Tuesday's budget has shown that the Federal Government wants to tackle head on the thorny issue of jobs for young Canadians. Hon. Members may recall that, in early January, the Minister of Employment and Immigration attended a federal-provincial conference in Edmonton and urged his provincial colleagues to work closely with him in an attempt to find quick solutions to the problem of unemployment among young people.

The Summer Canada Program announced recently will enable us next summer to create 70,000 jobs. As a result of the budget of last Tuesday, we will certainly be in a position to create more jobs, in view of the fact that $95 million have been allocated to the Youth Wage Subsidy and Internship Program throughout the country. As a result of that measure, businesses will be able to hire young people and give them the opportunity to acquire the necessary experience to enter into the job market. I believe this is a major step and in the coming weeks, we will have the opportunity discuss further the measures the federal government intends to take with a view to helping the youth of our country.

In closing, I should like to point out that the Gaspé area and the Bonaventure-Îles-de-la-Madeleine constituency that I have the honour to represent in this House will derive some advantages from the budget. When looking at the unemployment figures for the month of March, we realized that Eastern Quebec held the record as far as the unemployment rate is concerned. I am convinced that because of this budget and the various job creation programs and other programs as well, we will be in a position to solve the difficult unemployment problem and to provide jobs to the largest possible number of people.

[*English*]

Mr. Orlikow: Mr. Speaker, I wish to address a question to the Hon. Member. We now have almost two million people unemployed. According to the Government's figures, we will have 12.5 per cent unemployment this year and 11.5 per cent next year. It costs the Canadian taxpayers $1 billion a month to subsidize the unemployment insurance system. This means we are paying people $1 billion a month to stay home and not work.

The Hon. Member indicated that his area, the Gaspé, has the highest rate of unemployment in this country. If we can afford to pay $1 billion for people not to work, why is the Government so satisfied when the Government says all we can afford to pay out on job creation programs is less than $2 billion a year? Why can we not find at least half the amount of money we pay out in Unemployment Insurance so that Canadians can do the useful work which this country needs so badly?

[*Translation*]

Mr. Bujold: I hope, Mr. Speaker, that the Hon. Member is not suggesting that we should drop the unemployment insurance system in Canada. It must be recognized that many Canadian workers are seasonal workers and that unemployment insurance enables them to live for the rest of the year. The Hon. Member referred to my own region. Obviously, in an area like eastern Quebec and Gaspésie, where the economy is based on tourism, farming and fishing, seasonal workers are

employed, and the unemployment insurance program enables them to draw a decent income on which they can live all year long. Also, within the framework of this unemployment insurance scheme, the Canadian government and the Minister of Employment and Immigration have been able this year to put forward programs like the one under Clause 38, where we have carried out everywhere in this country countless projects which were extremely valuable for the collectivities concerned. We have also established this year the work sharing program, thus helping to maintain thousands of jobs. For these reasons, the unemployment insurance program is of utmost importance and must be maintained. The moneys that have been announced in the Budget for job creation programs will contribute to lower the unemployment rate throughout the country and will provide jobs for people who are experiencing difficulties, and also, in many cases, long term jobs.

• (1720)

[*English*]

Mr. Orlikow: Mr. Speaker, surely the Member knows that nobody in our Party would suggest reducing the extent of the unemployment insurance system. We have repeatedly called for the Government to change the system to provide for extended benefits for the tens of thousands who are coming to the end of their Unemployment Insurance benefits. I ask the Member why we can find the money to pay people to do nothing. Surely there is reforestation in the Gaspe Bay, there is improvement of sewer and water systems, there is the rebuilding of schools, there are dozens of projects that could provide employment. The local people could tell the Government this. They could tell the Member this if he cannot take the time to look and see for himself what needs to be done so that people can be put to work doing something productive rather than being paid to sit at home while they draw Unemployment Insurance benefits or welfare benefits. These benefits are so harmful to the well-being of the people. I ask the Member to consider this.

[*Translation*]

Mr. Bujold: Mr. Speaker, I have just pointed out that the Department of Employment and Immigration has introduced in the course of last year two programs designed for that specific purpose, that is to hire people instead of keeping them idle on unemployment insurance. Those measures have allowed us to put them to work pursuant to Section 38 of the Act and to the Shared Work Program. They have allowed us to reach people who otherwise would have remained at home and return them to a productive activity within the community and make them work. That was the reason why we wanted to revitalize our employment programs and as the Minister of Employment and Immigration has pointed out on several occasions, he is open to any such suggestion. I am sure that the Hon. Member who will be sitting on the committee will make suggestions along that line, but I want to tell him that we already have within the Department and under our legislation the services and facilities needed to hire that kind of people.

Mr. Keeper: Mr. Speaker, I should like to ask a question from the Hon. Member for Bonaventure-Îles-de-la-Madeleine (Mr. Bujold). He referred to the Shared Work Program and his Minister described it as being quite a success. He knows that the program had a low record in Quebec, the Province most affected by unemployment. How can he maintain that the program is a success when it has a rather uneven impact on the entire country and a very small one in Quebec?

Mr. Bujold: Mr. Speaker, let me congratulate my colleague for his tremendous progress in learning the language of Molière. Surely, within a few months he will be speaking French as fluently as most French Canadians.

Clearly, Mr. Speaker, work sharing has been immensely popular throughout the land. Again, I say that the program will be as successful as expected if we can rely on the co-operation of each and every sector in this country, and I would especially urge my friend from the New Democratic Party to pressure all unions so they will also co-operate in implementing work sharing arrangements. I could give him examples in the Province of Quebec of unions that have refused to do so for a variety of reasons. But although the program had slower beginnings in Quebec, it has caught up with other Provinces. The results so far are extremely favourable, and so are the comments heard from those in Quebec who have benefited from the program.

Mr. Keeper: Yes, I want to be very clear, Mr. Speaker. Did I hear the Hon. Member say that unions in Quebec are responsible for the poor performance of the program in that Province? Can he realize that in order to be a good program it must have a goal? Why then should labour unions be blamed?

Mr. Bujold: Mr. Speaker, I referred earlier to my colleague's progress in learning the language of Molière, but let us not be carried away. I pointed out that one of the reasons why the program had slow beginnings in Quebec was that certain labour unions refused to accept it. Of course there were a variety of other reasons, but I concluded with the remark that the program was also tremendously successful in Quebec and has preserved thousands of jobs. The comments we have heard throughout the Province currently show the program has been very well accepted and is wanted mainly by the people at large.

[*English*]

Mr. Blaikie: Mr. Speaker, the Parliamentary Secretary did not answer the question of the Hon. Member for Winnipeg North (Mr. Orlikow) in any way at all. I would like to put the question to him again in perhaps a different form. Could he tell the House why it is that the Liberal Government will not spend the money which it is now spending on Unemployment

Insurance to put those same people who are receiving unemployment and welfare back to work? What would be wrong with that? What is it in the makeup of the Liberal Party that makes it unable to imagine that it would be better to have people working, that it would be better to spend that incredible amount of money on creating meaningful work than to spend it paying people to do nothing? Why is not that an option to consider? I can only imagine that it must have something to do with the commitment the Liberal Party has to the economic status quo in this country, that their corporate bagmen would not want that amount of interference in the economy because it would change it fundamentally.

The Acting Speaker (Mr. Corbin): Order. I am afraid that question will have to be taken as a comment because the time provided for questions and comments has now expired.

An Hon. Member: That is not fair.

The Acting Speaker (Mr. Corbin): I am afraid it is fair under the rules. Ten minutes are provided for questions and comments, and that ten minutes has expired. The only way we could proceed further is by unanimous consent to allow the Parliamentary Secretary to answer. Is there unanimous consent?

Some Hon. Members: Agreed.

[*Translation*]

Mr. Bujold: Mr. Speaker, I would like to thank my colleagues for giving me this opportunity to answer my friend from the New Democratic Party. This is exactly what we are doing. We are using unemployment insurance funds to create productive jobs, under Section 38 and the Work Sharing program. This is what we are now doing. But I would point out to my honourable colleague that we can create jobs in so far as it is possible. Clearly, in a small Magdalen Islands community with 2,000 fishermen, we cannot have them all roaming the seas all winter long merely because we say we are creating jobs. We took steps in that direction within our own Department, and we intend to go on using unemployment insurance funds to go and get people out of their homes and bring them back on the labour market. This is what we have been and will be doing, Mr. Speaker.

[*English*]

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, in this debate we are discussing a budget which offers Canadians absolutely nothing in the short term. Those nearly two million Canadians out of work will remain out of work. The budget addresses in no way at all the dilemma, the harm, the tragedy of that unemployment situation. Indeed, the Minister's projections for this year indicate employment will decrease. Not only will unemployment go up, but employment will decrease. There will be fewer jobs at the end of this fiscal year than there were at the beginning of this fiscal year. The only reason the unemployment rate will be as low as he is predicting is that, as he is predicting, more and more Canadians are going to give up and quit and leave the labour force and therefore not be counted among the unemployed. A budget at this time, with this crisis, that the Minister predicts will result in less employment in Canada, has to be considered an utter failure in terms of that number one social problem.

• (1730)

In the long term this budget has to fill every sensible Canadian with terror. We are following the road that has been followed by such great economic examples as Brazil, Argentina and Mexico. We have the absolute refusal of this Liberal Government to recognize the fundamental reality that you cannot spend more than you earn—not over any reasonable period of time.

Looking at the deficit figures and the debt that is projected, any sensible person must be terribly worried about the future of the country. A deficit of $31.2 billion is forecast for this year. That is a colossal deficit, Mr. Speaker. One might say that in a time of terrible recession we should not expect a reduction of the deficit, but the Minister predicts that in a year or so, with a relative growth rate of 5 per cent—a growth rate that we have not seen since the fifties, a growth rate which for Canada would be extraordinary—the deficit in 1984-85 will be $28.7 billion, in 1985-86, $26.6 billion and in 1986-87, $25.6 billion. That falls in exactly the same category as Mexico, Argentina, Brazil, Poland and Romania, these other wonderful examples of astute economic management.

Perhaps you saw on the CBC television program "The Journal" last hight, the Dean of Management Studies at the University of Toronto. He said that as a result of those predictions he forecasts that for a couple of years things will be bad and that next year we may think things are good, but after that we should prepare for the economic holocaust. He said that interest rates will be well in excess of those of a year and a half ago, well over 20 per cent, and he spoke of runaway inflation as the only possible development from these projected deficits.

If we are to have the 5 per cent growth rate that the Minister talked about, that means business is going to invest. It means growth in the economy, and that requires money. They are going to be out in the capital markets lending money, trying to get access to Canadian savings. But the Government is going to be there too, to fund these monstrous deficits plus refund the accumulated deficits. That competition for funds can only have the consequence of higher interest rates. If the Bank of Canada does not print any more money, the supply and demand equation will give high interest rates; if the Bank of Canada does print money, it will be inflation that is caused by that excess money that will ultimately give high interest rates. No matter what the standards, that is the inevitable result.

Only one thing would prevent that from happening—a return to a recession, for business to get out of the marketplace from borrowing money, for a return to what we have had for the last year. That will prevent high interest rates—a depression. Because of the cycle we are in, brought about by the mismanagement of this Government, that is the prediction of

the Dean of Management Studies of the largest university in the country.

How Hon. Members opposite and members of the business community who pronounce themselves satisfied with the budget can remain satisfied in view of that kind of future is beyond my comprehension. They either do not agree or cannot see that far in advance. Perhaps they have not stopped to think beyond this year and next year about the consequences that kind of spending or that kind of deficit will have on the future of the country.

By the end of this year or next year this budget may help; that has to be acknowledged. The changes that affect business may help, and perhaps we can anticipate that next year things may not be bad. I guess it is pretty safe to say that is likely to be the time of an election. We have an election budget that says, "To hell with the unemployed this year, we are not going to do anything about them. The heck with the future two years or more ahead which fills any sensible Canadian with terror. What we have to worry about is next year because that is when we are going to the polls. The country's future is not nearly as important as the election of the Liberal Party. That has to be the first priority of any Liberal Minister of Finance—to turn things around to get the Party re-elected. If that means putting the economic future of the country in jeopardy, so be it; if that means keeping two million people unemployed this year, so be it. It is cheap at the price to sacrifice those Canadians and to sacrifice the future of the country if you can put together a budget that will make things look nice about the time we have to go to the public to ask for their vote." That is what we have here, Mr. Speaker. That is what we have been getting and that is why the country is in such a mess today.

One of the major reasons we got into this mess is attributable to the skills the Liberal Party has shown in public relations and flim-flam. Let me give an example. Once upon a time in this country and today in most decently run countries, companies or families, a budget consisted of a revenue and expenditure plan. A family or business assessed their revenues, and on that basis put together an anticipated expenditure plan. A family would look after groceries, housing, education, and if anything was left over, it would be saved or perhaps spent on a vacation. Things are a little more complicated for companies. They think about investing for the future and perhaps having to borrow for that. They think about cash flows, whether they will have to borrow for that and what would be needed to pay that debt off in future. Most countries run things that way. Certainly that is how things are done in the United States. In January each year the Government presents a plan to Congress containing a revenues side and an expenditures side. The elected representatives of the people in Congress study it, amend it, change it for six months and then, at the end of October it becomes law.

In this country we separated these two functions as if expenditures and revenue saving had nothing to do with each other—as if they were totally separate considerations and you did not have to worry about expenditures when talking about revenue, and vice versa. We have come to the current absurdity today where there is no relationship between the Government's spending plans and its ability to raise the revenue to finance those plans. So we look at each part of the equation as an exercise in public relations, as a political exercise, as a flim-flam exercise.

• (1740)

You will recall, Mr. Speaker, on February 27, 1983, as required by the Standing Orders, the President of the Treasury Board (Mr. Gray) tabled before this House the Estimates of Government expenditures for this year. He stood up and formally declared to this House that the Government remained committed to restraint. It had done a careful job of assessing how much money will be spent this year and it was holding it down to a mere 9.6 per cent increase, $85.62 billion, but only a 9.6 per cent increase, showing its concern for restraint. We asked the Minister, what about Supplementary Estimates which might come on during the rest of the year, and we were told, "Don't worry. We have a reserve to take care of that. We are confident that the 9.6 per cent increase is accurate. We are confident in our numbers. We are restraining expenditures. Don't worry." We accused the Minister of flim-flamming the House. He said, "That is not true. Those are our spending plans, not one penny more. We are being very careful." Well, Mr. Speaker, what happened on Tuesday evening not quite two months later? The Minister of Finance (Mr. Lalonde) stands and in essence says the President of the Treasury Board misled us two months earlier. In essence he said that the President of the Treasury Board did not know what he was talking about when he told us that he was presenting the Government's spending plans, because the Government's spending plans were not $85.6 billion, as the President of the Treasury Board solemnly assured us they would be. They had gone up to $90 billion. Actually, on Monday night it was only $89.8 billion, but because the Minister of Finance was caught misbehaving, violating his oath of secrecy, we suddenly had another $200 million. Suddenly, just out of the blue, there is another $200 million. The President of the Treasury Board said, "We are careful with your money. We look at every penny. We don't spend what we don't have. We are committed to restraint." The Minister of Finance then stands and says, "Oh, well, we are throwing in another $200 million because I don't want to be made out as having leaked the budget, which I did, I know, because of the oath of secrecy which I technically have not violated because I changed things which I have a right to do right up to the last minute."

Mr. Fisher: Which he does. He has the right.

Mr. Andre: The Parliamentary Secretary will soon have a nose as long as his Minister if he has as much respect for truth and integrity as his Minister.

Mr. Fisher: You don't think he has the right to change his own budget?

Mr. Andre: I do not think any Minister of the Crown has the right to flim-flam the Canadian public, to leak budgets, to

violate conflict of interest guidelines and to deceive this House at any time, and any self-respecting Minister would resign.

Some Hon. Members: Hear, hear!

Mr. Andre: That is the tragedy of this country, Mr. Speaker, that flim-flam passes for policy.

Mr. Fisher: Nonsense. Come on!

Mr. Andre: It is a tragedy that solemn commitments of this Government as to their policy can be violated like that, without any consideration, because they know they can count on a silent, obedient, non-thinking backbench, who will say, "Aye, sir, Aye" to the most outrageous behaviour because they are not going to jeopardize their opportunity to get appointed as Chairman of Air Canada or Chairman of the CNR or to be appointed to the Senate. They are not going to jeopardize that possibility by thinking, by being concerned about Canada, by suggesting that Ministers should be honest and should obey guidelines and should not leak budgets, and if they do, however accidentally, they must take the consequences of their action. Never would one of those Hon. Members be expected to require that standard of behaviour. Not on your nellie. Oh, no, no, no! Let us get our priorities straight. Looking after Liberals is what this place is all about. Canada comes second, and a damned poor second.

We know, Mr. Speaker, that the Estimates tabled by the President of the Treasury Board just two months ago were flim-flam. They were inaccurate. They were wrong.

[*Translation*]

The Acting Speaker (Mr. Corbin): Order, please. It being 5.45 p.m., it is my duty, pursuant to Standing Order 64(6), to interrupt the proceedings and put forthwith every question necessary to dispose of the amendment to the amendment.

The question is on the amendment to the amendment (Mr. Riis). Is it the pleasure of the House to adopt it?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Corbin): All those in favour will please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mr. Corbin): All those opposed will please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mr. Corbin): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Corbin): Call in the Members.

The House divided on the amendment to the amendment (Mr. Riis), which was negatived on the following division:

● (1750)

(*Division No. 318*)

YEAS

Messrs.

Andre
Anguish
Baker (Nepean-Carleton)
Beatty
Blackburn
Blaikie
Blenkarn
Bosley
Bradley
Broadbent
Cardiff
Carney (Miss)
Clark (Yellowhead)
Clarke (Vancouver Quadra)
Cook
Cooper
Corbett
Cossitt (Mrs.)
Crosby (Halifax West)
Dantzer
Darling
Deans
de Jong
Dick
Domm
Ellis
Elzinga
Epp
Forrestall
Friesen
Fulton
Gilchrist
Greenaway
Gurbin
Halliday
Hamilton (Swift Current-Maple Creek)
Hargrave
Hawkes
Heap
Hnatyshyn
Hovdebo
Huntington
Jarvis
Keeper
Kempling
Kilgour
King
Knowles
Kushner
Lambert
La Salle
Lewis
MacDonald (Miss) (Kingston and the Islands)
MacDougall
MacKay
Manly
Mayer
Mazankowski
McCain
McDermid
McDonald (Ms.) (Broadview-Greenwood)
McGrath
McKenzie
McKinnon
McKnight
McLean
McMillan
Miller
Munro (Esquimalt-Saanich)
Murphy
Murta
Neil
Nickerson
Nielsen
Nowlan
Ogle
Orlikow
Parker
Reid (St. Catharines)
Riis
Robinson (Burnaby)
Roche
Sargeant
Schellenberger
Scott (Hamilton-Wentworth)
Scott (Victoria-Haliburton)
Siddon
Skelly
Speyer
Stevens
Taylor
Thacker
Thomson
Towers
Vankoughnet
Waddell
Wenman
Wise
Wright
Young—100.

NAYS

Messrs.

Allmand
Appolloni (Mrs.)
Axworthy
Bachand
Baker (Gander-Twillingate)
Beauchamp-Niquet (Mrs.)
Bégin (Miss)
Berger
Blais
Blaker
Bloomfield
Bockstael
Bossy
Bujold
Burghardt
Bussières
Caccia
Campbell (Miss) (South West Nova)
Campbell (LaSalle)
Campbell (Cardigan)
Collenette
Comtois
Corbin
Corriveau
Cosgrove
Côté (Mrs.)
Cousineau
Cullen
Cyr
Daudlin
Dawson
De Bané
de Corneille
Deniger
Dingwall
Dion
Dionne (Chicoutimi)
Dionne (Northumberland-Miramichi)
Dubois
Duclos
Dupont
Dupras
Duquet
Erola (Mrs.)
Evans
Ferguson
Fisher
Fleming
Flis
Foster
Fox
Francis
Frith
Garant
Gauthier
Gendron
Gimaïel
Gingras
Gourd (Argenteuil-Papineau)
Gourde (Lévis)
Gray
Guilbault
Harquail
Henderson
Herbert
Hervieux-Payette (Mrs.)
Hopkins

Messrs.

Hudecki
Irwin
Isabelle
Joyal
Kaplan
Kelly
Killens (Mrs.)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Laniel
Lapierre
Lapointe (Charlevoix)
Lapointe (Beauce)
LeBlanc
Leduc
Lefebvre
Loiselle
Lumley
MacBain
MacEachen
MacGuigan
Mackasey
MacLaren
MacLellan
Malépart
Maltais
Marceau
Massé
Masters
McCauley
McRae
Nicholson (Miss)
Olivier
Ouellet
Parent
Pelletier
Penner
Pepin
Peterson
Pinard
Portelance
Regan
Reid (Kenora-Rainy River)
Roberts
Robinson (Etobicoke-Lakeshore)
Rompkey
Rossi
Roy
Savard

Messrs.

Schroder
Simmons
Smith
Tardif
Tessier
Tousignant
Trudeau
Turner
Veillette
Watson
Weatherhead—131.

Madam Speaker: I declare the motion lost.

Motion (Mr. Riis) negatived.

Madam Speaker: It being past six o'clock, pursuant to Standing Order 2(1), this House stands adjourned until tomorrow at 11 a.m.

At 6.15 p.m. the House adjourned, without question put, pursuant to Standing Order.

END OF VOLUME XXI